

city chic collective

ASX ANNOUNCEMENT

30 August 2024

Ernst & Young Report Typographical Error Correction

In the Ernst & Young Report on the Audit of the Financial Report (EY Report) released by City Chic Collective Limited (ASX: CCX) ("City Chic") on 28 August 2024 as part of the Appendix 4E and FY24 Financial Statements, the fifth dot point on the left-hand side of the 6th page of the EY Report (page 30 of 84) a reference to "Note X" should have read "Note 2".

This error has been corrected in the EY Report contained within the Appendix 4E and FY24 Financial Statements appended to this announcement. Other than this correction, no other changes have been made to the Appendix 4E and FY24 Financial Statements to the versions released by City Chic on 28 August 2024.

The release of this announcement was authorised by the Company Secretary.

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 77 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 and the USA.

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City Chic Collective Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	City Chic Collective Limited
ABN:	43 057 569 169
Reporting period:	For the period ended 30 June 2024
Previous period:	For the period ended 2 July 2023

2. Results for announcement to the market

		%	\$000
Revenues from continuing operations	down	28.28% to	131,607
Loss for the year from continuing operations	up	12.28% to	(38,409)
Loss for the year from discontinued operations	down	16.80% to	(54,551)
Loss from ordinary activities after tax attributable to the owners of City Chic Collective Limited	down	6.83% to	(92,960)
Underlying EBITDA from continuing operations	up	47.30% to	(8,398)

Comments

Reconciliation of net profit after income tax from continuing operations to Underlying EBITDA (Earnings before interest, taxation, depreciation, amortisation, impairment and other adjustments) from continuing operations is provided as follows:

	Consolidated	
	2024	2023
	\$'000	\$'000
Net loss after tax from continuing operations	(38,409)	(34,209)
Interest expense	3,553	3,751
Tax expense / (benefit)	(848)	(3,704)
Depreciation, amortisation and impairment expense	20,507	15,775
Restructuring	2,235	-
Northern hemisphere warehouse relocation	497	2,143
Loss on modified lease (AASB16)	2,666	308
Capital raise costs	1,242	-
Transaction costs	159	-
Underlying operational EBITDA	(8,398)	(15,936)

Refer to 'Operating and financial review' in the Director's Report for detailed commentary in relation to the results for the reporting period.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	5.3	20.8

Net tangible assets includes right-of-use assets and lease liability.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared with respect to the current financial period.

Previous period

There were no dividends paid, recommended or declared with respect to the previous corresponding financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of City Chic Collective Limited for the period ended 30 June 2024 is attached.

City Chic Collective Limited
Appendix 4E
Preliminary final report

12. Signed

A handwritten signature in black ink, appearing to be 'Phil Ryan', with a long horizontal stroke extending to the right.

Phil Ryan
Chief Executive Officer and Managing Director

28 August 2024
Sydney

For personal use only

City Chic Collective Limited

ABN 43 057 569 169

Annual Report - 30 June 2024

City Chic Collective Limited
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City Chic Collective Limited
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group', 'consolidated entity' or 'City Chic') consisting of City Chic Collective Limited (referred to hereafter as the 'company', 'parent entity' or 'CCX') and the entities it controlled at the end of, or during, the 52-week period ended 30 June 2024.

Directors

The following persons were directors of City Chic Collective Limited during the whole of the financial period and up to the date of this report:

Michael Kay
Megan Quinn
Neil Thompson
Natalie McLean
Phil Ryan

Principal activities

City Chic is an omni-channel retailer specialising in plus-size women's apparel, footwear and accessories. Its omni-channel model comprises of a network of 76 stores across Australia and New Zealand (ANZ); and websites operating in ANZ and the USA, as well as marketplace and wholesale partnerships in both regions.

The business made the strategic decision to sell the Avenue brand during the current period and to exit the EMEA region and the Evans and Navabi brands during the prior period. The financial statements have reflected this decision, with the profit and loss presented for the continuing operations in ANZ and USA and Avenue and EMEA presented as a discontinued operation. The Avenue business has been sold to a third party subsequent to year-end and is disclosed as an Asset held for sale at 30 June 2024. The Evans business and EMEA inventory has been sold to a third-party during the period via an asset sale and purchase agreement.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Operating and financial review

During FY24 City Chic executed a number of business transformation initiatives to ensure that the Group can return to a position of strength in what continues to be a challenging economic environment for our customers.

In August 2023 City Chic completed the sale of Evans in the UK and in June 2024 announced the sale of the Avenue business in the US, which was completed during July 2024. This, along with a brand refresh as part of its product and marketing initiatives creates a dedicated single brand offering focused on the core, higher value City Chic customer in ANZ and the USA through its City Chic stores, websites and partnership agreements.

The Group saw strong improvements through FY24 in the key operating metrics of Gross Margin and Average Sell Price (ASP), with Q4 GM% c. 28 percentage points above the prior corresponding period (pcp) and ASP up 60% in the same period. Its customer numbers remain strong at c. 481,000 and the customer is still highly engaged in the brand with a Net Promotor Score of 72.

City Chic has also undertaken a significant right sizing of its cost base to create a more streamlined operation. Total actions taken or to be taken following the sale of Avenue are expected to deliver \$20.3 million in savings, \$8.8 million of which are in the FY24 results and the balance of \$11.5 million to be realised in FY25.

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Managing the inventory level down remained a key focus in FY24, particularly in H1 to reflect current economic and demand conditions, however this had a negative impact on margins. The Group ended the year at a normalised inventory level of \$30.7 million, down 42.8% from \$53.8 million at 2 July 2023. Proceeds from the sale of Evans and Avenue (received post year-end), along with the capital raise (for which \$14.5 million was received prior to 30 June 2024 and \$3.1 million received post) are being used for working capital and to pay down the multi-currency debt facility to \$10.0 million. The debt facility has also been extended to December 2026 and financial covenants replaced with clean-down requirements (which requires City Chic to repay all drawn down amounts under the facility to nil for at least seven consecutive days) twice per annum, no less than three months apart, effective from 19 July 2024. City Chic has already satisfied the first of the two clean-down requirements for the year ending 30 June 2025.

Consistent with the prior year, the consolidated statement of profit or loss and associated notes has been presented separately for continuing business and discontinued operations, by separating EMEA and Avenue from the FY24 and FY23 comparative information. The Group achieved revenue from continuing operations in FY24 of \$131.6 million (FY23: \$183.5 million), representing a reduction of 28.3%. The underlying EBITDA loss from continuing operations is \$8.4 million (FY23: \$15.9 million). The net loss after tax for continuing operations in FY24 was \$38.4 million (FY23: net loss \$34.2 million).

Outlook

In response to City Chic's strategic marketing and product initiatives, the positive momentum in Average Sell Price and Gross Margin Contribution seen during Q4 FY24 has continued into FY25. These initiatives will focus building the base of higher value customers in ANZ and the US providing further support to the Average Sell Price, Gross Margin metrics and driving a higher annual customer spend closer to historic levels. Post the sale of Avenue, the Group has retained a significant active customer base of circa 481,000, growing 25% since 2019. While the current economic conditions continue to impact discretionary spend, recent commentary on the potential for interest rate easing in the medium term may improve consumer confidence and demand.

City Chic has entered FY25 with a healthy inventory position allowing it to return to a more agile supply chain and more normalised inventory buying patterns. It is seeing positive customer response to this new inventory.

Following the business restructuring and cost reduction programs commenced in FY24 and continuing in FY25, City Chic has a cost base more aligned to current levels of demand, allowing it to better leverage returns as revenue grows.

The board and management team believe that the single brand offering, focus on the higher value City Chic customer and ongoing cost management will enable the Company to grow profitably as the current recessionary conditions recede.

Material business risks

The Group operates in an environment of change and uncertainty. There are a range of factors, both specific to the Group and general in nature which may impact the operating and financial performance of the Group. The impact of these risks is regularly reviewed for their possible impact.

Changes to macroeconomic conditions and Consumer discretionary spending

The Group has a significant exposure to the economy of the countries in which it operates. There are a number of general economic conditions, including interest and exchange rate movements, CPI inflation, geopolitical tensions, overall levels of demand, economic and political instability and government fiscal, trade, monetary and regulatory policies, that can impact the level of consumer confidence and discretionary retail spending. These conditions may affect revenue from sales to customers and insufficient liquidity to maximise opportunities or maintaining operations. Management are actively monitoring and managing the associated risks with daily monitoring of key metrics and adjusting areas of operation based on both internal and external sources of information that provide insights into any changes in demand within the economies in which it operates. During the reporting period the Group executed a number of revisions to its debt facility to better reflect the anticipated trading performance of the business and expected working capital needs.

Competition

The Group operates in a retail environment and financial performance is sensitive to the current state of, and future changes in, the retail environment in the countries in which it operates. The retail fashion market also continues to consolidate and feel the effects of globalisation. City Chic will continue to offer customers fit, quality and value for money and maintain a high online penetration and a nimble and fast supply chain that adapts to changes within customer buying patterns.

Environmental changes

The Group is exposed to risks arising from environmental changes, including climate change, scarcity of natural resources and the continuing global development of legislation and regulations in this area. Many of these risks are greatest in the Group's supply chain activities and these activities and the related risks are largely managed through the principles laid out in our corporate social responsibility disclosures. The Group manages environmental risks, such as droughts and floods, along with the threat of raw material scarcities by diversifying its vendors and material sourcing. The Group has dedicated resources to ensure continued compliance across all regulatory requirements in the markets operated in by the Group.

Ethical sourcing and modern slavery

The Group is exposed to reputational and regulatory risk with regards to ethical sourcing and modern slavery. City Chic is committed to sourcing product in a recognised, responsible, and transparent supply chain, including taking steps to try and ensure our supply chain does not source directly or indirectly from known regions that openly engage in the use of forced labour in line with our responsibilities under the UN Guiding Principles on Business and Human Rights. The Group continues to enhance and strengthen its ethical trade program with a focus on building a more transparent supply chain and tightening its tracing of high-risk products, regions or raw materials to manage risks in relation to modern slavery and to ensure continued compliance across all regulatory requirements in the markets operated in by the Group.

Inventory Levels

A failure to maintain appropriate inventory levels may adversely affect the Group's operating and financial performance. The Company seeks to manage this risk through regular monitoring of inventory quality and targeted stock levels.

Business transformation risks

The Group has recently changed logistics providers in the US. Failure to smoothly transition this change may impact the customer experience and sales. The Group is continuing to monitor service level standards and forecasting as well as engagement with 3PL providers. The Group is also implementing a number of cost reduction initiatives which, if not achieved, will impact the cost structure of the business. These initiatives will be closely overseen by the board and senior management.

Exchange rates and duties

The Group relies significantly on imported products (directly sourced or via local or overseas wholesalers) and as a result the cost of the product may be subject to movements in the exchange rate of the Australian dollar. The Group also has operations in the USA which provide a natural hedge against currency movements on purchases. Any additional risk in exchange rate movement is monitored and can be mitigated through the use of forward hedging. However it is noted that no hedges have been put in place in FY24.

Workplace Health and Safety (WHS)

The Group has 546 employees as well as the customers who visit physical stores across ANZ. The Group has a high focus on WHS with regular WHS Committee meetings, investment in training and development of its employees being a high priority.

Technology Availability & Cybersecurity

The Group operates in an increasing complex environment in regard to reliance on technology and the increasing threat to cyber security. This increasing reliance and the changing regulatory landscape means that the related risk of any disruptions to systems, networks and data also continues to grow. Any events or cyber security breaches could cause significant business and reputational damage, adverse regulatory action (including legal proceedings) and financial impacts on the business.

Whilst it is not possible to reduce the cyber security risk to zero, Management is actively working to materially reduce these risks by increasing our investment in our cyber control environment, following the Australian Cyber Security Centre's "Essential Eight" and the NIST Cybersecurity Framework. Cyber security is overseen by our Board, Audit and Risk Committee and Group Executives, and external cyber security consultants are used to test and validate cyber security procedures that have been implemented.

Litigation Risk

At the close of FY24 City Chic commenced proceedings in the Supreme Court of NSW against iCare (the NSW Workers Compensation insurer) and the NSW State Insurance Regulatory Authority disputing the basis and calculation of historical insurance premiums. This matter has been ongoing and provided for in the balance sheet.

Other Key Risks

The Group outlined key financial and operational risks in the Sale of Avenue, Business Transformation and Equity Raising Investor Presentation released to the ASX on 21 June 2024.

Significant changes in the state of affairs

On 18 June 2024, the Group signed a definitive agreement to divest its US based Avenue business ("Avenue") to Full Beauty Brands (FBB) for US\$12 million (c. A\$18 million, less working capital adjustments of c. \$3 million). The deal was completed on 8 July 2024, subsequent to year-end, via an asset purchase agreement. The sale of the Avenue business has also facilitated the exit of the US warehouse contract with a move to a new provider for the remaining business, with a significantly lower fixed cost structure.

In connection with the sale of Avenue, City Chic's lender has agreed to reduce and extend its current debt facility to December 2026. The extended facility will mature in December 2026 and will step down to a limit of \$10 million (from \$20 million) on 19 July 2024. Under the terms of the agreed facility, current covenants will be replaced with a requirement to complete clean downs (which requires City Chic to repay all drawn down amounts under the facility to nil for at least seven consecutive days) twice per annum, no less than three months apart.

As noted in the prior year accounts, the Group divested the Evans business and EMEA inventory via an asset sale and purchase agreement (the Agreement). AK Retail Holdings Limited (AK Retail Holdings), acquired the Evans brand, intellectual property and customer base under the Agreement that was signed and closed on 3 August 2023. The Agreement also included the sale of all the inventory in City Chic's EMEA business.

Under the Agreement, AK Retail Holdings has paid City Chic a total cash consideration of £8.0 million (c. A\$15 million). Net of transaction costs, and the closure of City Chic's UK warehouse, the consideration is c. £6.4 million (c. A\$12 million). City Chic agreed with its 3PL provider to close its UK warehouse which also supports its European operations. As a result, the Navabi business also ceased trading in August 2023. City Chic retains the right to trade under the City Chic and other non-Evans brands in Europe, the Middle East and Africa (EMEA) in the future.

Matters subsequent to the end of the financial period

As noted above, the Group divested of its Avenue brand in a deal that was agreed prior to year-end but settled on 8 July 2024 and connected with the sale of Avenue, reduced and extended its debt facility.

The Group also undertook a capital raise prior to year-end. The Placement and institutional component of the Entitlement Offer were successfully completed on 21 June 2024, raising approximately \$14.5 million (before costs). The Retail Entitlement Offer closed on 10 July 2024 with valid applications for entitlements received raising approximately \$0.1 million. The shortfall of approximately \$3.1 million (before costs) was allocated to the underwriter of the Retail Entitlement Offer.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Certain likely developments in the operations of the consolidated entity and the expected results of operations in financial years subsequent to the period ended 30 June 2024 are referred to in the preceding operating and financial review and outlook.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors at date of directors' report

Michael Kay

Title:	Chairman and non-executive director
Qualifications:	B.LLB
Experience and expertise:	Michael Kay joined the City Chic Collective Limited Board on 1 October 2018 as an independent non-executive director and was subsequently appointed Chairman on 9 November 2018. Mr. Kay has significant listed company experience, as detailed more fully below, and is also a non-executive director of the Pharmacy Guild of Australia (and its various subsidiaries). A qualified lawyer, Mr. Kay brings a broad range of commercial experience to the Board. Mr. Kay was Chief Executive Officer and Managing Director of McMillan Shakespeare Limited (ASX: MMS) for six years and previously held a number of senior executive roles at AAMI including Chief Executive Officer. He also spent 12 years in private legal practice specialising in commercial law.
Other current directorships:	Mr. Kay is currently Chairman of Omni Bridgeway Ltd (ASX: OBL) (formerly called IMF Betham Limited (ASX: IMF) (since July 2015).
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Board; Member of the Audit and Risk Committee (ARC); Member of the People, Culture and Remuneration Committee (PCRC)
Interests in shares:	1,250,000 ordinary shares
Interests in options:	None
Interests in rights:	None

Megan Quinn

Title:	Non-executive director
Qualifications:	GAICD
Experience and expertise:	Megan Quinn joined the City Chic Collective Limited Board in October 2012 as an independent non-executive director. She has more than 30 years' international experience as a senior executive, advisor, and Non-Executive Director across a broad range of industries including financial and professional services, retail, luxury, healthcare, consumer and digital. Ms Quinn is recognised as an entrepreneur and global brand expert for her game-changing role as a co-founder of NET-A-PORTER. She brings exceptional customer, governance, strategic, marketing, operational and business skills, with particular strength in people experience, digital transformation, disruption, innovation, service and risk.
Other current directorships:	Ms. Quinn is currently a non-executive director at Reece Limited (ASX:REH) (since August 2017) and The Lottery Corporation (ASX: TLC) (since June 2022).
Former directorships (last 3 years):	InvoCare Limited (ASX:IVC)
Special responsibilities:	Chair of the PCRC; Member of the ARC
Interests in shares:	None
Interests in options:	None
Interests in rights:	None

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Neil Thompson

Title:	Non-executive director
Qualifications:	B.Ec
Experience and expertise:	<p>Neil Thompson joined the City Chic Collective Limited Board on 5 August 2021 as an independent, non-executive director.</p> <p>Mr. Thompson has over thirty years of financial, operational and strategic experience from a broad range of roles and industries with global reach, including freight and logistics, industrial products and software sectors.</p> <p>Mr. Thompson is currently Chief Financial Officer at Education Horizons, a leading provider of education software and a Potentia Capital portfolio company. He was previously Finance Operating Partner at Potentia Capital (private equity) and prior to that Chief Financial Officer of Ascender HCM (a payroll software and services company). He is also a director of the Australian World Orchestra.</p>
Other current directorships:	Mr. Thompson does not hold any other listed company directorships.
Former directorships (last 3 years):	Mr. Thompson has not held any other listed company directorships in the last three years.
Special responsibilities:	Chair of the ARC; Member of the PCRC
Interests in shares*:	223,529 ordinary shares
Interests in options:	None
Interests in rights:	None

Natalie McLean

Title:	Non-executive director
Qualifications:	B.Bus, GAICD
Experience and expertise:	<p>Natalie McLean joined the City Chic Collective Limited Board on 5 August 2021 as an independent, non-executive director.</p> <p>Mrs. McLean has over 25 years of retail experience having worked in senior positions domestically in Australia and internationally with companies including Giordano, Rip Curl and the Cotton On Group. Mrs McLean has extensive experience across operations, product, marketing and commercial areas of the retail sector including partnership strategies and geographic growth. Mrs. McLean is currently the CEO of the emerging brands at the Cotton On Group and a member of the Cotton On Foundation.</p>
Other current directorships:	Mrs. McLean does not hold any other listed company directorships.
Former directorships (last 3 years):	Mrs. McLean has not held any other listed company directorships in the last three years.
Special responsibilities:	Member of the ARC; Member of the PCRC
Interests in shares:	10,900 ordinary shares
Interests in options:	None
Interests in rights:	None

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Phil Ryan

Title:	Chief Executive Officer and Managing Director
Qualifications:	MBA, B.Bus
Experience and expertise:	Phil Ryan is the original Brand Director of City Chic. In 2006, Mr. Ryan led a team of six people that created the brand. He is responsible for the strategic direction and operational leadership that has seen City Chic take a market leading position in the global plus size industry. Under Mr. Ryan's leadership City Chic now has more than 76 stores in Australia and New Zealand. Online sales represent ~65% of total sales globally and in the US, City Chic trades exclusively in a digital capacity. Mr. Ryan has driven successful partnerships with Nordstrom, Macy's, and Bloomingdale's in the USA. Mr. Ryan is a global authority in the plus size consumer. He has over 25 years' experience in senior and strategic retail apparel management. Mr. Ryan's family had a fashion manufacturing, wholesale and retail business called Ambition in the 1980's and 1990's and from this he knows all areas of a rag trade business; from the cutting table to the retail shop floor.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer; Managing Director
Interests in shares*:	557,912 ordinary shares
Interests in options:	2,161,235 ordinary shares issued under CCX's 2019 Employee Share Plan and escrow provisions
Interests in rights:	2,339,819 performance rights over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

* N. Thompson and P Ryan shareholdings include additional shares purchased in the capital raise in June 2024 but were only allocated to them on 2 July 2024.

Company secretary

On 21 July 2023, Ms Jacquie Shanahan, who has extensive experience across company secretariat, legal and governance roles, joined as Company Secretary and General Counsel.

On 21 July 2023, Mr Peter McClelland, Chief Financial Officer, was also appointed as an additional Company Secretary.

The former Company Secretary was Marta Kielich. Ms Kielich was appointed to the position of General Counsel and Company Secretary on 7 July 2020 and resigned on 21 July 2023.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the period ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		PCRC		ARC	
	Attended	Held	Attended	Held	Attended	Held
Michael Kay	35	35	2	2	4	4
Megan Quinn	34	35	2	2	4	4
Neil Thompson	35	35	2	2	4	4
Natalie McLean	30	35	2	2	4	4
Phil Ryan*	35	35	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee. A number of Board Meetings were held on short notice and as such not all directors were able to attend. All directors attended all scheduled in advance board meetings.

* Phil Ryan is not a member of either the PCRC or ARC but was invited to attend these meetings and his attendance was noted in the minutes.

Retirement, election and continuation in office of directors

At the 2023 Annual General Meeting ("AGM") held on 22 November 2023, 94.76% of the votes received supported the re-election of director Neil Thompson as part of the Company's constitution that specifies all directors must stand for re-election at least every three years.

Remuneration report (audited)

The remuneration report, which has been audited as required by section 308(3C) of the *Corporations Act 2001*, outlines the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The remuneration report is set out under the following main headings:

- (a) Introduction
- (b) Remuneration strategy and policy
- (c) Remuneration framework
- (d) Remuneration outcomes for key management personnel
- (e) Service agreements
- (f) Disclosures relating to share options and performance rights
- (g) Additional disclosures relating to key management personnel

a. Introduction

This report outlines the remuneration strategy, framework, and other conditions of employment for key management personnel and details the role and accountabilities of the Board and relevant Committees that support the Board on these matters. Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Key management personnel of the consolidated entity were also the key management personnel of City Chic Collective Limited (the parent entity) for the years ended 30 June 2024 and 2 July 2023. The key management personnel consisted of the following directors and senior executives of City Chic Collective Limited:

Name	Role
Non-executive directors:	
Michael Kay	Chairman and non-executive director
Megan Quinn	Non-executive director
Neil Thompson	Non-executive director
Natalie McLean	Non-executive director
Executive directors:	
Phil Ryan	Chief Executive Officer and Managing Director
Other key management personnel:	
Peter McClelland	Chief Financial Officer

b. Remuneration strategy and policy

The People, Culture and Remuneration Committee (referred to hereafter as the "PCRC" or the 'Committee') is responsible for assisting and advising the Board in relation to remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract and retain talented and motivated executives who can enhance the Group's performance through their contributions and leadership.

Use of remuneration consultants

The Board and / or the PCRC may, from time to time, appoint and engage independent advisors directly in relation to remuneration matters. During the reporting period, PWC, remuneration consultants were engaged by the Group, through the PCRC and provided a range of independent advice and information relevant to a range of remuneration matters, in particular incentive structures for executives. While the PCRC obtained independent advice, it did not receive any remuneration recommendations as defined by the *Corporations Act 2001* (Cth). PWC was paid \$17,260 for these services.

Principles used to determine the nature and amount of remuneration

The objectives of the Group's executive remuneration framework are as follows:

- competitiveness and sustainability;
- acceptability to the Group's strategic and business objectives and the creation of shareholder value;
- performance linkage/alignment of executive compensation;
- transparency and acceptability to shareholders.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- including economic profit as a core component of plan design and the successful execution of strategic or operational initiatives; and
- attracting and retaining high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for profitable growth and the achievement of key business objectives which drive value creation over the medium term; and
- provides a clear structure for earning rewards.

Remuneration policies are developed to provide market competitive remuneration arrangements that support the attraction, engagement and retention of talented team members, and that are aligned with company's interests.

c. Remuneration framework

In accordance with best practice corporate governance, the structures of non-executive directors and executive remuneration are separate.

(i) Non-executive directors' remuneration

Non-executive directors receive fees and do not receive share-based payments or other incentives. The Chairman's fees are determined independently to the fees of other non-executive directors and are based on comparable roles in the external market. The Chairman does not participate in any discussions relating to determination of his own remuneration. The PCRC review non-executive directors' fees and payments annually. The PCRC may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the maximum aggregate non-executive directors' remuneration be determined by a general meeting. The most recent determination was at the Annual General Meeting held on 21 November 2019, where the shareholders approved a maximum annual aggregate remuneration of \$1,000,000. The PCRC has reviewed the fee and deemed the maximum annual aggregate remuneration is still appropriate.

Up to 23 November 2023, non-executive chairman and non-executive directors' fees set for FY24 were as follows:

Role	Remuneration (per annum, exclusive of superannuation) \$
Base fee for Non-Executive Chairman	200,000
Base fee for Non-Executive Director	100,000
Additional fee for Chair of the ARC	20,000
Additional fee for Chair of the PCRC	10,000

Following the release of the Group's FY23 results at the November 2023 AGM and reflecting on the Group's performance, the non-executive chairman and the non-executive directors elected to reduce their fees by 20% for the remainder of FY24 and until otherwise determined. This was in addition to the 16.7% reduction in director's fees already taken in February 2023 (FY23). The non-executive chairman and non-executive directors' fees from 23 November 2023 were as follows:

Role	Remuneration (per annum, exclusive of superannuation) \$
Base fee for Non-Executive Chairman	160,000
Base fee for Non-Executive Director	80,000
Additional fee for Chair of the ARC	20,000
Additional fee for Chair of the PCRC	10,000

(ii) Executive directors and other key management personnel

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration that has both fixed and variable components, as well as a blend of short and long-term incentives. Executive remuneration comprises base pay and benefits, short-term incentives, long-term incentives, and superannuation contributions.

Fixed Remuneration

Executives receive a base pay and benefits which reflect their roles, experience and level of responsibility. This is reviewed annually to ensure the executive's pay is competitive with the market. Other benefits include car and travel allowances.

Short-term Incentives

The PCRC reviews the short-term incentives (STI) for executives and employees annually. If the PCRC determines that STI should be made available for executives and/or employees, the cash incentives ('bonuses') are payable should the Group achieve pre-determined targets following finalisation and announcement of the full year audited results. Using value creation targets ensures variable awards are only available when value has been created for shareholders and when profit is consistent with the business plan.

The PCRC considers the appropriate targets and KPIs to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

As a result of the Group's performance, no amount is payable to the KMPs as STI in FY24.

Long-term Incentives

The Group's long-term incentives ('LTI') rewards executives for high performance and ongoing commitment over a three to five-year horizon and recognises the important role executives play in delivering the long-term growth of the Group.

As outlined in the notice of meeting for the 2023 Annual General Meeting, the PCRC spent a considerable amount of time considering the remuneration of executives in this period of unprecedented global uncertainty, and it was determined that the Company's and Shareholders' interests would be best served over the course of FY24 by management focussing rebuilding and delivering a return to profitability. In this context, the FY24 Performance Rights under the Equity Incentive Plan, had an EBITDA performance condition measured over a three-year period and a service condition measured over four years for the CEO and a three-year period for other KMP.

Given the three-year performance period only the first year has been accounted for in the FY24 results.

Voting on the Remuneration Report at the 2023 Annual General Meeting (AGM)

At the 2023 AGM the Group received a vote of 72.24% in favour of the adoption of the remuneration report and 27.58% against. As more than 25% of the votes were cast against the resolution, this constitutes a first strike for the purposes of the Corporations Act. In response to this, Directors sought feedback from shareholders to understand key concerns. Shareholders generally indicated that their concerns were largely unrelated to remuneration, but reflected broader frustrations with the Group's performance. As detailed in the Operating and financial review and the Significant changes in the state of affairs, the Group has undertaken several key initiatives in FY24 and into FY25 that it believes will address these concerns.

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The key strategic initiatives include:

- the divestment of the Avenue business allowing single brand offering focused on the core City Chic customer in ANZ and the US;
- new product delivering improved operating metrics (Average Selling Price and Margin);
- business simplification and cost reduction programs; and
- balance sheet initiatives.

The Board also assessed a range of targets for the FY24 LTIP program. Given the uncertainty of economic conditions the EBITDA target was applied to the FY24 LTIP to align management's focus on delivering profitability through this current cycle. The Board acknowledges that these targets may change with future LTIP programs to align with changing conditions.

Specifically, in relation to FY24 remuneration and ongoing through FY25: Non Executive Directors fees remain discounted by 20% (since the AGM); The CEO's fixed remuneration remains discounted by 16.7% (since the AGM); and no short-term incentive was awarded for FY24.

Long term incentive plans

The Group's long-term incentive plans are equity based and comprise Performance Rights issued under the Long Term Incentive Plan (LTIP) and Loan Funded Shares issued under the Loan Funded Share Plan (LFSP). Performance Rights and Loan Funded Shares on issue during the current year were:

Tranche	Grant date	Performance period end date	Fair value	Opening balance 2 July 2023	Granted	Vested	Expired/ forfeited/ other	Closing balance 30 June 2024
2C	13/11/2018	30/06/2023	\$0.995	2,300,000	-	-	(2,300,000)	-
5A	22/11/2023	30/06/2027	\$0.340	-	2,860,235	-	(520,416)	2,339,819
5B	19/02/2024	30/06/2026	\$0.550	-	4,860,181	-	(346,640)	4,513,541
Total performance rights				2,300,000	7,720,416	-	(3,167,056)	6,853,360
3	21/11/2019	30/06/2024	\$0.739	6,298,457	-	-	(2,593,482)	3,704,975
3	03/03/2020	30/06/2024	\$0.731	667,464	-	-	-	667,464
3	16/09/2020	30/06/2024	\$0.970	474,576	-	-	-	474,576
Total Loan funded shares				7,440,497	-	-	(2,593,482)	4,847,015

Note: The impact from the forfeiture of 2,593,482 loan funded shares under Tranche 3 has been reflected in the statements of profit and loss and the share-based payment reserve. The actual share buy back and cancellation of the loan funded shares will occur in the next financial period.

LTIP Tranches

Vesting conditions of the LTIP tranches are set out below.

Tranche 2C

Vesting Condition 1	Continued service to August 2023, with no holding lock on resulting shares.
Vesting Condition 2	Group EPS (underlying before income tax and share-based payments) performance in accordance with the following schedule:

Group EPS for the year to 30 June 2023	Proportion of Tranche 2C Performance Rights held that will satisfy Vesting Condition 2
--	--

Below \$0.1125 (1.5 x FY202018 EPS)	Nil
\$0.1250 ≤ EPS \$0.1200 (1.6 x FY202018 EPS)	50%
\$0.1200 ≤ EPS \$0.1275 (1.7 x FY202018 EPS)	75%
EPS ≥ \$0.1275	100%

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As the Group EPS for the year ended 2 July 2023 finished below the minimum performance threshold, all Tranche 2C expenses related to the performance rights were reversed at 2 July 2023, with no more to recognise due to not meeting non-market vesting condition. The rights themselves lapsed in August 2023 and there is nil P&L impact in FY24.

Tranche 5A and 5B

Vesting Condition 1	The sole Performance Condition requires the Company to achieve at least the threshold Earnings before Interest Tax Depreciation and Amortisation (EBITDA) Margin on the expiration of the three-year performance period commencing 3 July 2023 and ending on 28 June 2026
Vesting Condition 2	5A: Continued service up to and including 30 June 2027 5B: Continued service up to and including 30 June 2026

Weighting	EBITDA Margin	Percentage of FY24 Performance Rights that will satisfy the Performance Condition
100%	10% (threshold)	30%
	Between threshold and stretch	Straight line pro rata basis between threshold and stretch.
	15% (stretch)	100%

LFSP Tranche

- Loan Funded ("LF") shares are issued at the Company's share price on the ASX at the time of issue.
- The Company advances money to pay for the subscription price of the LF Shares (Loan).
- The Loan has an interest payable of 1.9% and is repayable on the earlier of cessation of employment (6 or 12 month grace periods may be applied) or 7 years from the agreement by the Board to issue LF Shares under the Plan (Vesting Period is 5 years to 30 June 2024).
- The Company's recourse in the event it seeks to recover the Loan is limited to the LF Shares. Where a Participant does not repay the Loan by the repayment date, the Participant is deemed to have agreed to sell to the Company pursuant to an employee share scheme buy-back, that number of LF shares required to repay the Loan to the Company.
- The Company will apply the after-tax amount of any dividends payable in respect of a Participant's LF Shares towards repayment of the outstanding balance of the Loan.
- The LF Shares offered are subject to Vesting Conditions, which if not met, the unvested LF Shares will be forfeited and bought back by the Company at the issue price and the Loan will be deemed repaid.

Tranche 3

Vesting Condition 1	Continued service to 30 June 2024.
Vesting Condition 2	Compound annual growth rate (CAGR) in the Group's earnings per share after tax (ADEPS) prescribed by the Board over the 3 year period commencing on 1 July 2019, in which case (subject to satisfaction of Vesting Period Condition) the LF Shares held will vest in accordance with the following vesting scale:

ADEPS 3-year CAGR from 1 July 2019	Proportion of Tranche 3 LF shares that will satisfy Vesting Condition 2
12.5%	25%
20%	100%
12.5% ≤ ADEPS CAGR ≤ 20.0%	Straight-line pro rata vesting between 25% and 100% (inclusive)

Vesting Condition 2 was eligible for testing on 3 July 2022. The ADEPS 3-year CAGR from 1 July 2019 to 3 July 2022 was 16.8% meeting the performance threshold for Vesting Condition 2. The proportion of Tranche 3 LF shares that will satisfy Vesting Condition 2 is 66.3%. The Group has recognised \$0.1m in expense in FY24. Vesting Condition 1 have been met at the end of FY24.

Given the current CCX share price is below the loan value it is unlikely any participants will exercise their entitlements however the loan only expires 10 years after the grant date and as such the rights remain in place.

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The LF shares issued under the Plan have been treated as 'in substance options' which have been valued using a Modified Binomial Lattice option pricing model which allows for varying exercise price. The resulting value is amortised over the vesting period on a probability adjusted basis. The probability is assessed with consideration of management's expectation of future earnings and the financial hurdles for vesting.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the PCRC being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

d. Remuneration outcomes for key management personnel

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Cash salary & fees	Total short- term	Post employment Super- annuation	Other leave benefits (A)	Share-based payments (B)	Total
2024	\$	\$	\$	\$	\$	\$
Non-executive directors:						
Michael Kay	176,923	176,923	19,462	-	-	196,385
Megan Quinn	98,462	98,462	10,831	-	-	109,293
Neil Thompson	108,461	108,461	11,931	-	-	120,392
Natalie McLean	88,461	88,461	9,731	-	-	98,192
Executive directors:						
Phil Ryan	767,000	767,000	27,500	77,361	361,146	1,233,007
Other key management personnel:						
Peter McClelland	521,635	521,635	27,500	61,975	229,178	840,288
	1,760,942	1,760,942	106,955	139,336	590,324	2,597,557

Peter McClelland has decided to leave the business with his last day being the 18 October 2024 and after this he will receive 4 months in lieu of notice.

(A) In accordance with AASB 119 *Employee Benefits*, accrued annual leave and long service leave is classified as other long-term employee benefit.

(B) The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award multiplied by probability of vesting. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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2023	Cash salary & fees \$	Total short- term \$	Post employment Super- annuation \$	Other leave benefits (A) \$	Share-based payments (B) \$	Total \$
Non-executive directors:						
Michael Kay	226,154	226,154	23,185	-	-	249,339
Megan Quinn	123,077	123,077	12,944	-	-	136,021
Neil Thompson	133,077	133,077	13,996	-	-	147,073
Natalie McLean	113,077	113,077	11,892	-	-	124,969
Executive directors:						
Phil Ryan *	938,837	938,837	27,500	88,235	(667,890)	386,682
Other key management personnel:						
Peter McClelland	496,596	496,596	27,500	49,221	-	573,317
	2,030,818	2,030,818	117,017	137,456	(667,890)	1,617,401

(A) In accordance with AASB 119 Employee Benefits, accrued annual leave and long service leave is classified as other long-term employee benefit.

(B) The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award multiplied by probability of vesting. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. In 2023 the balance represents a release in the accrual for Tranche 2C which did not meet the vesting conditions, partly offset by remaining Tranches.

* Negative share-based payments and proportion of remuneration as a result of reversal of LTIP accruals from prior periods.

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The proportion of remuneration linked to performance and the fixed proportion based on expense recognised during the period are as follows:

Name	Fixed Remuneration		At Risk - STI		At risk - LTI		Cash bonus forfeited**	
	2024	2023	2024	2023	2024	2023	2024	2023
Executive director								
Phil Ryan	71%	148%	-	46%	29%	(94%)*	-	324,167
Other key management personnel								
Peter McClelland	73%	76%	-	24%	27%	-	-	180,833

* Negative LTI represents reversal of LTIP accruals from prior periods and leads to fixed remuneration greater than 100%.

** There were no cash bonus paid or payable during the current and previous period.

e. Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Phil Ryan
Title:	Chief Executive Officer and Managing Director
Term of agreement:	None
Details:	• Notice period of 6 months • Remuneration review at board discretion • Eligible for short-term incentives • Eligible for long-term incentives • No severance period • No termination benefits (except for statutory entitlements) • No other benefits
Name:	Peter McClelland
Title:	Chief Financial Officer
Term of agreement:	None
Details:	• Notice period of 6 months • Remuneration review period every 12 months • Eligible for short-term incentives • Eligible for long-term incentives • No severance period • No termination benefits (except for statutory entitlements) • No other benefits

All non-executive directors stand for re-election at least every 3 years and have no notice period, no annual remuneration review, no eligibility for short-term incentives, no eligibility for long-term incentives, no severance period, no termination benefits and no other benefits.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

f. Disclosures relating to share options and performance rights

Issue of share options and performance rights

There were no options issued to key management personnel as part of compensation during the period ended 30 June 2024 (2 July 2023:nil).

There were 3,711,936 performance rights issued to key management personnel as part of compensation during the period ended 30 June 2024 (2 July 2023:490,419 performance rights issued and forfeited).

There were no loan funded shares issued to key management personnel as part of compensation during the period ended 30 June 2024 (2 July 2023:nil).

The number of performance rights over ordinary shares and loan funded shares held by key management personnel as at 30 June 2024 are shown below:

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Tranche Name	Performance rights 5	Loan funded shares 3
Phil Ryan	2,339,819	2,161,235
Peter McClelland	1,372,116	-
Total	3,711,935	2,161,235

Values of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the period ended 30 June 2024 are set out below:

Name	Value of rights granted during the period \$	Value of rights vested during the period \$	Value of rights lapsed during the period \$
P Ryan	795,539	-	(88,471)
P McClelland	754,664	-	-

Additional information

The following earnings information reflects the basis for which financial hurdles are considered for the share-based payments and measure executive performance in delivering long term growth of the Group:

	2024	2023	2022	2021	2020
Underlying Earnings before Interest Tax Depreciation and Amortisation (EBITDA) Margin	(6.9%)	N/A	N/A	N/A	N/A
(Loss) / profit before income tax for continuing underlying operations	N/A	(\$67.9m)	\$39.5m	\$35.6m	\$20.1m
(Loss) / profit before income tax for continuing underlying operations (before share-based payments)	N/A	(\$69.0m)	\$35.8m	\$38.8m	\$22.9m
EPS (underlying before income tax and share-based payments) - Tranche 2C	N/A	(29.8) cents	15.5 cents	17.3 cents	11.9 cents
Profit after income tax for continuing operations	N/A	N/A	\$29.0m	\$24.9m	\$13.8m
ADEPS (underlying after income tax) - Tranche 3	N/A	N/A	12.5 cents	11.1 cents	7.2 cents

N/A – refers to metric not being applicable to LTIP for that relevant financial year.

g. Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial period by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the period	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the period
Directors' shareholding					
Michael Kay	1,000,000	-	250,000	-	1,250,000
Neil Thompson*	100,000	-	123,529	-	223,529
Natalie McLean	10,900	-	-	-	10,900
Phil Ryan*	378,956	-	178,956	-	557,912
	-	-	-	-	-
Other key management personnel					
Peter McClelland*	10,284	-	-	-	10,284
	-	-	-	-	-
Total	1,500,140	-	552,485	-	2,052,625

* N. Thompson and P Ryan shareholdings additions were part of capital raise in June 2024 but were only allocated on 2 July 2024. P McClelland participated in the retail placement in July 2024, purchasing an additional 148 shares.

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial period by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the period	Granted	Vested	Expired/ forfeited/other	Balance at the end of the period
Phil Ryan	1,200,000	2,860,235	-	(1,720,416)	2,339,819
Peter McClelland	-	1,372,116	-	-	1,372,116
Total	1,200,000	4,232,351	-	(1,720,416)	3,711,935

Loan funded shareholding

The number of loan funded shares in the company held during the financial period by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the period	Granted	Vested	Expired/ Forfeited	Balance at the end of the period
Phil Ryan	2,161,235	-	-	-	2,161,235
Total	2,161,235	-	-	-	2,161,235

The directors do not have performance rights or loan funded shares.

Other transactions with key management personnel and their related parties

There were no transactions that occurred with key management personnel and their personally related parties.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of City Chic Collective Limited under option outstanding at the date of this report.

Shares under performance rights

There were no unissued ordinary shares of City Chic Collective Limited under performance rights outstanding at the date of this report. Refer to the remuneration report for details of performance rights.

Shares issued on the exercise of options

There were no ordinary shares of City Chic Collective Limited issued on the exercise of options during the period ended 30 June 2024 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of City Chic Collective Limited issued on the exercise of performance rights during the period ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in Note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Officers of the company who are former partners of Ernst & Young

There are no officers of the company who are former partners of Ernst & Young.

Rounding of amounts

The company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that *Corporations Instrument* to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

City Chic Collective Limited
Directors' report
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This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Kay
Chairman

28 August 2024
Sydney



Phil Ryan
Chief Executive Officer and Managing Director

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Auditor's independence declaration to the directors of City Chic Collective Limited

As lead auditor for the audit of the financial report of City Chic Collective Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- No contraventions of any applicable code of professional conduct in relation to the audit; and
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of City Chic Collective Limited and the entities it controlled during the financial year.

Ernst & Young

Yvonne Barnikel
Partner
28 August 2024

Independent auditor's report to the members of City Chic Collective Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of City Chic Collective Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Inventory valuation

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2024 the Group's consolidated statement of financial position includes inventories with a carrying value of \$30.7m (excluding those classified as held for sale), representing 22% of total assets.</p> <p>As detailed in Note 12 of the financial report, inventories are valued at the lower of cost and net realisable value. Inventory is held at geographically diverse locations at various third-party distribution centres and retail stores.</p> <p>The cost of inventories includes elements relating to the cost of freight, customs duties, foreign exchange rates and certain warehousing charges. Judgements were involved in the process of allocating these costs to inventories.</p> <p>There is judgment involved in determining the cost of inventories and in assessing net realisable value, estimating the value of inventory which may be sold below cost and determining the net realisable value of this inventory. Such judgements include the expectations of future sales price, future sales volumes and inventory clearance plans, including the cost to dispose of any excess inventory.</p> <p>Inventory valuation was a key audit matter due to the value of the inventory balance relative to total assets and the various judgements required in determining its valuation.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed whether the Group's inventory costing methodologies, specifically in relation to freight, customs duties and warehousing charges, were consistent with the requirements of Australian Accounting Standards. ▶ Assessed the effectiveness of relevant controls in relation to the inventory costing process, and on a sample basis assessed the accuracy of the Group's inventory valuation methodology including recalculating the foreign exchange translation. ▶ Assessed the basis by which the Group determined that inventory was recorded at the lower of cost and net realisable value, including the estimated costs to sell and rationale for recording specific adjustments to value inventory below cost, where required. ▶ Examined sales margins achieved to assess the Group's process for identifying specific slow-moving inventories, historical inventory turnover and expected future sales and assessed the appropriateness of any adjustments to the value of inventory below cost as determined by the Group. ▶ Performed an analysis of shrinkage results and provision calculations. ▶ We also assessed the adequacy and appropriateness of the disclosures in the Notes to the financial report.

Impairment assessment of indefinite life intangible assets

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2024 the Group's consolidated statement of financial position includes brand intangible assets and goodwill with a total carrying value of \$15.9m (excluding those classified as held for sale), representing 11% of total assets.</p> <p>As disclosed in Note 15 of the financial report, the assessment of the impairment of the Group's indefinite life intangible assets incorporated significant judgments and estimates, based upon conditions existing at 30 June 2024, specifically factors such as forecast revenue and gross margin, forecast costs, discount rates and terminal growth rates.</p> <p>The judgments and assumptions relate to the sustainability of future performance, market and economic conditions. The significant assumptions used in the impairment testing referred to above are inherently subjective.</p> <p>The disclosures in the financial report disclose the assumptions made in the impairment testing and the market conditions at 30 June 2024.</p> <p>Accordingly, we considered the impairment testing of indefinite life intangible assets and the related disclosures in the financial report to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed the Group's determination of the cash generating unit used in the impairment model, based on our understanding of the nature of the Group's business and the economic environment in which it operates. We also considered internal reporting of the Group's results to assess how earnings and indefinite life intangible assets are monitored and reported. ▶ Assessed whether the Group's impairment assessment was in accordance with requirements of the Australian Accounting Standards. ▶ Assessed the revenue and gross margin forecasts used by the Group, as outlined in Note 15 of the financial report, by assessing the reliability of the Group's historical forecasts, our knowledge of the business and corroborating assumptions with external information, where possible. ▶ Evaluated the appropriateness of discount rates and terminal growth rates applied in the impairment model with involvement from our valuation specialists. ▶ Tested the mathematical accuracy of the impairment testing models and assessed whether the models were consistent with the latest Board approved forecasts. ▶ Performed sensitivity analysis on key assumptions including revenue and cost forecasts in the impairment model. ▶ Assessed the adequacy and appropriateness of the disclosures included in the financial report.

Assets Held for Sale

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2024, the Group classified \$12.2m as assets held for sale, net of liabilities associated with the operations, due to the decision by the Group to sell its Avenue business in the US as disclosed in Note 5. This balance mainly comprises inventory, brand intangible and goodwill. An impairment loss of \$40.5m was recorded in the year ended 30 June 2024 upon reclassifying the assets as held for sale to measure them at the lower of their carrying amount and fair value less costs to sell. The sale of assets associated with Avenue was completed subsequent to year end. Comparative figures were adjusted for this discontinued operation in the consolidated statement of comprehensive income.</p> <p>The Group exercised judgement in estimating the appropriate allocation of goodwill to the held for sale group and measuring the impairment loss associated with the net assets classified as held for sale and in the allocation of results between the discontinued and continuing operations.</p> <p>Accordingly, we considered the classification and impairment of assets held for sale and the related disclosures in the financial report to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed whether the assets met the requirements for classification as a discontinued operation and presentation as held for sale, including initiation of the sales process as at balance date, management's commitment to sell and the likelihood of the sale completing within 12 months of balance date. ▶ Inspected the underlying documentation including the sale and purchase agreement for the contractual terms associated with the Avenue sale, which defines the assets to be divested including any liabilities or obligations retained or created. ▶ Agreed the carrying amounts of the assets held for sale to underlying accounting records and assessed the Group's allocation of goodwill to the assets held for sale group. ▶ Involving our valuation specialists we evaluated the fair value assessment made by the Group, including comparing the key assumptions adopted in determining fair value against available market data and the signed sale agreement. ▶ Assessed the restatement of the current and comparative figures in the consolidated statement of comprehensive income for the discontinued operations. ▶ Assessed the adequacy and appropriateness of the disclosures included in the financial report.

Going concern

Why significant	How our audit addressed the key audit matter
<p>In assessing whether the financial statements should be prepared on a going concern basis, the Directors are required to consider all available information for a period of at least 12 months from the date of signing the financial statements. In conducting their assessment, the Directors have concluded that there are no material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern over this 12 month period.</p> <p>At 30 June 2024, the Group has net current liabilities of \$1.3m. We considered the assessment of the Group's ability to continue as a going concern to be a key audit matter. This is a result of:</p> <ul style="list-style-type: none"> ▶ The current financial position and performance of the Group ▶ The judgements within the cashflow forecast in the assessment period and the period beyond, and ▶ The significant judgement required to conclude that material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern, is not present. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Evaluated the Group's going concern assessment with reference to forecast cashflows and supporting assumptions. ▶ Reviewed post year-end cashflow movements including the use of proceeds from the sale of Avenue, and proceeds from the capital raise. ▶ Challenged the key revenue, margin and fulfilment cost assumptions in the forecast period, comparing these against historical actual outcomes. ▶ Enquired with board and management as to their knowledge of events or conditions that would cast a significant doubt on Group's ability to continue as a going concern, as well as events post managements assessment. ▶ We considered the Group's access to the funding facilities as disclosed in Note 2 to the financial statements, considering the limits of the facilities and the Group's compliance with the requirements to clean down for a period of at least 7 consecutive days twice in any financial year and no less than 3 months apart in the forecast period. ▶ We assessed the possible mitigating actions identified by the Group in the event that actual cash flows are below forecast, specifically the ability to defer and or not spend discretionary capital expenditure. ▶ Assessed the adequacy and appropriateness of the disclosures included in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;
- b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of City Chic Collective Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in grey ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in grey ink that reads 'Yvonne Barnikel'.

Yvonne Barnikel
Partner
Sydney
28 August 2024

City Chic Collective Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2024

	Note	Consolidated 2024 \$'000	2023 \$'000
Revenue from continuing operations	6	131,607	183,513
Interest and other revenue	7	706	439
Expenses from continuing operations			
Purchase and inbound-related costs of inventory		(56,669)	(98,771)
Fulfilment costs		(18,149)	(33,489)
<i>Cost of sales</i>	8	(74,818)	(132,260)
<i>Selling, general, and administrative expense</i>			
Employee benefits expense	8	(36,848)	(40,875)
Depreciation, amortisation and impairment expense	8	(20,507)	(15,775)
Rental-related recoveries, concessions and expenses	8	(4,349)	(2,919)
Other expenses	8	(31,495)	(26,285)
Finance costs	8	(3,553)	(3,751)
Loss before income tax benefit from continuing operations		(39,257)	(37,913)
Income tax benefit	9	848	3,704
Loss after income tax benefit from continuing operations		(38,409)	(34,209)
Loss after income tax benefit from discontinued operations	5	(54,551)	(65,569)
Loss after income tax benefit for the period attributable to the owners of City Chic Collective Limited	25	(92,960)	(99,778)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation - continuing operations		47	843
Foreign currency translation - discontinued operations		86	2,207
Other comprehensive income for the period, net of tax		133	3,050
Total comprehensive loss for the period attributable to the owners of City Chic Collective Limited		(92,827)	(96,728)
Total comprehensive loss for the period is attributable to:			
Continuing operations		(38,362)	(33,366)
Discontinued operations		(54,465)	(63,362)
		(92,827)	(96,728)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

City Chic Collective Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2024

	Note	Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of City Chic Collective Limited			
Basic earnings per share	26	(16.5)	(14.8)
Diluted earnings per share	26	(16.5)	(14.8)
Earnings per share for loss from discontinued operations attributable to the owners of City Chic Collective Limited			
Basic earnings per share	26	(23.4)	(28.3)
Diluted earnings per share	26	(23.4)	(28.3)
Earnings per share for loss attributable to the owners of City Chic Collective Limited			
Basic earnings per share	26	(39.9)	(43.0)
Diluted earnings per share	26	(39.9)	(43.0)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

City Chic Collective Limited
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	10	21,434	12,414
Trade and other receivables	11	6,641	7,583
Inventories	12	30,748	53,798
Income tax refund due	9	332	2,632
Other assets	13	2,805	4,113
Assets held for sale	5	12,631	13,203
Total current assets		74,591	93,743
Non-current assets			
Plant and equipment	14	9,923	13,341
Trade and other receivables	11	83	90
Right-of-use assets	16	27,568	56,998
Intangibles	15	17,873	64,488
Deferred tax	9	10,897	9,015
Total non-current assets		66,344	143,932
Total assets		140,935	237,675
Liabilities			
Current liabilities			
Trade and other payables	17	37,025	50,996
Lease liabilities	16	12,108	12,429
Borrowings	18	17,500	1,500
Income tax	9	162	-
Provisions	19	5,731	6,861
Other liabilities	20	2,855	3,917
Liabilities directly associated with assets held for sale	5	476	646
Total current liabilities		75,857	76,349
Non-current liabilities			
Lease liabilities	16	29,023	47,535
Provisions	19	903	931
Other liabilities	20	32	137
Total non-current liabilities		29,958	48,603
Total liabilities		105,815	124,952
Net assets		35,120	112,723
Equity			
Issued capital	23	195,531	182,167
Reserves	24	(25,058)	(29,258)
Reserves directly associated with assets held for sale	24	-	2,207
Accumulated losses	25	(135,353)	(42,393)
Total equity		35,120	112,723

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

City Chic Collective Limited
Consolidated statement of changes in equity
For the period ended 30 June 2024

Consolidated	Issued capital \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Loss reserve \$'000	Retained profits / (Accumulated losses) \$'000	Total equity \$'000
Balance at 4 July 2022	182,167	(16,840)	(1,144)	(10,991)	57,385	210,577
Loss after income tax benefit for the period	-	-	-	-	(99,778)	(99,778)
Other comprehensive income for the period, net of tax*	-	-	3,050	-	-	3,050
Total comprehensive income/(loss) for the period	-	-	3,050	-	(99,778)	(96,728)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	(1,126)	-	-	-	(1,126)
Balance at 2 July 2023	<u>182,167</u>	<u>(17,966)</u>	<u>1,906</u>	<u>(10,991)</u>	<u>(42,393)</u>	<u>112,723</u>

* Other comprehensive income for the period, net of tax includes an amount of \$2,207,000 relating to discontinued operations.

Consolidated	Issued capital \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Loss reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 3 July 2023	182,167	(17,966)	1,906	(10,991)	(42,393)	112,723
Loss after income tax benefit for the period	-	-	-	-	(92,960)	(92,960)
Other comprehensive income for the period, net of tax	-	-	133	-	-	133
Total comprehensive income/(loss) for the period	-	-	133	-	(92,960)	(92,827)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (Note 23)	13,364	-	-	-	-	13,364
Share-based payments (Note 22)	-	923	-	-	-	923
Recycling of FCTR on discontinued operations	-	-	743	-	-	743
FX Impact	-	194	-	-	-	194
Balance at 30 June 2024	<u>195,531</u>	<u>(16,849)</u>	<u>2,782</u>	<u>(10,991)</u>	<u>(135,353)</u>	<u>35,120</u>
Note reference	23	24	24	24	25	

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

City Chic Collective Limited
Consolidated statement of cash flows
For the period ended 30 June 2024

	Note	Consolidated 2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST, VAT and sales tax)		206,444	344,463
Payments to suppliers (inclusive of GST, VAT and sales tax)		(224,613)	(310,660)
Government grants received		-	7
Interest received		283	86
Other revenue		423	681
Interest and other finance costs paid		(1,284)	(1,888)
Income taxes refunded / (paid)		1,913	(2,924)
Net cash from/(used in) operating activities	21	(16,834)	29,765
Cash flows from investing activities			
Payments for property, plant and equipment	14	(1,485)	(2,280)
Payments for intangibles	15	(960)	(1,595)
Proceeds from disposal of business		15,305	-
Payments related to disposal of business		(3,305)	-
Net cash from/(used in) investing activities		9,555	(3,875)
Cash flows from financing activities			
Proceeds from issue of shares	23	14,549	-
Payments related to issue of shares		(1,185)	-
Proceeds from borrowings	18	27,497	26,500
Repayment of borrowings	18	(11,497)	(39,000)
Repayment of lease liabilities		(13,382)	(11,247)
Net cash from/(used in) financing activities		15,982	(23,747)
Net increase in cash and cash equivalents		8,703	2,143
Cash and cash equivalents at the beginning of the financial period		12,414	9,953
Effects of exchange rate changes on cash and cash equivalents		317	318
Cash and cash equivalents at the end of the financial period	10	<u>21,434</u>	<u>12,414</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover City Chic Collective Limited as a consolidated entity consisting of City Chic Collective Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is City Chic Collective Limited's functional and presentation currency.

City Chic Collective Limited (ASX Code: CCX) is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

151-163 Wyndham Street
Alexandria, NSW 2015
Telephone: (02) 9059 4300

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group is in the process of assessing the impact of the following:

Summary	Application date of standard	Application date for Group
AASB 2020-1 Amendment to Australian Accounting Standard – Classification of Liabilities as Current vs Non-current and AASB 2022-6 Amendments to Australian Accounting Standard –Non-current Liabilities with Covenants	1 January 2024	1 July 2024
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027	1 July 2027

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the valuation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income.

Financial reporting period

The company reports within a retail financial period. The current financial year represents a 52-week period ended 30 June 2024 (2023: 52 week period ended 2 July 2023). This treatment is consistent with s323D Corporations Act 2001.

Note 2. Material accounting policy information (continued)

Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 'Critical accounting judgements, estimates and assumptions'.

Offsetting financial assets and liabilities

Financial assets and financial liabilities have been offset and the net amount presented in the statement of financial position where the consolidated entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Going concern

The Directors have prepared the financial statements on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business.

The Group incurred a loss from continuing operations after income tax for the year ended 30 June 2024 of \$38,409,000 (2 July 2023 loss of \$34,209,000). During the year, the group divested the Evans business and EMEA inventory for a total cash consideration of £8.0 million (c. A\$15.3 million). At 30 June, City Chic had also agreed to divest the Avenue brand to Full Beauty Brands (FBB) for total cash consideration of US\$12.0 million (approximately A\$18.0 million, less working capital adjustments of ~\$3.0 million).

At 30 June 2024, City Chic was also in the process of completing a \$17.6 million Equity Raising comprising a fully underwritten institutional placement and a partially underwritten retail entitlement offer. As at 30 June 2024, \$14.5 million (before costs) had already been raised and a further \$3.2 million (before costs) was raised in July 2024.

While the Group was in a net current-liability position as at 30 June 2024 of (\$1.3 million), it is noted that this was prior to the receipt of the additional \$3.1 million of capital raised in July 2024. The loan amount as at 30 June 2024 of \$17.5 million was fully repaid in July 2024 as part of the reduction in the facility to \$10.0 million and therefore City Chic has already satisfied the first of two clean-down requirements for the year ending 30 June 2025. Net operating cashflow was negative for the year ended 30 June 2024. While there remains uncertainty as to impact of the current economic environment on discretionary spend, the Directors have reviewed the forecasted cash flows to 31 August 2025 in conjunction with the monthly forecast cash position and the Groups utilisation of the banking facility. Based upon this review, the Directors are satisfied with the Company's ability to pay its debts as and when they fall due, making the going concern assumption appropriate at the time of signing.

In making this determination, the following factors have also been considered by the Directors:

- The sale of Avenue and EMEA has materially reduced the group's operating costs and exposure to lower margin businesses;
- The return to a single brand offering focused on the higher value City Chic customer in ANZ and the US;
- The implementation of a more agile supply chain facilitating greater flexibility in managing purchases;
- Normalised inventory with new product purchases more aligned to customer demand;
- A strategic refresh of the brand through various product and marketing initiatives; and
- Reduced support centre costs including wages and overheads and a more variable cost structure for its US warehousing.

These actions have resulted in a higher average selling price and margin contribution through H2 FY24 and into FY25 and a significant reduction in City Chic's cost base and improvements in its operational flexibility.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 34 'Parent entity information'.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of City Chic Collective Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the period then ended. City Chic Collective Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 2. Material accounting policy information (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is City Chic Collective Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into City Chic Collective Limited's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Note 2. Material accounting policy information (continued)

An impairment loss is recognised for any initial or subsequent write down of the assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of assets, but not in excess of any cumulative impairment loss previously recognised.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Financial assets

Financial assets are initially measured at fair value. Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Refer to Note 11 'Trade and other receivables' for further information.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Material accounting policy information (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparative amounts

Where management has considered appropriate to achieve more relevant and reliable presentation of the entity's financial performance, the presentation of certain items in the financial statements has changed since the prior year. Where this re-presentation of results requires reclassification of comparative amounts, the comparatives have been re-presented to achieve more relevant and reliable presentation and comparability.

The material accounting policies adopted are consistent with those of the previous financial year and corresponding current reporting period, except for the policies stated below.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates, judgement in accounting policy and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by considering the recent sales experience, the ageing of inventories and other factors such as end of life or terminal inventory, that affect inventory obsolescence. Refer to Note 12 'Inventories' for further information.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 15 'Intangibles'. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. The recoverable amount of brands is determined with Goodwill. That is, at a Group level under one cash generating unit, supported by the single operating segment. Refer to Note 15 'Intangibles' for further information. In the current period the Group has also had to allocate a portion of goodwill to Assets held for sale and assess recoverability, as outlined in Note 5 – Discontinued operations.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer to Note 9 'Income tax' for further information.

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease or the ability of staying on past lease expiry date (in holdover) if it is reasonably certain to be exercised. The Group has historically always had several lease contracts in holdover. The Group applies judgement in evaluating whether it is reasonably certain whether leases will be extended beyond the contracted period. Refer to Note 16 'Right-of-use assets' for further information.

Holdover leases

The Group has historically always had several lease contracts in holdover. The Group applies judgement in evaluating whether it is reasonably certain whether leases will be extended beyond the contracted period. A range of 2 to 5 years extension is estimated based on average lease terms. Refer to Note 16 'Right-of-use assets and lease liabilities' for further information.

Note 4. Operating segments

Identification of reportable operating segments

The Group's overall strategy remains to operate as an omni-channel retailer, focused on the plus-size market whilst delivering profitability and to leverage a centralised structure that is not specific to a geography or channel. As such the consolidated entity is organised into one operating segment, being fashion retail. Despite having numerous brands and geographies, the Chief Executive Officer who is identified as the Chief Operating Decision Makers ('CODM') assesses the performance and determines the allocation of resources at a single segment, consolidated level with each part of the business exhibiting similar long-term financial performance and economic characteristics.

The CODM assess the performance of the operating segment based on a measure of EBITDA (Earnings before interest, tax, depreciation, amortisation and impairment, and other adjustments). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis, including weekly reporting on key metrics.

Major customers

There is no revenue that is significant from any particular customer. Segment revenue from external parties, assets and liabilities are all reported to the CODM in a manner consistent with the financial statements.

Revenue by geographical area

The Group operates in the following geographical regions:

- Asia Pacific (APAC) - current operations in Australia and New Zealand. Both regions serviced by stores, website and marketplace; and
- Americas - current operations in United States and are comprised of online (website and marketplace) and wholesale.

Refer to Note 6 'Revenue' for by geographical area.

Note 4. Operating segments (continued)

Reconciliation of net profit to Underlying EBITDA

Reconciliation of net profit after income tax from continuing operations to Underlying EBITDA (Earnings before interest, taxation, depreciation, amortisation, impairment, and other adjustments) is provided as follows (Underlying EBITDA is a non-IFRS measure):

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Net (loss) / profit after tax from continuing operations	(38,409)	(34,209)
Interest expense	3,553	3,751
Tax benefit from continuing operations	(848)	(3,704)
Depreciation, amortisation and impairment expense	20,507	15,775
Restructuring	2,235	-
Northern hemisphere warehouse relocation	497	2,143
Loss on lease modification (AASB16)	2,666	308
Capital raise costs	1,242	-
Transaction costs	159	-
Underlying EBITDA from continuing operations	<u>(8,398)</u>	<u>(15,936)</u>

Note 5. Discontinued operations

Material accounting policy

The Group classifies current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Intangible assets are not amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. The Avenue business was not considered a discontinued operation or classified as an asset held for sale at 2 July 2023. As such, the comparative consolidated statement of profit or loss, the statement of other comprehensive income and certain applicable notes have been restated to show discontinued operations separately from continuing operations.

Assets held for sale and discontinued operations

Discontinued operations in 2024

On 18 June 2024, the Group signed a definitive agreement to divest its US based Avenue business ("Avenue") to Full Beauty Brands (FBB) for US\$12.0 million (c. A\$18.0 million, less working capital adjustments of c. \$3.0 million). The deal was completed on 8 July 2024, subsequent to year-end, via an asset purchase agreement. The sale of the Avenue business has also facilitated the exit of the US warehouse contract with a move to a new provider for the remaining business, with a significantly lower fixed cost structure.

Note 5. Discontinued operations (continued)

Discontinued operations in 2023

The Group divested the Evans business and EMEA inventory via an asset sale and purchase agreement (Agreement). AK Retail Holdings Limited (AK Retail Holdings), has acquired the Evans brand, intellectual property and customer base under the Agreement that signed and closed on 3 August 2023. The Agreement also includes the sale of all the inventory in City Chic's EMEA business.

Under the Agreement, AK Retail Holdings has paid City Chic a total cash consideration of £8.0 million (c. \$15.5 million AUD). Net of transaction costs, and the closure of City Chic's UK warehouse, the consideration is c. £6.4 million (c. \$12.0 million AUD). City Chic has agreed with its 3PL provider to close its UK warehouse which also supports its European operations. As a result, the Navabi business has ceased trading. City Chic retains the right to trade under the City Chic, Avenue and other non-Evans brands in EMEA in the future. There will be a transition period for AK Retail Holdings to sell all non-Evans branded product and for City Chic to sell its remaining Evans-branded product in ANZ and North America. The results of the discontinued operation for the year are presented below:

Results from discontinued operation

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Revenue from discontinued operations	71,964	125,505
Expense	(86,010)	(162,108)
Operating Income / (loss)	(14,046)	(36,603)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(40,505)	(29,402)
Income tax benefit / (expense)	-	436
Loss after income tax from discontinued operations	(54,551)	(65,569)
Other comprehensive income		
Foreign currency translation - discontinued operations	86	2,207
Total comprehensive loss attributed to discontinued operations	(54,465)	(63,362)

The 2024 operating loss (\$14,046,000) includes results from both the Avenue business (\$10,623,000) and the EMEA business (\$3,423,000). The EMEA result includes a \$746,000 unwind of the FCTR, upon divestment of the business. The gain or loss on disposal of the EMEA business in 2024 is nil.

Cash flows from/(used in) discontinued operations

The results of cash flows from/(used in) the discontinued operations during the period are set out below, including comparative information.

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Net cash from operating activities	(13,340)	41,087
Net cash used in investing activities	12,000	(2)
Net cash from financing activities	-	-
Net increase in cash and cash equivalents from discontinued operations	(1,340)	41,085

Cash received from proceeds of sale is considered as part of the discontinued business. This is presented as investing activities in the statement of cashflows.

Note 5. Discontinued operations (continued)

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to discontinued operations as at 30 June 2024:

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Assets classified as held for sale:</i>		
Cash and cash equivalents	-	144
Inventories	7,268	6,658
Brand	5,363	5,993
Other current assets	-	126
Intangibles	-	282
Total assets	12,631	13,203
<i>Liabilities directly associated with assets classified as held for sale:</i>		
Trade and other payables	-	249
Provisions	476	387
Other liabilities	-	10
Total liabilities	476	646
Net assets	12,155	12,557

The assets classified as held for sale have been assessed against the fair value less cost to sell. This has resulted in an impairment of \$40,505,000 (2023: \$29,402,000), as disclosed above in the results from discontinued operation. The assets classified as held for sale have been presented net of this impairment.

Note 6. Revenue

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>From continuing operations</i>		
Sale of goods	131,607	183,513

Note 6. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>131,607</u>	<u>183,513</u>
<i>Geographical regions</i>		
APAC	97,690	141,106
Americas	<u>33,917</u>	<u>42,407</u>
	<u>131,607</u>	<u>183,513</u>
<i>Channel</i>		
Online website	54,942	98,981
Stores	53,942	59,926
Partners	<u>22,723</u>	<u>24,606</u>
	<u>131,607</u>	<u>183,513</u>

Accounting policy for revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Store and online sales

Revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods. Amounts disclosed as revenue are net of sales returns, trade discounts and commission paid. Return policy on sale of goods range from 30 to 90 days and provision is made based on historical return percentage. Please refer to Note 19 'Provisions' for sales return raised and Note 13 'Other assets' for corresponding right-of-return assets recognised.

Partner revenue - wholesale

Revenue is recognised at time of delivery less an allowance for estimated customer returns, rebates, and other similar allowances.

Note 7. Interest and other revenue

	Consolidated	
	2024	2023
	\$'000	\$'000
Interest revenue	283	86
Other revenue	423	353
Interest and other revenue	<u>706</u>	<u>439</u>

Note 8. Expenses

	Consolidated	
	2024	2023
	\$'000	\$'000
Loss before income tax from continuing operations includes the following specific expenses:		
Cost of sales	74,818	132,260
Depreciation, amortisation and impairment	20,507	15,775
<i>Employee benefits expense</i>		
Employee benefits expense excluding superannuation and share-based payments	33,222	38,875
Defined contribution superannuation expenses	2,703	3,126
Share-based payments expense	923	(1,126)
Total employee benefits expense	<u>36,848</u>	<u>40,875</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	1,284	1,922
Interest and finance charges paid/payable on lease liabilities	2,269	1,829
Total finance costs	<u>3,553</u>	<u>3,751</u>
<i>Leases</i>		
Short-term and low-value lease payments	4,349	2,919
<i>Other expenses</i>		
Utility and maintenance expenses	5,672	4,941
Transactional fees and charges	2,145	3,281
Marketing expenses	4,204	3,656
Advertising expenses	5,404	4,601
Professional, consulting and insurance	7,375	9,689
FX (gain) / loss	58	(3,803)
Loss on lease modification	2,666	-
Sundry	3,971	3,920
Total other expenses	<u>31,495</u>	<u>26,285</u>

Accounting policy for purchase and inbound-related costs of inventory and fulfillment costs

Purchase and inbound related costs include underlying product cost and "landed costs" which include inbound freight, duties and other charges. Fulfilment costs represent warehousing and freight costs to deliver online sales.

Accounting policy for lease related expenses

Refer to Note 16 'Right-of-use assets'.

Note 8. Expenses (continued)

Accounting policy for Advertising and Marketing expenses

Advertising Expenses include costs associated with driving customer acquisition and re-engagement, such as digital advertising and direct mail campaigns. All other marketing costs, such as photoshoots and content development, are reflected in Marketing Expenses.

Note 9. Income tax

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>a) Income tax expense</i>		
Current tax	188	123
Deferred tax – origination and reversal of temporary differences	(1,684)	(335)
Prior year tax over/ (under) provisions	187	(3,798)
Foreign exchange	37	306
Other	424	-
Aggregate income tax (benefit)/expense	(848)	(3,704)
Income tax (benefit)/expense is attributable to:		
(Loss) / Profit from continuing operations	(848)	(3,704)
Aggregate income tax (benefit)/expense	(848)	(3,704)
<i>b) Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
(Loss)/Profit before income tax from continuing operations	(39,257)	(37,913)
Tax at the statutory tax rate of 30%	(11,777)	(11,374)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-taxable income	-	(172)
LTIP and LFSP	276	(464)
Other non-deductible expenses	24	1,395
	(11,478)	(13,864)
Difference in overseas tax rates	(1,865)	4,120
Prior year deferred tax (under)/over provisions	450	(1,434)
Prior year current tax over/(under) provisions	(93)	(2,363)
Foreign exchange	-	253
US state tax payable	20	43
Tax loss not recognised/utilised	10,179	-
DTA derecognised on prior year tax losses	1,790	9,541
Other	149	-
Income tax (benefit)/expense from continuing operations	(848)	(3,704)
Income tax (benefit)/expense related to discontinued operations	-	(436)

c) Capital losses

Unused tax losses related to capital losses of \$147,200,000 (2023: \$147,200,000) carried forward for which no deferred tax asset has been recognised. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. The capital losses are in Australia and do not expire.

Note 9. Income tax (continued)

d) Income tax losses

As at 30 June 2024, the consolidated entity (including EMEA) had carried forward income tax losses of \$167,200,000 (2023: \$91,400,000). The income tax losses carried forward at 30 June 2024 were from its Australian, US, UK and EU businesses. These tax losses can be utilised in the future subject to local tax law requirements such as continuity of ownership or the same business. A deferred tax asset can be recognised on losses to the extent that it is probable that sufficient taxable profit will be available to utilise the tax losses in future financial periods. At 30 June 2024, the Group has recognised a deferred tax asset related to tax losses for \$4,167,000 (2023: \$1,790,000), based on management's recoverability assessment, using forecasts as included in Board approved business plans, showing that the Company will be in a future taxable profit position.

e) Tax consolidation legislation

City Chic Collective Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out below.

f) Deferred tax assets

	Consolidated	
	2024	2023
	\$'000	\$'000
Deferred tax asset comprises temporary differences attributable to:		
Tax losses	4,167	1,790
Property, plant and equipment	(748)	(3,120)
Employee benefits	1,045	1,219
Leases	3,335	2,322
Other provisions and accruals	2,829	5,949
Inventories	(115)	676
Other	(59)	(66)
	<u>10,454</u>	<u>8,770</u>
Amounts recognised in equity:		
Amounts initially recognised in equity	<u>443</u>	<u>245</u>
Deferred tax asset	<u><u>10,897</u></u>	<u><u>9,015</u></u>
<i>Movements:</i>		
Opening balance	9,015	7,330
Foreign exchange on opening balance	(42)	351
(Charged)/credited to profit or loss - continuing	1,684	458
(Charged) to profit or loss – discontinued (Note 5)	-	(436)
Credited/(charged) to equity	443	(122)
Prior year under/over	(220)	1,434
Other	17	-
Closing balance	<u><u>10,897</u></u>	<u><u>9,015</u></u>
	Consolidated	
	2024	2023
	\$'000	\$'000
Income tax refund due		
Income tax refund due	<u><u>332</u></u>	<u><u>2,632</u></u>

Note 9. Income tax (continued)

	Consolidated	
	2024	2023
	\$'000	\$'000
Provision for income tax	162	-

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits and does not give rise to equal taxable and deductible temporary differences; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

City Chic Collective Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

The amount receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 10. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank	21,434	12,414

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 11. Trade and other receivables

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	4,118	5,312
Less: Allowance for expected credit losses	(121)	(241)
	3,997	5,071
Other receivables	2,644	2,512
	6,641	7,583
<i>Non-current assets</i>		
Other receivables	83	90
Total trade and other receivables	6,724	7,673

Past due but not impaired

As at 30 June 2024, trade receivables of \$nil (2023: \$341,000) were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2024	2023
	\$'000	\$'000
30 to 60 days	-	186
60 to 90 days	-	23
90 days and over	-	132
Trade receivables - past due but not impaired	-	341
Current	4,118	4,971
Total trade receivables	4,118	5,312

Note 11. Trade and other receivables (continued)

Allowance for expected credit losses

The Group has recognised a net gain of \$121,000 (2023: \$65,000) in the statement of profit or loss in respect of the expected credit losses for the year ended 30 June 2024. The recoverability of trade and other receivables at 30 June 2024 has been assessed to consider the impact of the current economic environment and no material recoverability issues were noted. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

	Consolidated	
	2024	2023
	\$'000	\$'000
Current	121	90
30 to 60 days	-	3
60 to 90 days	-	16
90 days and over	-	132
Allowance for expected credit loss	121	241

Movement of allowance for expected credit loss

	Consolidated	
	2024	2023
	\$'000	\$'000
Opening balance	241	306
Additional allowance recognised	230	286
Allowance derecognised	(265)	(289)
Amount used	(85)	(62)
Closing balance	121	241

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Inventories

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current assets</i>		
Finished goods - at cost	32,557	70,606
Less: Provision for obsolescence	(1,809)	(16,808)
Inventories on hand at lower of cost and net realisable value	30,748	53,798

Finished goods reduction includes \$7,274,000 (2023: \$19,300,000) (before impairment) of Avenue (2023: EMEA) inventory moved to assets held for sale.

Note 12. Inventories (continued)

Accounting policy for inventories

Finished goods are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost method and includes purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of fulfilment and the estimated costs necessary to make the sale. The allowances against inventory are recognised to account for obsolescence, the expected sales below cost and inventory expected to be lost through shrinkage. In recognising the allowance for inventory, judgement has been applied by considering a range of factors including historical loss-making sales, historical inventory shrinkage trends, inventory ageing, seasonality, and product lifecycle.

Note 13. Other assets

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current assets</i>		
Prepayments	2,109	2,356
Right of return assets	696	1,757
Total other assets	2,805	4,113

Accounting policy for right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Note 14. Plant and equipment

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Non-current assets</i>		
Plant and equipment - at cost	30,854	31,798
Less: Accumulated depreciation	(20,931)	(18,457)
Total plant and equipment	9,923	13,341

Note 14. Plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Property, plant and equipment \$'000
Balance at 3 July 2022	15,355
Additions	2,280
Disposals	(1,049)
Depreciation expense	(4,228)
Accumulated depreciation on disposals	1,017
Accelerated depreciation*	(70)
Exchange differences	36
Balance at 2 July 2023	13,341
Additions	1,485
Disposal	(2,095)
Accumulated depreciation on disposal	2,001
Depreciation expense	(4,088)
Impairment	(721)
Balance at 30 June 2024	9,923

**Accelerated depreciation*

During the previous period, the Group closed a number of stores. The carrying value of these stores was extinguished to nil through accelerated depreciation.

Accounting policy for property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives, which range from 2 to 10 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of assets

Plant and equipment is reviewed for indicators of impairment or changes in circumstances that indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Management has performed an impairment assessment on all stores and the corporate head office assets at year-end and impaired \$721,000. This is related to three under-performing stores and leasehold improvements that are now under-utilised post the company restructures and decline in head count (2023: nil).

Note 15. Intangibles

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Non-current assets</i>		
Goodwill - at cost	15,946	48,178
Brand assets - at cost	-	12,907
Customer relationships - at cost	3,644	3,644
Less: Customer relationships - accumulated amortisation	(3,491)	(2,606)
	153	1,038
Other intangible assets - at cost	11,151	10,323
Less: Other intangible assets - accumulated amortisation	(9,377)	(7,958)
	1,774	2,365
Total intangibles	17,873	64,488

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Goodwill \$'000	Brand assets \$'000	Customer relationships \$'000	Other intangibles \$'000	Total \$'000
Balance at 3 July 2022	52,153	28,116	1,726	2,671	84,666
Transfer to asset held for sale	(6,046)	(16,423)	(314)	(356)	(23,139)
Additions	-	-	-	1,595	1,595
Amortisation expense	-	-	-	(1,503)	(1,503)
Amortisation expense – discontinued	-	-	(461)	(55)	(516)
Exchange differences	2,071	1,214	87	13	3,385
Balance at 2 July 2023	48,178	12,907	1,038	2,365	64,488
Amortisation and impairment - discontinued	-	-	(563)	(346)	(909)
Classified as held for sale	(32,525)	(13,197)	-	-	(45,722)
Additions	-	-	-	960	960
Amortisation expense	-	-	(322)	(1,073)	(1,395)
Exchange differences	293	290	-	(132)	451
Balance at 30 June 2024	15,946	-	153	1,774	17,873

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 15. Intangibles (continued)

Brand assets

Brand assets is recognised on acquisition of brand assets and is not amortised. Management consider brand assets to have an indefinite useful life because the potential to generate cash flows is unlimited. Brand assets is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on brand assets are taken to profit or loss and are not subsequently reversed.

Customer relationships

Acquired customer relationships are carried at original cost based on independent valuation obtained at the date of acquisition less accumulated amortisation. They are amortised on a straight-line basis over a useful life of 3 years. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

Other intangible assets

Significant costs associated with the development of the revenue generating aspects of websites development and enhancements, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Significant costs associated with software are deferred and amortised on a diminishing value basis over the period of their expected benefit, being their finite life of 2-4 years.

Configuration and customisation costs incurred in implementing Software as a Service ("SaaS") arrangements are recognised in profit or loss as the customisation and configuration services are performed, or, in certain circumstances, over the SaaS contract term when access to the cloud application software is provided.

Transfer to assets held for sale

As set out in Note 5 'Discontinued operations', the Group has classified specific assets as held for sale at 30 June 2024 related to the divestment of the Avenue business and at 2 July 2023 related to the divestment of the EMEA business. From intangibles this relates to the Avenue, Evans and Navabi brands, customer lists and other intangibles. Because the CGU for goodwill is assessed at a consolidated Group level, only a portion of goodwill can be allocated to the assets held for sale from the Group goodwill balance. The allocation is based on the relative value of the divested business as a proportion of the group. For Avenue in FY24 this has been assessed at \$32.5 million and in FY23 for Evans and Navabi this was assessed at \$6.0 million.

Impairment

Intangible assets with a finite life are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment irrespective of whether there are any indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash generating units.

Goodwill and Brand assets impairment assessment

Determining whether goodwill or brand assets are impaired requires an estimation of the value-in-use of the cash-generating units (CGUs) to which the intangible has been allocated. These calculations reflect an estimated cash flow projection based on a five-year forecast and requires the use of assumptions, including estimated discount rates; growth rates of estimated future cash flows; and terminal growth rates. The CGU for goodwill and brand assets is assessed at a consolidated Group level, in line with the one operating segment used in its reporting.

The discounted cash flow valuations were calculated using projected five-year future cash flows based on Board approved business plans. Business plans are modelled assuming like for like sales growth based on historical performance considering changing market conditions.

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

(i) *Forecast sales growth rates*

Forecast sales growth rates are based on past experience adjusted for economic conditions and the strategic decisions made in respect of the CGU.

Note 15. Intangibles (continued)

(ii) *Gross margin rates*

Gross margin rates against sales are estimated based on sales channel and region mix and adjusted for economic conditions and the strategic decisions made in respect of the CGU.

(iii) *Fulfilment costs*

Fulfilment costs assumptions are based on long-term 3PL agreements in each region and market freight rates.

(iv) *Operating profits*

Operating profits are forecasted based on historical experience of operating margins, adjusted for the above impact of changes to product and fulfilment costs and cost saving initiatives.

(v) *Cash conversion*

Cash conversion is the ratio of operating cash flow to operating profit. Forecasted cash conversion rates are based on historical experience.

The discount rates used in the value-in-use calculations are pre-tax and reflect management's estimate of the time value of money, as well as the risks specific to the CGU. The discount rates have been determined using the average weighted cost of capital and the current market risk-free rate, adjusted for relevant business risks. The discount rate is applied in the current year value-in-use model: 16.3% (2023: 15.8%). The slightly higher discount rate year-on-year is a result of higher cost of debt and higher market risk assumptions, partly offset by a lower risk premium due to the divestment in Avenue. A terminal growth rate of 2.5% (2023: 2.5%) has been assumed in the value-in-use calculation and reflects the long-term growth expectations beyond the five-year forecast horizon.

The calculations confirmed that there was no impairment of goodwill and brand assets intangibles from continuing operations (2023: nil), with excess headroom remaining when performing sensitivity analysis. In performing the sensitivity analysis, management considered a stressed scenario due to diminishing macro-economic conditions, and no impairment was identified. Any deterioration in any of these assumptions could cause the carrying value to exceed the recoverable amount resulting in an impairment.

Refer to Note 5 'Discontinued operations' for separate assessment of impairment for assets held for sale.

Note 16. Right-of-use assets and lease liability

(a) Right-of-use assets

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Non-current assets</i>		
Right-of-use assets	49,753	76,543
Less: Accumulated depreciation	(22,185)	(19,545)
Total right-of-use assets	27,568	56,998

Note 16. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Right-of-use asset \$'000
Balance at 3 July 2022	26,255
Additions	41,008
Disposals	(4,028)
Exchange differences	34
Accumulated depreciation on disposals	3,660
Depreciation expense	(9,931)
Balance at 2 July 2023	56,998
Additions	6,089
Disposals	(11,634)
Lease Modification	(14,184)
Accumulated depreciation on disposals	6,504
Depreciation expense	(9,803)
Depreciation from discontinued operations	(1,826)
Impairment of Head Office Lease	(4,576)
Balance at 30 June 2024	27,568

Refer to Note 8 'Expenses' for lease related expenses and to the consolidated statement of cash flows for repayment of lease liabilities.

	Consolidated	
	2024 \$'000	2023 \$'000
<i>Amounts recognised in profit and loss</i>		
Depreciation expense on right-of-use assets	9,803	9,914
Interest expense on lease liabilities	2,269	1,829
Expenses relating to leases not recognised under AASB 16	877	1,765

The consolidated entity leases land and buildings for its office and retail outlets under agreements of between 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The lease liability recognised by the Group represents the present value of future lease payments owing to the lessor.

The Group leases office equipment under agreements of less than 5 years. These leases are either short-term or low value, so have been expensed as incurred and not capitalised as ROU assets.

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 16. Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of right-of-use assets and loss on modification of lease

During the current financial period, the Company identified an impairment indicator for its head office lease, classified as a right-of-use (ROU) asset under AASB 16 Leases. The impairment was driven by a reduction in the workforce largely due to the divestment activities. An impairment loss of \$4,576,000 has been recognised in the statement of profit or loss. As part of the assessment, management have used consistent assumptions as disclosed in Note 15 – Intangibles and have made the assumption that the office space will not be sublet.

Prior to year-end the US warehouse agreement was terminated and the Company exited its US warehouse facility in July 2024. The warehouse agreement contained an embedded lease under AASB-16 and this has been treated as a lease modification at 30 June 2024. As part of the termination of the warehouse agreement, a break fee was also incurred and has been included in the lease modification. The loss on modification of lease was \$2,666,000 in the continued operations and \$3,677,000 in the discontinued business, in the profit or loss statement at 30 June 2024.

(b) Lease liabilities

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current liabilities</i>		
Lease liabilities	12,108	12,429
<i>Non-current liabilities</i>		
Lease liabilities	29,023	47,535
Total lease liabilities	41,131	59,964

Refer to Note 28 'Financial instruments' for further information on contractual maturity.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 17. Trade and other payables

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current liabilities</i>		
Trade creditors	12,432	7,799
Sundry creditors	10,390	20,834
Other payables	14,203	22,363
	<u>37,025</u>	<u>50,996</u>

Refer to Note 28 'Financial instruments' for further information.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

Note 18. Borrowings

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current liabilities</i>		
Bank loans	<u>17,500</u>	<u>1,500</u>

The company has made several amendments to the debt facility during the period:

On 9 August 2023, the facility limit reduced from \$31.5 million to \$20.0 million and on 8 September 2023, the Group amended its debt facility to reduce the minimum liquidity ratio covenant and reduce the facility limit from \$20.0 million to \$15.0 million, effective from 1 July 2024. This timing of the reduction was subsequently extended to 1 September 2024.

Subsequent to year-end and in connection with the divestment of Avenue, The Group agreed to reduce and extend its current debt facility to December 2026. The extended facility will mature in December 2026 and will step down to a limit of \$10.0 million effective from 19 July 2024. Under the terms of the agreed facility, current covenants will be replaced with a requirement to complete clean downs (which requires City Chic to repay all drawn down amounts under the facility to nil for at least seven consecutive days) twice per annum, no less than three months apart.

The Group was in compliance with all covenants during the financial year ended 30 June 2024.

Refer to Note 28 'Financial instruments' for further information.

Note 18. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2024	2023
	\$'000	\$'000
Total facilities		
Corporate credit card	500	1,008
Bank loans	19,114	45,992
Bank guarantee/Letter of credit	886	508
	20,500	47,508
Used at the reporting date		
Corporate credit card	241	288
Bank loans	17,500	1,500
Bank guarantee/Letter of credit	886	508
	18,627	2,296
Unused at the reporting date		
Corporate credit card	259	720
Bank loans	1,614	44,492
Bank guarantee/Letter of credit	-	-
	1,873	45,212

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Provisions

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current liabilities</i>		
Employee benefits	3,192	3,699
Lease make good	246	279
Onerous contracts	724	-
Sales return provision	1,569	2,883
Total provisions – current	5,731	6,861
<i>Non-current liabilities</i>		
Employee benefits	345	449
Lease make good	558	482
Total provisions - non-current	903	931
Total provisions	6,634	7,792

Movements in provisions

Movements in provisions during the current financial period are set out below:

Note 19. Provisions (continued)

Consolidated - 2024	Employee benefits \$'000	Sales return provision \$'000	Lease make good \$'000	Onerous Contract \$'000	Total \$'000
<i>Current provisions</i>					
Carrying amount at the start of the period	3,699	2,883	279	-	6,861
Additional provisions recognised	391	9,962	-	724	11,077
Amounts used	(898)	(11,276)	(33)	-	(12,207)
Carrying amount at the end of the period	3,192	1,569	246	724	5,731
<i>Non-current provisions</i>					
Carrying amount at the start of the period	449	-	482	-	931
Additional provisions recognised	28	-	76	-	104
Amounts used	(132)	-	-	-	(132)
Carrying amount at the end of the period	345	-	558	-	903

Accounting policy for provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Sales return provision

The sales return provision represents managements' best estimate of the future outflow of economic benefits in respect of products sold. The provision is estimated based on historical sales claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 20. Other liabilities

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Current liabilities</i>		
Deferred income	2,195	2,177
Gift card liability	660	1,741
	<u>2,855</u>	<u>3,917</u>
<i>Non-current liabilities</i>		
Deferred income	32	137
Total other liabilities	<u>2,887</u>	<u>4,054</u>

Accounting policy for deferred income

Deferred income relates mainly to unredeemed gift cards, income received in advance from customers and deferred lease incentives.

Gift cards are considered a prepayment for goods and services to be delivered in the future. The Group has an obligation to transfer the goods or services in the future, creating a performance obligation. The Group recognises deferred revenue for the amount of the prepayment and recognises revenue when the customer redeems the gift card and the Group fulfils the performance obligation related to the transaction or when the likelihood of the gift card being redeemed by the customer is deemed remote. These are all deemed current liabilities.

Income received in advance from customers are recognised as revenue at the point of delivery of the goods to the customer. Customer orders are typically completed within a few days and income received in advance is therefore considered short term in nature and is not discounted. These are all deemed current liabilities.

Deferred lease incentives relate to landlord fitout contributions related to stores that are not treated as Leases under AASB 16.

Note 21. Cash flow information

Reconciliation of loss after income tax to net cash from/(used in) continuing and discontinued operating activities

Note 21. Cash flow information (continued)

	Consolidated	
	2024	2023
	\$'000	\$'000
Loss after income tax expense from continuing and discontinued operations	(92,960)	(99,778)
<i>Adjustments for:</i>		
Depreciation, amortisation, and impairment	61,012	46,364
Share-based payments	923	(1,126)
Foreign exchange and other differences	57	(3,382)
<i>Changes in operating assets and liabilities</i>		
Decrease in trade and other receivables	950	3,338
Decrease in inventories	23,050	142,138
Decrease in other assets	1,308	732
Decrease in tax receivable	2,300	(2,633)
Decrease/ (increase) in deferred tax assets	(1,882)	(1,686)
Increase/(decrease) in trade and other payables	(12,119)	(29,330)
(Decrease)/increase in provision for income tax	162	(3,284)
Increase/(decrease) in other provisions	(1,130)	(1,418)
(Decrease)/increase in other liabilities	(1,062)	(635)
(Decrease) in assets held for sale	2,557	(19,535)
Net cash from continuing and discontinued operating activities	(16,834)	29,765

	Opening balance	Cash flows	Non-cash changes	Non-cash changes	Closing balance
2024	\$'000	\$'000	Acquisitions	Leases	\$'000
			\$'000	\$'000	
Long-term borrowings	1,500	16,000	-	-	17,500
Lease liabilities	59,964	(13,382)	-	(5,451)	41,131
	<u>61,464</u>	<u>3,395</u>	<u>-</u>	<u>(5,451)</u>	<u>58,631</u>
	Opening balance	Cash flows	Non-cash changes	Non-cash changes	Closing balance
2023	\$'000	\$'000	Acquisitions	New leases	\$'000
			\$'000	\$'000	
Long-term borrowings	14,000	(12,500)	-	-	1,500
Lease liabilities	33,266	(11,247)	-	37,945	59,964
	<u>47,266</u>	<u>(23,747)</u>	<u>-</u>	<u>37,945</u>	<u>61,464</u>

Note 22. Share-based payments

The Group's long-term incentives rewards executives for high performance and ongoing commitment over a three to five-year horizon and recognises the important role executives play in delivering the long-term growth of the Group.

Note 22. Share-based payments (continued)

The Group's long-term incentives are comprised of the Long-Term Incentive Plan (**LTIP**) and the Loan Funded Share Plan (**LFSP**). The following share-based payment arrangements were in existence during the current year:

Tranche	Grant date	Performance period end date	Fair Value	Share price at grant date	Expected volatility %	Dividend yield %	Risk-free interest rate %	Opening balance 2 July 2023	Granted	Vested	Expired/ forfeited/ other	Closing balance 30 June 2024
2C	13/11/2018	30/06/2023	\$0.995	\$1.17	40.00%	3.50%	2.33%	2,300,000	-	-	(2,300,000)	-
5A	22/11/2023	30/06/2027	\$0.340	\$0.34	60.00%	0%	4.02%	-	2,860,235	-	(520,416)	2,339,819
5B	19/02/2024	30/06/2026	\$0.550	\$0.55	60.00%	0%	3.69%	-	4,860,181	-	(346,640)	4,513,541
Total Performance Rights								2,300,000	7,720,416	-	(3,167,056)	6,853,360
3	21/11/2019	30/06/2024	\$0.739	\$2.68	35.00%	N/A	0.81%	6,298,457	-	-	(2,593,482)	3,704,975
3	03/03/2020	30/06/2024	\$0.731	\$2.79	35.00%	N/A	0.81%	667,464	-	-	-	667,464
3	16/09/2020	30/06/2024	\$0.970	\$3.33	40.00%	N/A	0.29%	474,576	-	-	-	474,576
Total Loan Funded Shares								7,440,497	-	-	(2,593,482)	4,847,015

LTIP Tranches

Vesting conditions of the LTIP are set out below:

Tranche 2C

Vesting Condition 1	Continued service to August 2023, with no holding lock on resulting shares;
Vesting Condition 2	Group underlying EPS (before income tax and share-based payments) performance in accordance with the following schedule:

Group EPS for the year to 30 June 2023	Proportion of Tranche 2C Performance Rights held that will satisfy Vesting Condition 2
Below \$0.1125 (1.5 x FY18 EPS)	Nil
\$0.1250 ≤ EPS ≤ \$0.1200 (1.6 x FY18 EPS)	50%
\$0.1200 ≤ EPS ≤ \$0.1275 (1.7 x FY18 EPS)	75%
EPS ≥ \$0.1275	100%

As the Group EPS for the year ended 2 July 2023 finished below the minimum performance threshold, all Tranche 2C performance rights have been valued at nil at 2 July 2023. The rights themselves only lapsed in August 2023.

Tranche 5A and 5B

Vesting Condition 1	The sole Performance Condition requires the Company to achieve at least the threshold Earnings before Interest Tax Depreciation and Amortisation (EBITDA) Margin on the expiration of the three-year performance period commencing 3 July 2023 and ending on 28 June 2026
Vesting Condition 2	5A: Continued service up to and including 30 June 2027 5B: Continued service up to and including 30 June 2026

Weighting	EBITDA Margin	Percentage of FY24 Performance Rights that will satisfy the Performance Condition
100%	10% (threshold)	30%
	Between threshold and stretch	Straight line pro rata basis between threshold and stretch.
	15% (stretch)	100%

The Group recognised an expense of \$997,000 in FY24 related to Tranche 5.

Note 22. Share-based payments (continued)

LFSP Tranches

As at 30 June 2024, the Loan Funded (LF) shares issued under the LFSP have been treated as 'in-substance' options which have been valued using a Modified Binomial Lattice option pricing model which allows for varying exercise price. The resulting value is amortised over the vesting period on a probability adjusted basis.

The key terms of the LFSP are listed as follows:

- LF Shares are issued at the Company's share price on the ASX at the time of issue.
- The Company advances money to pay for the subscription price of the LF Shares (Loan).
- The Loan has an interest payable of 1.9% and is repayable on the earlier of cessation of employment (6 or 12 month grace periods may be applied) or 7 years from the agreement by the Board to issue LF Shares under the Plan (Vesting Period is 5 years to 30 June 2024).
- The Company's recourse in the event it seeks to recover the Loan is limited to the LF Shares. Where a Participant does not repay the Loan by the repayment date, the Participant is deemed to have agreed to sell to the Company pursuant to an employee share scheme buy-back, that number of LF Shares required to repay the Loan to the Company.
- The Company will apply the after-tax amount of any dividends payable in respect of a participant's LF Shares towards repayment of the outstanding balance of the Loan.
- The LF Shares offered are subject to Vesting Conditions, which if not met, the unvested LF Shares will be forfeited and bought back by the Company at the issue price and the Loan will be deemed repaid.

Vesting conditions of the LF Shares are set out below:

Tranche 3

Vesting Condition 1	Continued service to 30 June 2024.
Vesting Condition 2	Compound annual growth rate (CAGR) in the Group's earnings per share after tax (ADEPS) prescribed by the Board over the 3 year period commencing on 1 July 2019, in which case (subject to satisfaction of Vesting Period Condition) the LF Shares held will vest in accordance with the following vesting scale:

ADEPS 3-year CAGR from 1 July 2019	Proportion of Tranche 3 LF shares that will satisfy Vesting Condition 2
12.5%	25%
20%	100%
12.5% ≤ ADEPS CAGR ≤ 20.0%	Straight-line pro rata vesting between 25% and 100% (inclusive)

Vesting Condition 2 was eligible for testing on 3 July 2022. The ADEPS 3-year CAGR from 1 July 2019 to 3 July 2022 was 16.8% meeting the performance threshold for Vesting Condition 2. The proportion of Tranche 3 LF shares that will satisfy Vesting Condition 2 is 66.3%. Vesting Condition 1 was tested at the end of FY24. The Group has recognised a gain in the statement of profit or loss of \$43,000 in FY24.

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 22. Share-based payments (continued)

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The probability is assessed with consideration of management's expectation of future earnings and the financial hurdles for vesting. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Any market-based performance conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 23. Issued capital

	Consolidated			
	2024 Shares	2023 Shares	2024 \$'000	2023 \$'000
Ordinary shares - fully paid	336,351,678	239,360,583	195,531	182,167

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	3 July 2022	239,360,583		182,167
Balance	2 July 2023	239,360,583		182,167
Institutional Placement	28 June 2024	96,991,095	\$0.15	14,549
Share issue expenses (net of tax)		-		(1,185)
Balance	30 June 2024	336,351,678		195,531

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 23. Issued capital (continued)

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period. The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Note 24. Reserves

	Consolidated	
	2024	2023
	\$'000	\$'000
Foreign currency reserve	2,782	1,906
Share-based payments reserve	3,473	2,356
Loan funded shares held in trust	(20,322)	(20,322)
Loss reserve	(10,991)	(10,991)
Total reserves	(25,058)	(27,051)

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the cost of share-based payments on the Group's employee incentive schemes.

Loan funded shares

Under the LFSP, the participants are granted a loan by the Company to purchase the beneficial interest in shares. These are limited recourse loans to the participants and any dividends received in respect of the loan funded shares are used to reduce the loan balance net of tax payable. Participants are required to meet service requirements and performance conditions before being entitled to acquire full title to these shares and are required to repay the loan in order to do so. The shares held by the Company have been deducted from equity as shares are held in trading lock until vesting in line with accounting standards.

Loss Reserve

The reserve is used to recognise the historical losses of the Group's operations.

Note 24. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial period are set out below:

	Loan funded shares held in trust \$'000	Loss reserve \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
Consolidated					
Balance at 3 July 2022	(20,322)	(10,991)	3,482	(1,144)	(28,975)
Foreign currency translation - continued operations	-	-	-	843	843
Foreign currency translation - discontinued operations	-	-	-	2,207	2,207
Share-based payments expense	-	-	(1,126)	-	(1,126)
Reserves	(20,322)	(10,991)	2,356	(301)	(29,258)
Reserves directly associated with assets held for sale	-	-	-	2,207	2,207
Balance at 2 July 2023	(20,322)	(10,991)	2,356	1,906	(27,051)
Foreign currency translation - continued operations	-	-	-	133	133
Recycling of FCTR on discontinued operations	-	-	-	743	743
Share-based payments expense	-	-	923	-	923
FX Gain / (loss)	-	-	194	-	194
Balance at 30 June 2024	(20,322)	(10,991)	3,473	2,782	(25,058)

Note 25. Accumulated losses

	Consolidated	
	2024 \$'000	2023 \$'000
Retained profits/(accumulated losses) at the beginning of the financial period	(42,393)	57,385
Loss after income tax benefit for the period	(92,960)	(99,778)
Accumulated losses at the end of the financial period	(135,353)	(42,393)

Note 26. Earnings per share

	Consolidated	
	2024 \$'000	2023 \$'000
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax from continuing operations	(38,409)	(34,209)
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax from discontinued operations	(54,551)	(65,569)

Note 26. Earnings per share (continued)

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Earnings per share for loss</i>		
Loss after income tax from continuing and discontinued operations attributable to the owners of City Chic Collective Limited	(92,960)	(99,778)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Ordinary shares – fully paid	240,162,162	239,360,583
Less: Loan funded shares	(7,440,497)	(7,440,497)
Weighted average number of ordinary shares used in calculating basic earnings per share	232,721,665	231,920,086
Weighted average number of ordinary shares used in calculating diluted earnings per share	232,721,665	231,920,086
Due to the Group's loss position, performance rights have been excluded from the above calculations as their inclusion would be anti-dilutive.		
	Cents	Cents
Earnings per share for (loss) / profit from continuing operations attributable to the owners of City Chic Collective Limited		
Basic earnings per share	(16.5)	(14.8)
Diluted earnings per share	(16.5)	(14.8)
	Cents	Cents
Earnings per share for (loss) / profit from discontinued operations attributable to the owners of City Chic Collective Limited		
Basic earnings per share	(23.4)	(28.3)
Diluted earnings per share	(23.4)	(28.3)
	Cents	Cents
Earnings per share for (loss) / profit attributable to the owners of City Chic Collective Limited		
Basic earnings per share	(39.9)	(43.0)
Diluted earnings per share	(39.9)	(43.0)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of City Chic Collective Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Options under the loan funded share plan could potentially dilute basic earnings per share in the future, however, were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

Note 27. Dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Franking credits

	Consolidated	
	2024	2023
	\$'000	\$'000
Franking credits available at the reporting date based on a tax rate of 30%	67,566	69,750
Franking credits available for subsequent financial years based on a tax rate of 30%	67,566	69,750

The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Accounting policy for dividends

Dividends are recognised when declared during the financial period and no longer at the discretion of the company.

Note 28. Financial instruments

Financial Assets and Liabilities:

Amounts are accounted for at amortised cost and shown at approximate fair values below:

	Consolidated	
	2024	2023
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	21,434	12,414
Trade and other receivables - current	6,641	7,583
Trade and other receivables - non-current	83	90
	<u>28,158</u>	<u>20,087</u>
Financial liabilities		
Trade and other payables	37,025	50,996
Borrowings	17,500	1,500
Lease liabilities - current	12,108	12,429
Lease liabilities - non-current	29,023	47,535
	<u>95,656</u>	<u>112,460</u>

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units where necessary. Finance reports to the Board on a monthly basis.

Note 28. Financial instruments (continued)

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. The capital risk management policy remains unchanged from the 2023 Annual Report.

In order to maintain or adjust the capital structure, the consolidated entity manages the level of cash and debt that is prudent in light of the operational plan and the growth opportunities for the business.

The consolidated entity is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. Formal notification of this compliance is confirmed on a monthly basis.

The capital structure of the consolidated entity consists of net cash (cash and cash equivalents as detailed in Note 10. Cash and cash equivalents, less borrowings as detailed in Note 18. Borrowings) and equity of the consolidated entity (comprising issued capital, reserves and accumulated losses) as detailed in Note 23. Issued capital, Note 24. Reserves and Note 25. Accumulated losses.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In FY24 approximately 26% of Group's continued operating revenue was in USD from its US operations and the consolidated entity was able to source a similar corresponding amount of its inventory in USD. This natural hedge meant the Group was not required to hedge its foreign exchange exposure. Management monitors this natural hedge on an ongoing basis to ensure that the exposure to foreign exchange is acceptable.

Management continue to assess the future cash flows of the international business, particularly post the sale of the Avenue brand and will look to address such changes in its purchasing activity, where possible. If the natural hedge for USD the Group has enjoyed to-date is no longer in place, exposure will be hedged appropriately.

For the current financial period, if AUD to USD rates had changed by +/- 10% from the FY24 average rates, with all other variables held constant, the impact on pre-tax loss for the year would have been \$0.5m lower/ \$0.6m higher (2023: \$3.8m lower/\$4.6m higher).

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The Group has exposure to interest rate risk on the long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Note 28. Financial instruments (continued)

As at the reporting date, the consolidated entity had the following variable rate borrowings:

Consolidated	2024		2023	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Cash and cash equivalents	1.82%	21,434	0.51%	12,414
Borrowings	6.78%	(17,500)	5.69%	(1,500)
Net exposure to cash flow interest rate risk		<u>3,934</u>		<u>10,914</u>

For the current financial period, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables constant, the impact on post-tax profit for the year would have been \$0.03m higher/lower (2023: \$0.1m higher/lower), relating to the interest income on the cash at bank and interest expense on the borrowings.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The consolidated entity has a credit risk exposure with trade debtors, which as at 30 June 2024 owed the consolidated entity \$4,118,000 (2023: \$5,312,000). There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with its customers to mitigate risk. The Group has recognised a net gain of \$121,000 (2023: \$65,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Prudent liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Inventory management methods and established supplier relationships assist management to prepare rolling forecasts of the consolidated entity's cash flow requirements to monitor the liquidity position and optimise its cash return on investments. Typically the consolidated entity ensures that it has sufficient cash on demand to meet expected operational expenses for the period of 12 months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Note 28. Financial instruments (continued)

At balance date, the bank loan facility totalling \$20.0 million, was available to the Group (2 July 2023: \$46,500,000 comprising of both working capital and acquisition tranches). The facility limit reduces from 3 July 2023 to \$31.5 million, then to \$20m from 9 August 2023 then again to \$10.0 million from 19 July 2024 (see note 37 - Events after the reporting period for further subsequent changes to the facility after year-end). Management monitors rolling forecasts of the consolidated entity's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents based on expected cash flows. This is generally carried out at a local level in the operating companies of the consolidated entity in accordance with practice and limits set by the consolidated entity. These limits vary by location to consider the liquidity of the market in which the entity operates. In addition, the consolidated entity's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2024	2023
	\$'000	\$'000
Corporate credit card	259	720
Bank loans	1,614	44,492
	<u>1,873</u>	<u>45,212</u>

Refer to Note 37 (Events after the reporting period) for further information on subsequent changes in facility limits

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Consolidated - 2024						

Non-derivatives

Non-interest bearing

Trade payables	-	38,877	32	-	-	38,909
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Interest-bearing - variable

Bank loans	6.78%	18,686	-	-	-	18,686
Undiscounted lease liabilities	4.38%	12,638	7,106	15,798	7,390	42,933
Total non-derivatives		<u>70,201</u>	<u>7,138</u>	<u>15,798</u>	<u>7,390</u>	<u>100,528</u>

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Consolidated - 2023						

Non-derivatives

Non-interest bearing

Trade payables	-	50,996	-	-	-	50,996
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Interest-bearing - variable

Bank loans	5.69%	1,500	-	-	-	1,500
Undiscounted lease liabilities	4.37%	14,044	12,942	28,771	13,460	69,217
Total non-derivatives		<u>66,540</u>	<u>12,942</u>	<u>28,771</u>	<u>13,460</u>	<u>121,713</u>

Note 28. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

The lease liabilities include holdover assumptions in addition to contractually obligated periods, as disclosed in Note 16 'Right-of-use assets and lease liabilities'.

Fair value of financial instruments

This section provides information about how the consolidated entity determines fair values of various financial assets and financial liabilities.

Fair values of financial instruments are categorised by the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The consolidated entity does not have any financial assets and liabilities which are measured at fair value at the end of each reporting period.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of receivables, trade and other payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments. Refer to Note 5 'Discontinued operations' for the fair value of assets held for sale.

Note 29. Key management personnel disclosures

Directors

The following persons were directors of City Chic Collective Limited during the financial period:

Michael Kay	Chairman and non-executive director
Megan Quinn	Non-executive director
Neil Thompson	Non-executive director
Natalie McLean	Non-executive director
Phil Ryan	Chief Executive Officer and Managing Director

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial period:

Peter McClelland	Chief Financial Officer
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Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2024	2023
	\$	\$
Short-term employee benefits	1,760,942	2,030,818
Post-employment benefits	106,955	117,017
Short-term benefits	139,336	116,414
Long-term benefits	-	21,042
Share-based payments	590,324	(667,890)
	2,597,557	1,617,401

Note 30. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company:

	Consolidated	
	2024	2023
	\$	\$
Auditing the statutory financial report of the parent covering the Group	535,200	483,360
Auditing the statutory financial reports of any controlled entities	104,800	124,800
	<u>640,000</u>	<u>608,160</u>

It is the consolidated entity's policy to engage Ernst & Young on assignments additional to their statutory audit duties where Ernst & Young's expertise and experience with the consolidated entity are important. These assignments are principally assurance related and other advisory services, or where Ernst & Young is awarded assignments on a competitive basis. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

Note 31. Contingent liabilities

The consolidated entity had a contingent liability of \$0.9m (FY23: \$0.5m) in the form of a bank guarantee / letter of credit (see Note 18).

No material losses are anticipated in respect of any of the above contingent liabilities.

Note 32. Commitments

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	18	1,245
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	403	172
One to five years	90	1,110
More than five years	-	-
	<u>493</u>	<u>1,282</u>

Lease commitments includes contracted amounts for a small number of retail outlets considered short term (expiring within less than one year) and contracted amounts for leases not yet commenced as of 30 June 2024 to which the Group is committed.

Lease commitments for the leases not yet commenced includes contracted amounts for a small number of retail outlets under non-cancellable operating leases expiring within 1 to 5 years. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The lease commitments do not include rental payments which may arise in the event that sales revenue exceeds a pre-determined amount.

Capital commitments includes contracted amounts for fit-out costs (net of landlord fit-out contributions) relating to retail outlets for which the leases have not yet commenced as of 30 June 2024 but to which the Group is committed.

Note 33. Related party transactions

Parent entity

City Chic Collective Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 35.

Key management personnel

Disclosures relating to key management personnel are set out in Note 29 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current or previous financial period.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity

Statement of profit or loss and other comprehensive income

	Consolidated	
	2024	2023
	\$'000	\$'000
Revenue	88,954	127,355
Expenses	(107,602)	(131,147)
Profit before income tax	(18,648)	(3,792)
Impairment on asset	(75,000)	(90,332)
Income tax expense	3,988	1,730
	(71,012)	(88,602)
Profit after income tax from discontinued operations	-	-
Total profit after income tax for the year from parent entity	(89,660)	(92,394)
Other comprehensive income / (loss)	-	-
Total comprehensive income from parent entity	(89,660)	(92,394)

City Chic Collective Limited
Notes to the consolidated financial statements
30 June 2024

Note 34. Parent entity information (continued)

Statement of financial position

	2024 \$'000	2023 \$'000
Cash and cash equivalents	19,140	1,808
Trade and other receivables	1,830	858
Inventories	17,402	16,783
Other	1,953	2,012
Income tax	7	2,390
Intercompany	-	-
Total current assets	40,332	23,851
Plant and equipment	9,580	12,330
Investments in subsidiaries	52,620	127,620
Right-of-use assets	26,114	32,784
Intangibles	2,909	2,970
Deferred tax	8,427	3,493
Total non-current assets	99,650	179,197
Total assets	139,982	203,048
Trade and other payables	27,681	25,857
Intercompany	19,183	21,883
Lease liabilities	8,918	12,068
Income tax	-	-
Borrowings	17,500	1,500
Provisions	4,156	4,659
Other	1,048	1,344
Total current liabilities	78,486	67,311
Lease liabilities	27,450	26,872
Provisions	344	449
Other	-	137
Total non-current liabilities	27,794	27,458
Total liabilities	106,280	94,769
Net Assets	33,702	108,279
Issued capital	195,531	182,167
Loss reserve	(10,991)	(10,991)
Share-based payments reserve	(16,849)	(18,389)
Retained (losses) / profits	(133,989)	(44,508)
Total equity	33,702	108,279

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The same guarantee disclosure applies to both parent and consolidated accounts, refer to Note 36. Deed of cross guarantee.

Contingent liabilities

The above disclosure does not include contingent rental payments which may arise in the event that sales revenue exceeds a predetermined amount.

Cross guarantees by and between City Chic Collective Limited and Specialty Fashion Group No.5 Pty Limited. These are described in Note 36. Deed of cross guarantees. No deficiencies of assets exist in any of these companies.

City Chic Collective Limited
Notes to the consolidated financial statements
30 June 2024

Note 34. Parent entity information (continued)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 (2023: \$1,200,000).

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
Specialty Fashion Group No. 5 Pty Limited	Australia	100.0%	100.0%
City Chic Collective No. 1 Pty Limited	Australia	80.0%	80.0%
City Chic Collective No. 2 Pty Limited	Australia	100.0%	100.0%
Specialty Fashion Group No. 6 Pty Limited	Australia	100.0%	100.0%
City Chic International Pty Limited	Australia	100.0%	100.0%
City Chic Collective New Zealand Limited	New Zealand	100.0%	100.0%
City Chic Collective UK Limited	England and Wales	100.0%	100.0%
JPC United GmbH	Germany	100.0%	100.0%
City Chic Collective USA Incorporated	United States	100.0%	100.0%

Note 36. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

City Chic Collective Limited
Specialty Fashion Group No.5 Pty Limited

The above companies (where incorporated in Australia) represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by City Chic Collective Limited, they also represent the 'Extended Closed Group'.

All companies in the Closed Group are dormant, except for City Chic Collective Limited. The financial results of the Closed Group are the same as the financial results of the parent entity which are disclosed in Note 34 'Parent entity information'.

Note 37. Events after the reporting period

On 18 June 2024, the Group signed a definitive agreement to divest its US based Avenue business ("Avenue") to Full Beauty Brands (FBB) for US\$12 million (c. A\$18 million, less working capital adjustments of c. \$3 million). The deal was completed on 8 July 2024, subsequent to year-end, via an asset purchase agreement. Connected with the sale of Avenue, effective from 19 July 2024, the Group also reduced its debt facility to \$10.0 million and extended the facility to December 2026.

The Group also undertook a capital raise prior to year-end. The Placement and institutional component of the Entitlement Offer were successfully completed on 21 June 2024, raising approximately \$14.5 million (before costs). The Retail Entitlement Offer closed on 10 July 2024 with valid applications for entitlements received raising approximately \$0.1 million. The shortfall of approximately \$3.1 million (before costs) was allocated to the underwriter of the Retail Entitlement Offer.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

City Chic Collective Limited
 Consolidated entity disclosure statement
 As at 30 June 2024

Consolidated entity disclosure statement

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Specialty Fashion Group No. 5 Pty Limited	Body corporate	Australia	100.00%	Australia
City Chic Collective No. 1 Pty Limited	Body corporate	Australia	80.00%	Australia
City Chic Collective No. 2 Pty Limited	Body corporate	Australia	100.00%	Australia
Specialty Fashion Group No. 6 Pty Limited	Body corporate	Australia	100.00%	Australia
City Chic International Pty Limited	Body corporate	Australia	100.00%	Australia
City Chic Collective New Zealand Limited	Body corporate	New Zealand	100.00%	New Zealand
City Chic Collective UK Limited	Body corporate	England and Wales	100.00%	England and Wales
JPC United GmbH	Body corporate	Germany	100.00%	Germany
City Chic Collective USA Incorporated	Body corporate	United States	100.00%	United States

City Chic Collective Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial period ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 36 to the financial statements.
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Kay
Chairman

28 August 2024
Sydney



Phil Ryan
Chief Executive Officer and Managing Director