

city chic collective

4 September 2024

ListingsComplianceSydney@asx.com.au

Electronic

ASX Compliance
20 Bridge Street
SYDNEY NSW 2000

Dear ASX Compliance

City Chic Collective Limited (CCX) – Response to ASX's letter of 30 August 2024

CCX refers to the letter received from ASX Compliance on 30 August 2024 and responds to each of the requests for information as follows (adopting the numbering applied in the letter received from ASX Compliance):

1.1 (a) No. **EBITDA** - CCX does not consider there to have been any material difference between its underlying EBITDA (post AASB16) for the 2024 financial year (**FY24**) as outlined in CCX's 28 August 2024 investor presentation and the market's expectations of its underlying EBITDA (post AASB16) for FY24. In this regard, CCX's underlying EBITDA (post AASB16) for FY24 was not materially different to the underlying EBITDA (post AASB16) for FY24 that was forecast to the market in CCX's 21 June 2024 investor presentation. Underlying EBITDA (post AASB16) for FY24, as forecast and actually realised, was a substantial loss. In circumstances where actual underlying EBITDA (post AASB16) for FY24 amounted to a substantial loss of \$(8.4)m (compared to a forecast loss of \$(9.3)m) – both substantial losses – CCX does not consider the difference between actual and forecast to be material. Further expression of CCX's views as to why it considers the difference between forecast and actual underlying EBITDA (post AASB16) for FY24 is not material is outlined in the final paragraph of item 4 below and is based on CCX's assessment of the factors outlined in Question 3 of Part 7.3 of ASX Guidance Note 8 (ie, 'How large does an earnings surprise have to be to trigger a disclosure obligation?').

(b) No. **EBIT** - CCX does not consider there to have been any material difference between its underlying EBIT (post AASB16) for the 2024 financial year (**FY24**) as outlined in CCX's 28 August 2024 investor presentation and the market's expectations of its underlying EBIT (post AASB16) for FY24. In this regard, CCX's underlying EBIT (post AASB16) for FY24 was not materially different to the underlying EBIT (post AASB16) for FY24 that was forecast to the market in CCX's 21 June 2024 investor presentation. Underlying EBIT (post AASB16) for FY24, as forecast and actually realised, was a substantial loss. In circumstances where actual underlying EBIT (post AASB16) for FY24 amounted to a substantial loss of \$(24.3)m (compared to a forecast loss of \$(27.5)m) – both substantial losses – CCX does not consider the difference between actual and forecast to be material. Further expression of CCX's views as to why it considers the difference between forecast and actual underlying EBIT (post AASB16) for FY24 is not material is outlined in the final paragraph of item 4 below and is based on CCX's

assessment of the factors outlined in Question 3 of Part 7.3 of ASX Guidance Note 8 (ie, 'How large does an earnings surprise have to be to trigger a disclosure obligation?').

- 1.2 (a) **EBITDA** Not applicable given that CCX had published earnings guidance for FY24 in its 21 June 2024 investor presentation.
- (b) **EBIT** Not applicable given that CCX had published earnings guidance for FY24 in its 21 June 2024 investor presentation.
- 1.3 Not applicable.
- 2 CCX exercises care and diligence with respect to its obligations under Guidance Note 8, including the requirement to update its published guidance if and when it expects there to be a material difference between its actual earnings for the relevant period (in this case, FY24) and the guidance it has given to the market (in this case, as embodied in the guidance set out in CCX's 21 June 2024 investor presentation). As part of this, CCX continuously monitored its actual performance against the guidance it gave to the market on 21 June 2024.
 - 2.1.1 Given the earnings guidance given by CCX on 21 June 2024 reflected 10 months of actual financial information and only 2 months of projected financial information, CCX's view was that market expectations of CCX's FY24 financial performance could reasonably be assumed to be in line with CCX's guidance provided on 21 June 2024. Accordingly, CCX continuously monitored actual financial data and its impact on financial performance metrics in line with the guidance it provided on 21 June 2024.
 - 2.1.2 Having engaged in the exercise of continuous monitoring referred to in paragraph 2.1.1 above, CCX has consistently held the view since 21 June 2024 that expected earnings would be in line with the guidance given on 21 June 2024. The time at which CCX had a reasonable degree of certainty of this outcome was the time that the audit of CCX's financial report for FY24 was finalised, which was immediately prior to its release to the market. The finalisation of the audit confirmed CCX's expectation all along that actual earnings for FY24 were materially in line with the guidance given in June.
- 2.2 Not applicable, having regard to the earnings guidance CCX gave to the market on 21 June 2024.
- 3 (a) No. **EBITDA** - CCX does not consider there to have been a variance prior to the release of its FY24 financial report between its expected underlying EBITDA (post AASB16) for FY24 and its estimate of market expectations for FY24 (as embodied in the guidance CCX gave to the market on 21 June 2024) of such a magnitude that a reasonable person would expect to have a material effect on the price or value of CCX's securities.
- (b) No. **EBIT** - CCX does not consider there to have been a variance prior to the release of its FY24 financial report between its expected underlying EBIT (post AASB16) and its estimate of market expectations for FY24 (as embodied in the guidance CCX gave to the market on 21 June 2024) of such a magnitude that a reasonable person would expect to have a material effect on the price or value of CCX's securities.
- 4 It is CCX's view that the difference between its forecast and actual underlying EBITDA (post AASB16) and forecast and actual underlying EBIT (post AASB16) for FY24 respectively was not of a material quantum in all the circumstances. The actual difference is outlined on slide 15 of CCX's 28 August 2024 investor presentation and summarised below:

- forecast underlying EBITDA (post AASB16) for FY24 of \$(9.3)m compared to actual underlying EBITDA (post AASB16) for FY24 of \$(8.4)m; and
- forecast underlying EBIT (post AASB16) for FY24 of \$(27.5)m compared to actual underlying EBIT (post AASB16) for FY24 of \$(24.3)m.

In percentage terms, the variation for underlying EBITDA between actual and forecast was 9.7% and for underlying EBIT 11.6%. Notwithstanding these percentage variations, CCX's view is that, having regard to, and applying, the factors outlined in Question 3 of Part 7.3 of ASX Guidance Note 8 (ie, '*How large does an earnings surprise have to be to trigger a disclosure obligation?*'), the difference between forecast and actual is not market sensitive in either scenario. In this regard, CCX notes that it forecast a substantial loss for FY24. The actual results confirmed that a substantial loss was in fact realised. The actual loss was only slightly lower in actual dollar terms to what had been forecast, with the slightly lower but still substantial loss not different enough to have a material effect on the price or value of CCX's securities in the view of CCX.

5 CCX became aware of this slight variance, with a reasonable degree of certainty, at the time CCX's FY24 financial accounts, and the audit of its FY24 financial accounts, were finalised – ie, on 28 August 2024, immediately prior to the release of CCX's FY24 financial accounts to ASX. Before the completion of the audit, there was not a reasonable degree of certainty as to the final composition of the FY24 accounts. Accordingly, CCX released this information precisely at the time it was obliged to do so under Listing Rules 3.1 and 3.1A.

6 In conjunction with the release of its FY24 results, CCX also provided the market with a trading update for the first 8 weeks of FY25 (which is consistent with CCX's usual practice) and a revenue and earnings forecast for FY25.

As part of the trading update, CCX affirmed to the market that recent trade had continued to realise earlier improvements in Average Selling Price and Gross Margin, consistent with CCX's previously announced strategy which was reaffirmed to the market on 21 June 2024. CCX also affirmed the successful implementation of its right-sizing, cost-reduction and cash management initiatives previously announced to the market. CCX understands this affirmation and update was well received by the market generally, as borne out in some positive reports from broker analysts following CCX's announcement.

7 CCX confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

8 This response has been authorised and approved by the Board of Directors.

Yours sincerely

City Chic Collective Limited



Jacquie Shanahan
Company Secretary



30 August 2024

Reference: 99007

Ms Jacquie Shanahan
Company Secretary
City Chic Collective Limited
151-163 Wyndham Street
Alexandria NSW 2015

By email only.

Dear Ms Shanahan

City Chic Collective Limited ('CCX'): ASX Aware Letter

ASX refers to the following:

- A. CCX's announcements released on the ASX Market Announcements Platform on 28 August 2024 in connection with its full year results ('Results Announcements'), being:
 - 1.1 "FY24 Appendix 4E and Financial Statements", released on MAP at 8:26 AM AEST;
 - 1.2 "FY24 Results Announcement" released on MAP at 8:27 AM AEST; and
 - 1.3 "FY24 Results Investor Presentation" released on MAP at 8:29 AM AEST.
- B. The change in the price of CCX's securities from \$0.102 immediately prior to the release of the Results Announcements to a high of \$0.17 following the release of the Results Announcements.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
 - "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:
 - 3.1A.1 One or more of the following 5 situations applies:
 - It would be a breach of a law to disclose the information;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - The information is generated for the internal management purposes of the entity; or

- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.”*

- G. ASX’s policy position on “market sensitive earnings surprises”, which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:

“...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact.”...

“...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity’s securities.”...

Request for information

Having regard to the above, ASX asks CCX to respond separately to each of the following questions and requests for information:

1. Does CCX consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements (‘Earnings Information’) differed materially from the market’s expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):
 - 1.1 If CCX had published earnings guidance, that guidance.
 - 1.2 If CCX is covered by sell-side analysts, the earnings forecasts of those analysts.
 - 1.3 If paragraph 1.1 and 1.2 are not applicable, CCX’s earnings for the prior corresponding period, being the year ended 30 June 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX’s commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how CCX determined market expectations in relation to each relevant measure of its earnings, including:
 - 2.1 If CCX had published earnings guidance, details of:
 - 2.1.1 that guidance and when it was released to the market; and
 - 2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.
 - 2.2 If CCX used sell-side analyst forecasts to estimate the market’s expectations of its earnings, details of:
 - 2.2.1 the method that CCX used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not CCX used a “consensus estimate” or an “adjusted consensus estimate” or a different specified approach for determining this estimate;
 - 2.2.2 the entity’s estimate of market expectations using that method; and

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- 2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.
3. Does CCX consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of CCX's securities?
- Please answer separately for each measure of earnings referred to in the Earnings Information.
4. If the answer to question 3 is "no", please provide the basis for that view.
5. If the entity first became aware of the variance before the release of Results Announcements, did CCX make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe CCX was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CCX took to ensure that the information was released promptly and without delay.
6. Please provide details of any other explanation CCX may have for the trading in its securities following the release of the Results Announcements.
7. Please confirm that CCX is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that CCX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CCX with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEST Wednesday, 4 September 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CCX's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require CCX to request a trading halt immediately if trading in CCX's securities is not already halted or suspended.

Your response should be sent by e-mail to ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CCX's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CCX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CCX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Kind regards

ASX Compliance