City Chic Collective Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	City Chic Collective Limited
ABN:	43 057 569 169
Reporting period:	For the 26 week period ended 26 December 2021
Previous period:	For the 26 week period ended 27 December 2020

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	49.8%	to	178,281
Profit after tax for the period attributable to the owners of City Chic Collective Limited	down	5.9%	to	12,294

Comments

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

	Consolidated	
	26 Dec 2021 $'000	27 Dec 2020 $'000
Net profit after tax from continuing operations	12,294	13,063
Net interest expense (excluding AASB16 impact)	218	209
Tax expense from continuing operations	5,832	5,759
Depreciation, amortisation and impairment expense (excluding AASB16 impact)	3,130	3,077
Transaction costs[1]	348	864
Transition costs[2]	693	-
Share issue costs[3]	-	184
Other[4]	641	(428)
Net AASB16 impact[5]	346	552
Underlying EBITDA from continuing operations – pre-AASB 16	23,502	23,280
Redemption/Repayment of lease liabilities	4,074	3,875
Underlying EBITDA from continuing operations – post-AASB 16	27,576	27,155

[1] HY22 Transaction costs related to executing the acquisition of Navabi; HY21 costs related to executing the acquisition of Evans.
[2] HY22 Transition costs related to costs to integrate Navabi into the business.
[3] HY21 Share issue costs related to costs incurred in respect of the underwritten Placement to institutional investors and the non-underwritten Share Purchase Plan offered to eligible retail shareholders, to the extent not allocated to equity.
[4] HY22 costs related mainly to the impact of additional on-costs in respect of the vesting of the performance rights over ordinary shares during the current reporting period and the outstanding performance rights and loan funded shares at the end of the reporting period; these costs are net of a favourable impact from the forfeiture of performance rights and loan funded shares in HY22. HY21 includes realised foreign currency gains from settling intercompany balances within the Group and the settlement and subsequent release of provision for cure costs previously recognised in respect of the acquisition of Avenue.
[5] Net impact of the AASB16 Leases adjustments to reflect pre AASB 16 rent expense in Underlying EBITDA.

	26 Dec 2021 Cents	27 Dec 2020 Cents
Basic earnings per share	5.3	5.9
Diluted earnings per share	5.3	5.8

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	53.4	43.8

4. Control gained over entities

On 23 July 2021, the Company signed and completed a share purchase agreement to acquire 100% of the shares in JPC United GmbH, a company incorporated and registered in Germany.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

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10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of City Chic Collective Limited for the period ended 26 December 2021 is attached.

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12. Signed

Phil Ryan
Chief Executive Officer and Managing Director
Sydney

Date: 24 February 2022

City Chic Collective Limited

ABN 43 057 569 169

Interim Report - 26 December 2021

City Chic Collective Limited
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General information

The condensed consolidated interim 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 26 week 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 24 February 2022.

City Chic Collective Limited
Directors' report
26 December 2021

The directors present their report, together with the interim 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' or 'parent entity') and the entities it controlled at the end of, or during, the 26 week period ended 26 December 2021 (referred to hereafter as 26 December 2021).

Directors

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

Michael Kay
Michael Hardwick (resigned 17 November 2021)
Megan Quinn
Phil Ryan
Neil Thompson (appointed 5 August 2021)
Natalie McLean (appointed 5 August 2021)

Principal activities

City Chic Collective is a global omni-channel retailer specialising in plus-size women's apparel, footwear and accessories. It is a collective of customer-led brands including City Chic, Avenue, Evans, CCX, Hips & Curves and Fox & Royal. City Chic and CCX appeal to fashion forward women and its omni-channel model comprises; of a network of 94 stores across Australia and New Zealand (ANZ) and websites operating in ANZ, the US, the UK and Europe. Avenue (US based) and Evans (UK based) target a broad customer base across conservative and fashion segments, both with a long history and significant online customer following. Hips & Curves in the US, and Fox & Royal in ANZ, the UK and Europe, are online intimates brands. City Chic Collective owns recently acquired European-based online marketplace Navabi and also sells its collective of brands through third-party marketplace and wholesale partners in the US, Canada, UK, Europe and the Middle East.

There was no significant change in the nature of the activities of the Group during the period.

Dividends

Given the ongoing uncertainty caused by COVID-19 around the world, our investment in inventory and the potential for opportunities to accelerate growth through acquisitions, the Board has decided to not declare a dividend for the period.

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

Operating and financial review

The Group achieved revenue from continuing operations of $178.3m (27 December 2020: $119.0m). Net profit after tax from continuing operations was $12.3m (27 December 2020: $13.1m).

The revenue and profitability of the business are not directly comparable between the periods due to the impacts of the pandemic and acquisitions. As a result of the growth in the USA and UK businesses at a lower GM and business with partners, the sales channel and geography mix had a negative impact on margin ratios in the current period. This was partly driven by the Government directed store closures, which had an approximately $4m impact on EBITDA in the current period. The acquisitions in EMEA generated revenue of $20.3m, however traded at a breakeven EBITDA as the business builds and COVID and supply chain issues are addressed.

The prior period result also benefitted from non-recurring COVID-related austerity measures of $10m. These were predominantly in marketing and other operating expenditure, as well as Government subsidies which are reported against employee benefits expense.

The Group ended the year with net cash of $38.7m at 26 December 2021 (27 December 2020: $83.0m). The cash balance is net of the payment for the acquisition of Navabi as detailed below.

The reported operating cash flow used in the first half is $19.4m (27 December 2020: cash generated of $21.3m). The decline in the reported operating cash flows in the first half is mainly driven by:
- A strategic decision to invest in inventory during the current period to protect the business from the continued global supply chain volatility and freight capacity shortages, with a blanket 4-6 weeks lead time increase;
- Additional investment to support the growth of the business globally in line with 50% revenue growth, including following the recent acquisition of Navabi in the current half year and Evans in the prior year and the expansion of partners;

The Group has diversified its product offering into new regions, including India and Bangladesh and has onboarded new factories in China to facilitate larger order volumes to be placed and associated volumes discounts achieved. As the Group onboards new factories and regions, it has taken a conservative approach and allowed longer lead times for production, resulting in earlier ownership of inventory by up to 2 months.

Navabi acquisition
On 23 July 2021, the Group signed and completed a share purchase agreement to acquire 100% of the shares in JPC United GmbH ("Navabi") for €6.0m (A$9.6m) in cash, from the co-founders of Navabi. Navabi was established in 2009 as an online marketplace selling hundreds of third-party women's plus-size brands. The acquisition gives the Group an excellent foundation in a new geography and is part of the Group's strategy to expand the global customer base through the digital channel.

Significant changes in the state of affairs

<u>COVID-19 Pandemic</u>
During the current reporting period, the pandemic has continued to have a significant and broad impact across the Group's global operations. The health crisis and government-directed restrictions caused disruption to logistics and consumer spending. Specific impacts of the pandemic on operations during the current reporting period include:
- The ANZ store network was impacted by extended periods of store closures in response to government-imposed restrictions with 27.1% of store trading days being lost over the period;
- Significant disruption to labour and logistics in the UK impacting the Group's ability to build seasonally appropriate stock;
- The logistics challenges noted in the UK also delayed the growth potential with partners and the Navabi marketplace;
- Additional investment in inventory during the current period as the Group decided to take greater control of its supply chain in light of the above-mentioned continued global supply chain pressures and volatilities, including freight capacity shortages.

Matters subsequent to the end of the financial period

COVID-19 related matters
The COVID-19 pandemic continues to have an impact both locally and globally in the new financial period. The Directors continue to monitor COVID-19 related developments and are closely working with management to assess and navigate through the potential implications for team members, suppliers, customers, and operations. The focus is to maintain production and supply of products and services whilst minimising the risk of spread of COVID-19 amongst our team members, our customers, and the societies in which the Group operates. To help mitigate the risk of COVID-affected sourcing and logistics, CCX has continued its strategic build-up in inventory (including early receipting of goods ahead of Lunar New Year) to secure stock for the Northern Hemisphere summer season and key sales periods, and consequently experienced a higher utilisation of available cash.
As at the date these financial statements are authorised for issue, the Directors note that the sensitivities related to the uncertainty of estimates have been considered and while the environment remains uncertain, the directors will continue to monitor the current changing environment and will continue to adapt and make decisions accordingly.

CoEdition acquisition
On 28 December 2021, the Group completed the asset acquisition of USA plus-size marketplace CoEdition's customer list, brand and URL for US$0.639m (A$0.9m). City Chic previously traded on CoEdition as marketplace partner. The CoEdition platform was integrated into its City Chic USA platform in January 2022.

Loan Funded Share Buyback
As disclosed to the market, the Company bought back and cancelled 1,234,991 loan funded shares on 12 January 2022. The buy-back and cancellation have had no further impact beyond the reversal of the accrual that has already been disclosed and reported in the statement of profit or loss in the current period.

No other matter has arisen since 26 December 2021 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.

Rounding of amounts
The Group is of a kind referred to in *Corporations Instrument 2016/191* relating to 'rounding-off', issued by the Australian Securities and Investments Commission. 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 on page 5 and forms part of this report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

M. D. Kay

Michael Kay
Chairman

Phil Ryan
Chief Executive Officer and Managing Director

24 February 2022
Sydney

Deloitte.

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The Board of Directors
City Chic Collective Limited
151-163 Wyndham Street
Alexandria NSW 2015

24 February 2022

Dear Board Members

Auditor's Independence Declaration to City Chic Collective Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of City Chic Collective Limited.

As lead audit partner for the review of the financial statements of City Chic Collective Limited for the half-year ended 26 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Annalisa Amiradakis
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Review Report to the Members of City Chic Collective Limited

Conclusion

We have reviewed the half-year financial report of City Chic Collective Limited (the "Company") and its subsidiaries (together referred to as the Group), which comprises the condensed consolidated statement of financial position as at 26 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration as set out on pages 8 to 29.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Group's financial position as at 26 December 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 26 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Annalisa Amiradakis
Partner
Chartered Accountants
Parramatta, 24 February 2022

City Chic Collective Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 26 December 2021

	Note	Consolidated 26 Dec 2021 $'000	Consolidated 27 Dec 2020 $'000
Revenue from continuing operations	3	178,281	119,018
Interest and other revenue	3	544	814
Expenses from continuing operations			
Purchase and inbound-related costs of inventory[6]		(73,246)	(46,189)
Fulfilment costs[6]		(26,034)	(14,833)
Cost of sales		(99,280)	(61,022)
Employee benefits expense[7]		(22,729)	(15,299)
Depreciation, amortisation and impairment expense		(7,091)	(7,158)
Rental-related recoveries, concessions and expenses		(1,445)	(1,525)
Other expenses	4	(29,445)	(15,279)
Finance costs		(709)	(727)
Profit before income tax expense		**18,126**	**18,822**
Income tax expense	14	(5,832)	(5,759)
Profit after income tax expense for the period attributable to the owners of City Chic Collective Limited	15	**12,294**	**13,063**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		3,532	(6,330)
Other comprehensive income for the period, net of tax		3,532	(6,330)
Total comprehensive income for the period attributable to the owners of City Chic Collective Limited		**15,826**	**6,733**

[6] Cost of goods sold represents the purchase and inbound-related costs of inventory. Fulfilment costs (net) represents warehousing and freight costs to deliver online sales.

[7] Due to the impact of COVID-19 on the Group's turnover, government subsidies of $3.5m were received in the prior reporting period and were deducted against employee benefits expense. There is no impact in the current reporting period.

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

City Chic Collective Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 26 December 2021

	Note	Consolidated 26 Dec 2021 Cents	27 Dec 2020 Cents
Earnings per share for profit attributable to the owners of City Chic Collective Limited			
Basic earnings per share	20	5.3	5.9
Diluted earnings per share	20	5.3	5.8

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

City Chic Collective Limited
Condensed consolidated statement of financial position
As at 26 December 2021

	Note	Consolidated 26 Dec 2021 $'000	27 Jun 2021 $'000	27 Dec 2020 $'000
Assets				
Current assets				
Cash and cash equivalents		38,705	71,457	83,005
Trade and other receivables		9,315	5,606	2,663
Inventories	5	125,732	66,996	48,653
Other assets	6	13,435	6,870	6,513
Total current assets		**187,187**	**150,929**	**140,834**
Non-current assets				
Plant and equipment	7	12,552	10,191	8,411
Right-of-use assets	11	26,795	22,442	18,418
Intangibles	8	82,969	75,602	75,905
Deferred tax		8,152	7,808	8,724
Total non-current assets		**130,468**	**116,043**	**111,458**
Total assets		**317,655**	**266,972**	**252,292**
Liabilities				
Current liabilities				
Trade and other payables	9	69,814	41,896	47,532
Lease liabilities	11	9,956	9,286	8,705
Income tax payable		2,503	1,818	1,423
Provisions		8,127	8,070	7,178
Other liabilities		2,859	3,072	195
Total current liabilities		**93,259**	**64,142**	**65,033**
Non-current liabilities				
Lease liabilities	11	23,819	18,768	14,323
Provisions		912	459	456
Other liabilities		547	701	1,028
Total non-current liabilities		**25,278**	**19,928**	**15,807**
Total liabilities		**118,537**	**84,070**	**80,840**
Net assets		**199,118**	**182,902**	**171,452**
Equity				
Issued capital	13	161,843	158,368	158,502
Reserves	14	864	417	(2,674)
Retained Profits	15	36,411	24,117	15,624
Total equity		**199,118**	**182,902**	**171,452**

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

City Chic Collective Limited
Condensed consolidated statement of changes in equity
For the period ended 26 December 2021

Consolidated	Issued capital $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Retained profits $'000	Total equity $'000
Balance at 29 June 2020	**49,139**	**3,947**	**(1,758)**	**2,561**	**53,889**
Profit after income tax expense for the period	-	-	-	13,063	**13,063**
Other comprehensive income for the period, net of tax	-	-	(6,330)	-	**(6,330)**
Total comprehensive income for the period	-	-	(6,330)	13,063	**6,733**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 13)	109,363	-	-	-	**109,363**
Share-based payments (Note 12)	-	1,467	-	-	**1,467**
Issue of loan funded shares (Note 13)	1,580	-	-	-	**1,580**
Loan funded shares held in trust (Note 13)	(1,580)	-	-	-	**(1,580)**
Balance at 27 December 2020	**158,502**	**5,414**	**(8,088)**	**15,624**	**171,452**

Consolidated	Issued capital $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Retained profits $'000	Total equity $'000
Balance at 28 June 2021	**158,368**	**7,142**	**(6,725)**	**24,117**	**182,902**
Profit after income tax expense for the period	-	-	-	12,294	**12,294**
Other comprehensive income for the period, net of tax	-	-	3,532	-	**3,532**
Total comprehensive income for the period	-	-	3,532	12,294	**15,826**
Transactions with owners in their capacity as owners:					
Performance rights over ordinary shares (Note 13)	3,475	-	-	-	**3,475**
Share-based payments (Note 12)	-	(3,085)	-	-	**(3,085)**
Balance at 26 December 2021	**161,843**	**4,057**	**(3,193)**	**36,411**	**199,118**

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

City Chic Collective Limited
Condensed consolidated statement of cash flows
For the period ended 26 December 2021

	Note	Consolidated 26 Dec 2021 $'000	27 Dec 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		196,864	126,448
Payments to suppliers and employees (inclusive of GST)		(212,958)	(103,928)
Government grants received		-	4,941
Interest received		32	181
Other revenue		486	138
Interest and other finance costs paid		(250)	(400)
Income taxes paid		(3,548)	(6,099)
Net cash (used) in/from operating activities		**(19,374)**	**21,281**
Cash flows from investing activities			
Payments for plant and equipment	7	(4,358)	(1,507)
Payments for intangibles	8	(935)	(1,082)
Net payment for purchase of business	19	(4,254)	(40,992)
Net cash used in investing activities		**(9,547)**	**(43,581)**
Cash flows from financing activities			
Repayment of lease liabilities		(4,074)	(5,655)
Net proceeds from the issue of shares	13	-	108,618
Repayment of borrowings		-	(17,500)
Net cash (used) in/from financing activities		**(4,074)**	**85,463**
Net (decrease)/ increase in cash and cash equivalents from continuing operations		**(32,995)**	**63,163**
Cash and cash equivalents at the beginning of the financial period		71,457	21,382
Effects of exchange rate changes on cash and cash equivalents		243	(1,540)
Cash and cash equivalents at the end of the financial period		**38,705**	**83,005**

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 26 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the 52 week period ended 27 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Rounding of amounts

The company is of a kind referred to in *Corporations Instrument 2016/191* relating to 'rounding-off', issued by the Australian Securities and Investments Commission. 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.

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Group include:

- *AASB 2021-3 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions beyond 30 June 2021*
- *AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2*

Note 1. Significant accounting policies (continued)

Impact of the initial application of amended Standards and agenda decisions published by the IFRS Interpretations Committee ("IFRIC") that are effective for the current period

During the current reporting period, the Group had transactions which were affected by the following newly effective standard and IFRIC agenda decision:

Amending Standard / IFRIC Agenda decision	Description
AASB 2021-3 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions beyond 30 June 2021	The Group adopted the AASB 2021-3 amendment in the current reporting period, with its adoption having a material impact on the disclosures and amounts reported in these financial statements. AASB 2021-3 extends the practical expedient originally provided by AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The practical expedient permits a lessee not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election does account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB16 if the change were not a lease modification. The impact on accounting for changes in lease payments as a result of applying the exemption has been disclosed in Note 11. Right-of-use assets and lease liabilities. Given AASB 2020-4 was adopted by the Group in the prior reporting period, and the AASB 2021-3 amendment is only an extension of AASB 2020-4, the Group did not have to apply the practical expedient under AASB 2021-3 retrospectively to all rent concessions that meet the conditions in AASB16.46B, and therefore has not had to restate prior period figures.
Costs necessary to sell inventory	The IFRIC has issued an agenda decision on what costs to include when determining net realisable value (NRV) of inventories, in particular what costs are necessary to sell inventories under AASB 102 *Inventories – Costs necessary to sell inventory*. Per the agenda decision, it was noted that an entity cannot limit the costs it includes to those that are only incremental (the incremental approach). Entities would need to use judgement, considering the specific facts and circumstances (including the nature of inventories) to determine which of its costs are necessary to sell its inventories. The Group is in the process of assessing the implications of the recent agenda decision on costs necessary to sell inventory in light of the Committee's agenda decision to determine if it has a material impact on the inventory balances and costs recognised in the statement of profit or loss.

The other new or revised amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 1. Significant accounting policies (continued)

Standards in issue but not yet effective:

New or revised requirement	When effective
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	Effective for annual reporting periods beginning on or after 1 January 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Effective for annual reporting periods beginning on or after 1 January 2022
AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts	Effective for annual reporting periods beginning on or after 1 January 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	Effective for annual reporting periods beginning on or after 1 January 2023

Note 2. Operating Segments

Identification of reportable operating segments
The Group's overall strategy remains to operate as a global omni-channel retailer, focused on the plus-size market and 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 areas:

- Australia & New Zealand (ANZ) – current operations in Australia and New Zealand. Both regions serviced by stores and website
- Americas – current operations in United States and Canada. US Sales are comprised of online (website and marketplace) and wholesale; Canadian business is wholesale and online (marketplace only)
- Europe, Middle East and Africa (EMEA) – current operations in UK and Europe. UK sales are comprised of online (website and marketplace) and wholesale; Germany sales are comprised of online (website only) with the rest of the European business being solely wholesale.

Refer to Note 3. Revenue for details on revenue by geographical area.

Note 2. 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) from continuing operations is provided as follows:

	Consolidated	
	26 Dec 2021 $'000	27 Dec 2020 $'000
Net profit after tax from continuing operations	12,294	13,063
Net interest expense (excluding AASB16 impact)	218	209
Tax expense from continuing operations	5,832	5,759
Depreciation, amortisation and impairment expense (excluding AASB16 impact)	3,130	3,077
Transaction costs[8]	348	864
Transition costs[9]	693	-
Share issue costs[10]	-	184
Other[11]	641	(428)
Net AASB16 impact[12]	346	552
Underlying EBITDA from continuing operations – pre-AASB 16	23,502	23,280
Redemption/Repayment of lease liabilities	4,074	3,875
Underlying EBITDA from continuing operations – post-AASB 16	27,576	27,155

Note 3. Revenue

	Consolidated	
	26 Dec 2021 $'000	27 Dec 2020 $'000
Sales of goods	178,281	119,018
Interest revenue	32	181
Other revenue	512	633
	544	814
Revenue	**178,825**	**119,832**

[8] HY22 Transaction costs related to executing the acquisition of Navabi; HY21 costs related to executing the acquisition of Evans.

[9] HY22 Transition costs related to costs to integrate Navabi into the business.

[10] HY21 Share issue costs related to costs incurred in respect of the underwritten Placement to institutional investors and the non-underwritten Share Purchase Plan offered to eligible retail shareholders, to the extent not allocated to equity.

[11] HY22 costs related mainly to the impact of additional on-costs in respect of the vesting of the performance rights over ordinary shares during the current reporting period and the outstanding performance rights and loan funded shares at the end of the reporting period; these costs are net of a favourable impact from the forfeiture of performance rights and loan funded shares in HY22. HY21 includes realised foreign currency gains from settling intercompany balances within the Group and the settlement and subsequent release of provision for cure costs previously recognised in respect of the acquisition of Avenue.

[12] Net impact of the AASB16 Leases adjustments to reflect pre AASB 16 rent expense in Underlying EBITDA.

Note 3. Revenue (continued)

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

	Consolidated 26 Dec 2021 $'000	Consolidated 27 Dec 2020 $'000
Timing of revenue recognition		
Goods transferred at a point in time	178,281	119,018
Geographical regions		
ANZ	80,766	70,833
Americas	77,185	47,660
EMEA	20,330	525
	178,281	**119,018**
Channel		
Online website	142,113	82,517
Stores	28,137	33,820
Online marketplace	5,137	1,437
Wholesale	2,894	1,244
	178,281	**119,018**

Note 4. Other expenses

	Consolidated 26 Dec 2021 $'000	Consolidated 27 Dec 2020 $'000
Other expenses		
Advertising expenses	12,065	4,791
Marketing expenses	4,240	2,077
Transactional fees and charges	4,065	2,610
Professional, consulting and insurance	3,458	2,822
Utility and maintenance expenses	1,068	1,181
Sundry	4,549	1,798
	29,445	**15,279**

Note 5. Inventories

	Consolidated 26 Dec 2021 $'000	Consolidated 27 Jun 2021 $'000
Current assets		
Inventories on hand at lower of cost and net realisable value	**125,732**	**66,996**

The inventory balance as of 26 December 2021 includes $17.1m of Goods in Transit (27 June 2021: $5.1m). The increase in inventory is aligned with the growth of the business globally, including the acquisitions of Navabi and Evans in the prior year and current reporting period respectively. The increase is driven primarily by the Group's decision to take greater control of its supply chain as a response to the continued global supply chain pressures, including freight capacity shortages. The Group has diversified its product offering into new regions, including India and Bangladesh and has onboarded new factories in China to facilitate larger order volumes to be placed and associated volumes discounts achieved. As the Group onboard new factories and regions, it has taken a conservative approach and allowed longer lead times for production, resulting in earlier ownership of inventory.

Note 5. Inventories (continued)

Given the above-mentioned drivers of the significant inventory balance as at 26 December 2021, the increase in the inventory balance mainly relates to the current and future seasons. Aged inventory balances as of the end of the financial period has remained consistent with the previous corresponding reporting period; the methodology for assessing the net realisable value of the inventory on hand is also consistent with the prior reporting period.

Note 6. Other assets

	Consolidated	
	26 Dec 2021	27 Jun 2021
	$'000	$'000
Current assets		
Prepayments	12,064	5,564
Right of return assets	1,371	1,306
Total Other assets	**13,435**	**6,870**

Note 7. Plant and equipment

	Consolidated	
	26 Dec 2021	27 Jun 2021
	$'000	$'000
Non-current assets		
Plant and equipment - at cost	27,708	24,508
Less: Accumulated depreciation	(15,156)	(14,317)
Total Plant and equipment	**12,552**	**10,191**

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

Consolidated	Total Plant and Equipment $'000
Balance at 28 June 2021	**10,191**
Additions	4,358
Depreciation expense	(1,788)
Accelerated depreciation	(219)
Exchange differences	10
Balance at 26 December 2021	**12,552**

The ANZ store network was impacted by extended periods of store closures in response to government-imposed restrictions with 27.1% of store trading days being lost over the financial period. Management completed a revised impairment assessment for all retail stores for the financial period and noted there was no impairment; a full year impairment assessment was completed at 27 June 2021 and will be completed at the end of the financial year.

Note 8. Intangibles

	Consolidated 26 Dec 2021 $'000	Consolidated 27 Jun 2021 $'000
Non-current assets		
Goodwill - at cost	51,942	45,199
Brand value – at cost	26,719	26,001
Other intangible assets - at cost	8,469	7,421
Less: Other intangible assets - accumulated amortisation	(5,510)	(4,795)
Total Other intangibles	**2,959**	**2,626**
Customer relationships - at cost	2,837	2,757
Less: Customer relationships – accumulated depreciation	(1,488)	(981)
Total Customer relationships	**1,349**	**1,776**
Total intangibles	**82,969**	**75,602**

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

Consolidated	Goodwill $'000	Brand value $'000	Other intangibles $'000	Customer relationships $'000	Total $'000
Balance at 28 June 2021	**45,199**	**26,001**	**2,626**	**1,776**	**75,602**
Additions through business combinations (Note 19)	6,069	-	-	-	6,069
Additions	-	-	935	-	935
Amortisation expense	-	-	(671)	(452)	(1,123)
Exchange differences	674	718	69	25	1,486
Balance at 26 December 2021	**51,942**	**26,719**	**2,959**	**1,349**	**82,969**

Consistent with the accounting policies over indefinite life intangibles and goodwill, management performs an annual impairment test. At the half year the existence of impairment indicators was considered. The continuous changing local environment over the past 6 months and changes in the global economic environment have both been considered as part of this assessment. The key assumptions such as the forecast sales growth rates, operating profits, cash conversion rates and weighted average cost of capital have remained relatively consistent with those disclosed in the June 2021 annual report. The approach to the models used and methodology to assess the "value in use" has not changed. The calculations and assumptions are subject to some uncertainty given the recent events and changes in the economic environment since financial year end.

The models and calculations used confirm there is sufficient headroom and there currently exists no impairment of goodwill or impairment of brands. However, with specific reference to the Evans Brand (UK), given the infancy of the acquisition and the only recent integration of this business into the wider CCX business, coupled with the Brexit challenges, supply chain pressures over the past 6 months which has impacted negatively on revenue growth, some additional sensitivities on assumptions used was performed to understand better some stressed scenarios. Although no impairment was evidenced, management will continue to monitor this closely.

Note 9. Trade and other payables

	Consolidated	
	26 Dec 2021	27 Jun 2021
	$'000	$'000
Current liabilities		
Trade creditors	34,548	13,395
Sundry creditors	10,067	11,744
Other payables	25,199	16,757
Total Trade and other Payables	**69,814**	**41,896**

Refer to Note 17. Financial Instruments for further information on financial instruments.

Note 10. Borrowings

As of the end of the reporting period, the Group had an undrawn $40.0m debt facility maturing in February 2023.

Note 11. Right-of-use assets and lease liabilities

	Consolidated	
	26 Dec 2021	27 Jun 2021
	$'000	$'000
Non-current assets		
Right-of-use assets	40,922	34,620
Less: Accumulated depreciation	(14,127)	(12,178)
Total right-of-use assets	**26,795**	**22,442**

	Consolidated	
	26 Dec 2021	27 Jun 2021
	$'000	$'000
Current liabilities		
Lease liabilities	9,956	9,286
Non-current liabilities		
Lease liabilities	23,819	18,768
Total lease liabilities	**33,775**	**28,054**

Refer to Note 17. Financial Instruments for further information on financial instruments.

The Group has applied the practical expedient per *COVID-19-Related Rent Concessions (Amendment to AASB 16)* and recognised the effect of the rent concession in the profit and loss statement where applicable and have not accounted for COVID-19 related rent concessions as lease modifications. Rent concessions received for the current reporting period amounted to $0.9m (27 December 2020: $1.0m).

Note 11. Right-of-use assets and lease liabilities (continued)

	Consolidated	
	26 Dec 2021	27 Dec 2020
	$'000	$'000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	3,961	4,089
Interest expense on lease liabilities	449	337
Expense relating to leases not accounted for under AASB 16	760	885

Note 12. 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.

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	Share price at grant date	Expected volatility %	Dividend yield %	Risk-free interest rate %	Balance at the start of the period	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the period
1	13/11/2018	30/06/2021	$1.17	35.00%	3.50%	2.12%	781,848	-	(781,848)	-	-
2A	13/11/2018	30/06/2021	$1.17	35.00%	3.50%	2.12%	1,237,500	-	(1,237,500)	-	-
2B	13/11/2018	30/06/2021	$1.17	35.00%	3.50%	2.12%	1,237,500	-	(1,237,500)	-	-
2C	13/11/2018	30/06/2023	$1.17	35.00%	3.50%	2.12%	2,475,000	-	-	(175,000)	2,300,000
Total Performance Rights							5,731,848	-	(3,256,848)	(175,000)	2,300,000
3	21/11/2019	30/06/2024	$2.68	35.00%	N/A	2.12%	7,533,448	-	-	-	7,533,448
3	03/03/2020	30/06/2024	$2.79	35.00%	N/A	2.12%	667,464	-	-	-	667,464
3	16/09/2020	30/06/2024	$3.33	35.00%	N/A	2.12%	474,576	-	-	-	474,576
Total Loan Funded Shares[13]							8,675,488	-	-	-	8,675,488

During the period, 3,256,848 performance rights under Tranches 1, 2A and 2B vested and were converted into ordinary shares (Note 13. Issued Capital).

Note 13. Issued capital

	Consolidated			
	26 Dec 2021	27 Jun 2021	26 Dec 2021	27 Jun 2021
	Shares	Shares	$'000	$'000
Ordinary shares - fully paid	240,595,574	237,338,726	185,475	182,000
Less: Loan funded shares	(8,675,488)	(8,675,488)	(23,632)	(23,632)
Total issued capital	**231,920,086**	**228,663,238**	**161,843**	**158,368**

13 During the current reporting period, the impact from the forfeiture of 1,234,991 loan funded shares under Tranche 3 has been reflected in the statement of profit or loss and the share-based payments reserve. As disclosed to the market, on 12 January 2022 the Company bought back and cancelled these loan funded shares.

Note 13. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Fair value per performance right at grant date	$'000
Balance	28 June 2021	228,663,238		158,368
Performance rights over ordinary shares	30 August 2021	3,256,848	$1.067	3,475
Balance	26 December 2021	**231,920,086**		**161,843**

During the current reporting period, the Company issued 3,256,848 ordinary shares on the exercise of 3,256,848 performance rights issued under its LTIP. These performance rights had a fair value at grant date of $1.067 per performance right. As a result of this share issue, $3.475m was transferred from the share-based payments reserve to issued capital. There were no other movements in the ordinary share capital or other issued share capital of the Company in the current reporting period.

In the previous corresponding reporting period, the Company completed a fully underwritten $80.0m Placement of new fully paid ordinary shares to eligible institutional investors. The Placement was conducted at $3.05 per share, resulting in 26.2 million new shares. New shares issued under the Placement settled on 30 July 2020 and commenced trading on 31 July 2020. Following the completion of the Placement, City Chic offered all eligible shareholders the opportunity to participate in a non-underwritten Share Purchase Plan. City Chic raised $31.1m through the SPP, which closed on 18 August 2020. The SPP was conducted at $3.05 per share, resulting in 10.2 million new shares being issued. The Placement and the SPP together raised $111.1 and resulted in 36.4 million new shares being issued.

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.

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.

Share buy-back
There is no current on-market share buy-back. Refer to Note 21: Subsequent events for additional information.

Note 14. Reserves

	Consolidated	
	26 Dec 2021 $'000	27 Jun 2021 $'000
Foreign currency reserve	(3,193)	(6,725)
Share-based payments reserve	4,057	7,142
	864	**417**

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. The decrease in the foreign currency reserve is mainly attributable to the decrease in the Australian dollar against the US dollar (26 Dec 21: spot rate of $0.72, 27 June 21: spot rate of $0.76).

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

Note 15. Retained Profits

	Consolidated	
	26 Dec 2021 $'000	27 Jun 2021 $'000
Retained profits at the beginning of the financial period	24,117	2,561
Profit after income tax expense for the period	12,294	21,556
Retained profits at the end of the financial period	**36,411**	**24,177**

	Consolidated	
	26 Dec 2021 $'000	27 Jun 2021 $'000
Retained profits at the end of the financial period comprises		
Loss reserve[14]	(10,991)	(10,991)
Retained profits	47,402	35,108
	36,411	**24,117**

[14] Accumulated losses as at 1 July 2018 of $(11.0)m were transferred to a Loss Reserve as part of a capital reduction.

Note 16. Dividends

Dividends

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

Franking credits

	Consolidated	
	26 Dec 2021 $'000	27 Jun 2021 $'000
Franking credits available at the reporting date based on a tax rate of 30%	61,571	58,143
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	2,391	1,888
Franking credits available for subsequent financial years based on a tax rate of 30%	**63,962**	**60,031**

Note 17. Financial instruments

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Financial assets and financial liabilities are accounted for at amortised cost. The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values:

	Consolidated	
	26 Dec 2021 $'000	27 Jun 2021 $'000
Financial assets (at amortised cost)		
Cash and cash equivalents	38,705	71,457
Trade and other receivables	9,315	5,606
	48,020	**77,063**
Financial liabilities (at amortised cost)		
Trade and other payables	69,814	41,896
Other liabilities	3,406	3,773
	73,220	**45,669**

Note 18. Related party transactions

Parent entity
City Chic Collective Limited is the parent entity.

Transactions with related parties
The following transactions occurred with related parties.

Note 18. Related party transactions (continued)

	Consolidated	
	26 Dec 2021	27 Dec 2020
	$	$
Payment for other expenses:		
Services provided by Southern Cross Shopfitting, a company that is associated with the Cotton On Group, of which Michael Hardwick is a Director and the CFO and Natalie McLean is the Chief Retail Officer[15]	1,531,470	829,574
Services provided by International Southern Cross Shopfitting (NZ), a company that is associated with Cotton On Group of which Michael Hardwick is a Director and the CFO and Natalie McLean is the Chief Retail Officer[16]	6,061	2,678

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	26 Dec 2021	27 Dec 2020
	$	$
Current payables:		
Trade payables to related parties	92,001	241,710

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates. Proposals are sought from various suppliers and awarded to the best proposal, meaning a number of suppliers were engaged for shopfitting services over the period.

Note 19. Business combinations

On 23 July 2021, the Group signed and completed a share purchase agreement to acquire 100% of the shares in JPC United GmbH ("Navabi") for €6.0m (A$9.6m) in cash.

15 Michael Hardwick ceased to be a director of the Company on 17 November 2021. Michael Hardwick and Natalie McLean were not involved in decision making related to Southern Cross Shopfitting and its dealings with the Group.
16 Michael Hardwick ceased to be a director of the Company on 17 November 2021. Michael Hardwick and Natalie McLean were not involved in decision making related to International Southern Cross Shopfitting (NZ) and its dealings with the Group.

Note 19. Business combinations (continued)

Provisional values of assets and liabilities assumed at the date of the acquisition of the Navabi Assets:

	Fair value $'000
Cash	5,377
Inventory	904
Prepaid deposits and other assets	608
Deferred tax asset	864
Provisions and payables	(2,288)
Tax liabilities	(1,903)
Net assets acquired	3,562
Goodwill	6,069
Acquisition-date fair value of the total consideration transferred	9,631
Representing:	
Amount settled in cash on acquisition	9,631
Acquisition costs expensed to profit or loss	348

The ongoing assessment and valuation of the identifiable intangible assets related to the acquisition are expected to be finalised prior to 3 July 2022, within the 12-month window permitted by AASB 3. It is anticipated that amounts will be allocated to Brand and Customer List from Goodwill in the year-end financial statements.

The goodwill is attributable to the profitability of the acquired business. It will not be deductible for tax purposes.

The initial accounting for the acquisition of assets and liabilities has only been provisionally determined at the end of the reporting period. Management is working through the purchase price allocation with its valuation specialists to appropriately establish the value of any identified intangible assets as well as understand the trading impact since acquisition to finalise the accuracy and completeness of assets and liabilities acquired and assumed at acquisition. The provisional values will be finalised no later than in the financial statements of the Group for the 53 week period ending 3 July 2022.

In the 26 week period ending 27 December 2020, the Group completed the acquisition of the Evans brand, and the e-commerce and wholesale businesses for cash consideration of £23.1m (A$41m) in cash.

Note 20. Earnings per share

	Consolidated	
	26 Dec 2021 $'000	27 Dec 2020 $'000
Profit after income tax attributable to the owners of City Chic Collective Limited	**12,294**	**13,063**

Note 20. Earnings per share (continued)

	Consolidated	
	26 Dec 2021	27 Dec 2020
Weighted average number of ordinary shares		
Ordinary shares - fully paid	239,450,309	229,309,065
Less: Loan funded shares	(8,675,488)	(8,675,488)
Weighted average number of ordinary shares used in calculating basic earnings per share	**230,774,821**	**220,633,577**
Adjustments for calculation of diluted earnings per share		
Performance rights	1,162,589	3,675,903
Loan funded shares	1,438,835	163,383
	2,601,424	**3,839,286**
Weighted average number of ordinary shares used in calculating diluted earnings per share	**233,376,245**	**224,472,863**

	Consolidated	
	26 Dec 2021	27 Dec 2020
	$'000	$'000
Basic earnings per share		
Continuing operations	5.3	5.9
Diluted earnings per share		
Continuing operations	5.3	5.8

Note 21. Events after the reporting period

COVID-19 related matters
The COVID-19 pandemic continues to have an impact both locally and globally in the new financial period. The Directors continue to monitor COVID-19 related developments and are closely working with management to assess and navigate through the potential implications for team members, suppliers, customers, and operations. The focus is to maintain production and supply of products and services whilst minimising the risk of spread of COVID-19 amongst our team members, our customers, and the societies in which the Group operates. To help mitigate the risk of COVID-affected sourcing and logistics, CCX has continued its strategic build-up in inventory (including early receipting of goods ahead of Lunar New Year) to secure stock for the Northern Hemisphere summer season and key sales periods, and consequently experienced a higher utilisation of available cash.
As at the date these financial statements are authorised for issue, the Directors note that the sensitivities related to the uncertainty of estimates have been considered and while the environment remains uncertain, the directors will continue to monitor the current changing environment and will continue to adapt and make decisions accordingly.

CoEdition acquisition
On 28 December 2021, the Group completed the asset acquisition of USA plus-size marketplace CoEdition's customer list, brand and URL for US$0.639m (A$0.9m). City Chic previously traded on CoEdition as marketplace partner. The CoEdition platform was integrated into its City Chic USA platform in January 2022.

Loan Funded Share Buyback
As disclosed to the market, the Company bought back and cancelled 1,234,991 loan funded shares on 12 January 2022. The buy-back and cancellation have had no further impact beyond the reversal of the accrual that has already been disclosed and reported in the statement of profit or loss in the current period.

Note 21. Events after the reporting period (continued)

No other matter has arisen since 26 December 2021 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
Directors' declaration
26 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 26 December 2021 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

M. D. Kay.

Michael Kay
Chairman

Phil Ryan
Chief Executive Officer and Managing Director

24 February 2022
Sydney