

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 29 June 2025
Previous period:	For the period ended 30 June 2024

2. Results for announcement to the market

		%	\$000
Revenues from continuing operations	up	2.35% to	134,699
Loss for the year from continuing operations	down	76.90% to	(8,872)
Gain for the year from discontinued operations	up	106.12% to	3,336
Loss from ordinary activities after tax attributable to the owners of City Chic Collective Limited	down	94.04% to	(5,536)
Underlying EBITDA from continuing operations	up	176.29% to	6,407

Comments

The loss for the consolidated entity after providing for income tax amounted to \$5,536,000 (30 June 2024: \$92,960,000).

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	
	2025	2024
	\$'000	\$'000
Net profit / (loss) after tax from continuing operations	(8,872)	(38,409)
Interest expense	2,212	3,553
Income tax expense / (benefit)	(2,921)	(848)
Depreciation, amortisation and impairment expense	14,821	20,507
Restructuring	338	2,235
Northern hemisphere warehouse relocation	477	497
Transaction costs	160	159
Other	192	-
Loss on modified lease (AASB16)	-	2,666
Capital raise costs	-	1,242
Underlying EBITDA from continuing operations	6,407	(8,398)

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	<u>4.4</u>	<u>5.3</u>

Net tangible assets include 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 29 June 2025 is attached.

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12. Signed

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

Phil Ryan
Chief Executive Officer and Managing Director

28 August 2025
Sydney

City Chic Collective Limited

ABN 43 057 569 169

Annual Report - 29 June 2025

City Chic Collective Limited
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City Chic Collective Limited
Directors' report
29 June 2025

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 29 June 2025.

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 a global omni-channel retailer specialising in plus-size women's apparel, footwear and accessories. Its omni-channel model comprises of a network of 78 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.

As noted in the prior year financial statements, the business made the strategic decision to sell the Avenue brand during the prior period and the transaction was completed in July 2024. The financial statements have reflected this decision, with the profit and loss presented for the continuing operations in ANZ and USA, and the Avenue business is presented as a discontinued operation.

Dividends

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

Operating and financial review

The Group reported a total net loss after tax of \$5.5 million for year-ending 29 June 2025 (FY25), a significant improvement from the prior year's loss of \$93.0 million. The loss after income tax benefit from continuing operations was \$8.9 million compared to \$38.4 million in the prior year. This turnaround in results reflects the impact of the Company's transformation efforts, despite ongoing market volatility and persistent macroeconomic headwinds.

The improvement in performance was led by enhancements in product quality and strong cost management. Our focus on delivering better-designed, better-made ranges has strengthened our customer proposition and supported increased engagement and customer numbers.

Group revenue for FY25 increased by 2.3% to \$134.7 million, compared to the prior corresponding period. Growth was primarily driven by a strong performance in the ANZ region, which grew 8.3% year-on-year. USA revenue from City Chic branded product grew 25.6%, however total USA revenue was down 14.9% to \$28.9 million and was materially impacted by the Partners business, reflecting a prior period which included Avenue branded product.

Operational efficiency gains have contributed meaningfully to the Group's improved financial position. The Group's cost-out initiatives have now been fully executed, delivering savings of \$22.3m over the past two financial years, and further annualised savings are expected to flow through in FY26. The cost of doing business declined materially from FY24. This reduction was driven by improved labour productivity with cost savings of \$7.6 million, greater fulfilment efficiency, and disciplined control of other operating expenses which declined \$5.7million year-on-year.

Inventory was tightly managed throughout the period and closed at \$27.1 million, in line with expectations. This positions the Group well with a clean and relevant product assortment heading into the first half of FY26.

The Group ended the financial year with \$8.0 million in cash and \$5.0 million drawn against its \$10.0 million debt facility. The facility remains in place until December 2026 and reflects the ongoing confidence and support of our lending partner.

Outlook

The turnaround of the business over the past 18 months has required significant effort and discipline, and while meaningful progress has been made, we recognise we are only midway through our transformation journey. With the cost-out program now complete, our focus in FY26 will shift firmly towards revenue and margin recovery in ANZ and consolidating the USA in a volatile market.

Product improvements across the past two seasons have been well received, reinforcing our belief that further gains are achievable. Momentum is building, and we are moving in the right direction.

In FY26, City Chic expects economic conditions in ANZ to improve, with consumer confidence at a 3-year high. It expects to continue growing comparative sales through further execution of its product strategy, increased customer frequency and growing its target customer base through focused advertising.

It also expects to further grow its sales volumes through new store openings, with a further 6-8 new stores planned, its 'Store to Door' initiative and Myer and Belk being onboarded as partners in 1H FY26.

The Group expects to further reduce its fixed cost base by \$1.0m and achieve \$0.7m in annualised cost savings. The first of two required clean downs of its debt facility were made in July 2025.

The business is on track to be operating cash flow positive in FY26.

The Group enters FY26 having turned an important corner. With a stronger foundation in place, City Chic moves forward with clarity, confidence, and a renewed focus on delivering the best possible product assortment for its customers.

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 is 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.

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 broadening its raw 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 Company has been in a period of business transformation, including operational restructures, cost optimisation initiatives, and strategic shifts aimed at driving long-term performance. These changes inherently carry risk, including the potential for disruption to day-to-day operations, reduced employee engagement, loss of key talent, or adverse impacts on customer experience. Cost-cutting programs, while essential to improve efficiency, may also result in unintended consequences such as underinvestment in critical capabilities or support functions. While most of this activity is now complete, management continues to monitor these risks and has implemented governance structures, clear communication plans, and phased implementation approaches to help ensure changes are executed effectively while preserving the integrity and stability of the business.

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 significant 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 FY25.

Ongoing global trade tensions between the USA and China present a material risk to the Company, particularly in relation to changes in tariff rates on imported goods. Sudden or sustained increases in tariffs can significantly impact landed product costs, disrupt supply chain planning, and affect pricing strategies and consumer demand. The Company remains vigilant in monitoring trade developments and continues to explore sourcing diversification, supplier negotiations, and inventory planning strategies to mitigate the potential financial and operational impacts of adverse tariff changes.

Workplace Health and Safety (WHS)

The Group has 599 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 mean 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) disputing the basis and calculation of historical insurance premiums. Management will continue to seek to resolve the dispute.

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 ~\$3 million). The deal was completed on 8 July 2024, subsequent to the FY24 year-end, via an asset purchase agreement. As such the related asset and liabilities were classified as held for sale and the revenue and expense related to the Avenue business was disclosed under discontinued operations.

In connection with the sale of Avenue, City Chic's lender agreed to reduce and extend its current debt facility. The extended facility will mature in December 2026 and stepped down to a limit of \$10 million (from \$20 million) on 19 July 2024. Under the terms of the agreed facility, previous covenants were 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.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 29 June 2025 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 29 June 2025 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

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 Guild Group Holdings Limited. 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:	None
Former directorships (last 3 years):	Mr. Kay was previously Chairman of Omni Bridgeway Ltd (ASX: OBL) (formerly IMF Betham Limited) (ASX: IMF) before his retirement on 19 November 2024.
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:	2,500,000 ordinary shares
Interests in options:	None
Interests in rights:	None

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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. In addition to her ASX directorship roles listed below, Ms. Quinn is also a Non-Executive Director of The VCA Foundation and a private equity board with Colinton Capital Partners.
Other current directorships:	Ms. Quinn is currently a non-executive director at The Lottery Corporation (ASX: TLC) (since June 2022).
Former directorships (last 3 years):	Reece Limited (ASX: REH) and 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

Neil Thompson

Title:	Non-executive director
Qualifications:	B.Ec
Experience and expertise:	Neil Thompson joined the City Chic Collective Limited Board on 5 August 2021 as an independent, non-executive director. 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. Until 30 June 2025, Mr. Thompson was the Chief Financial Officer at Education Horizons, a leading provider of education software, having joined the company in January 2024 to facilitate the successful sale of the business by Potentia Capital. He was previously Finance Operating Partner at Potentia Capital and prior to that Chief Financial Officer of Ascender HCM (a payroll software and services company). He is a director of the Australian World Orchestra.
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:	273,529 ordinary shares
Interests in options:	None
Interests in rights:	None

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Natalie McLean	
Title:	Non-executive director
Qualifications:	B.Bus, GAICD
Experience and expertise:	Natalie McLean joined the City Chic Collective Limited Board on 5 August 2021 as an independent, non-executive director. 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.
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

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 78 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 Amazon in the USA. Mr. Ryan is a global authority in the plus size consumer. He has over 30 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:	2,340,000 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.

Company secretary

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

Mr Peter McClelland, previous Chief Financial Officer, was an additional Company Secretary and resigned on 18 October 2024.

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Directors' report
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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 29 June 2025, and the number of meetings attended by each director were:

	Full Board		PCRC		ARC	
	Attended	Held	Attended	Held	Attended	Held
Michael Kay	19	19	2	2	6	6
Megan Quinn	18	19	2	2	6	6
Neil Thompson	18	19	2	2	6	6
Natalie McLean	17	19	2	2	6	6
Phil Ryan*	19	19	-	-	-	-

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 2024 Annual General Meeting ("AGM") held on 27 November 2024, 91.93% of the votes received supported the re-election of director Natalie McLean 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 29 June 2025 and 30 June 2024. 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:	
James Plummer	Chief Financial Officer (appointed 18 October 2024)
Peter McClelland	Chief Financial Officer (resigned 18 October 2024)

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, 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. The Board did not, however, receive any remuneration recommendations from a remuneration consultant as defined by the Corporations Act 2001 (Cth).

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 AGM 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.

In recognition of the Group's decline in performance over the past periods, the non-executive chairman and the non-executive directors agreed to two reductions in directors' base fees. An initial reduction of 17% and then a further 20% in FY24. This reduction in fees and the non-executive chairman and non-executive directors' fees set for FY25 is reflected in the following table:

Remuneration (per annum, exclusive of superannuation)

Role	From 23 November 2023 (all FY25)	27 February 2023 to 23 November 2023	FY22 up to 27 February 2023
	\$	\$	\$
Base fee for Non-Executive Chairman	160,000	200,000	240,000
Base fee for Non-Executive Director	80,000	100,000	120,000
Additional fee for Chair of the ARC	20,000	20,000	20,000
Additional fee for Chair of the PCRC	10,000	10,000	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 key management personnel as STI in FY25.

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 at the November 2024 AGM, the Group's focus for FY25 was to restore the business to profitability and provide the platform for the business to stabilise and grow. In this context, it was determined not to award a share based or any other LTI to key management personnel in FY25.

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An employee share rights plan (excluding the CEO) was introduced in FY25 (**FY25 Share Rights Plan**). The purpose of the FY25 Share Rights Plan was to incentivise head office and retail employee's participation in the Groups return to profitability and to align this participation with shareholder returns. Under the FY25 Employee Share Rights Plan, 10,000 share rights were issued to eligible employees under the City Chic Long Term Incentive Plan (**LTIP**) with a one-year service condition from the 2024 AGM to the 2025 AGM. The share rights value to each employee at the date of offer was \$1,000.

The expiry date of exercise of vested share rights is 28 February 2028. The share rights issued under the FY25 Share Rights Plan are referred to as Tranche 6 in the LTIP table below.

The FY24 Performance Rights issued to key management personnel in FY24 remain in place with 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 key management personnel. The second year of the FY24 Performance Rights has been accounted for in the FY25 results and is referred to as Tranche 5 in the LTIP table below.

Voting on the Remuneration Report at the 2024 Annual General Meeting (AGM)

At the 2024 AGM the Group received a vote of 75.50% in favour of the adoption of the remuneration report for the year-ended 30 June 2024.

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 1 July 2024	Granted	Vested	Expired/ forfeited/ other	Closing balance 29 June 2025
5A	22/11/2023	30/06/2027	\$0.340	2,340,000	-	-	-	2,340,000
5B	19/02/2024	30/06/2026	\$0.550	4,513,360	-	-	(1,303,533)	3,209,827
6	24/03/2025	30/11/2025	\$0.100	-	1,490,000	-	(410,000)	1,080,000
Total performance rights				6,853,360	1,490,000	-	(1,713,533)	6,629,827
3	21/11/2019	30/06/2024	\$0.739	3,704,975	-	-	-	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				4,847,015	-	-	-	4,847,015

LTIP Tranches

Vesting conditions of the LTIP tranches are set out below.

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%

Tranche 6

Vesting Condition 1 Continued service up to the 2025 AGM. There are no performance conditions.

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.
- The Loan expires 10 years after grant date (Loan Expiry) entitling Participants to exercise their entitlement any time up to expiry
- Unless otherwise forfeited (i.e. Participant resignation), the "vested" LF Shares remain in place until Loan Expiry

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 met for eligible Participants at the end of FY24.

The City Chic share price is currently below the Loan value. In these circumstances it is unlikely any Participants will exercise their entitlements unless the share price recovers before the Loan Expiry.

The 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 probability is assessed with consideration of management's expectation of future earnings and the financial hurdles for vesting.

City Chic Collective Limited
Directors' report
29 June 2025

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 NRC 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	Termination Benefits	Total short- term	Post employment Super- annuation	Other leave benefits	Share- based payments	Total
2025	\$	\$	\$	\$	(A) \$	(B) \$	\$
Non-executive directors:							
Michael Kay	160,000	-	160,000	18,400	-	-	178,400
Megan Quinn	90,000	-	90,000	10,350	-	-	100,350
Neil Thompson	100,000	-	100,000	11,500	-	-	111,500
Natalie McLean	80,000	-	80,000	9,200	-	-	89,200
Executive directors:							
Phil Ryan	769,500	-	769,500	32,923	40,500	181,360	1,024,283
Other key management personnel:							
James Plummer*	187,521	-	187,521	19,286	20,769	24,070	251,646
Peter McClelland*	152,317	180,833	333,150	14,966	35,471	9,246	392,833
	<u>1,539,338</u>	<u>180,833</u>	<u>1,720,171</u>	<u>116,625</u>	<u>96,740</u>	<u>214,676</u>	<u>2,148,212</u>

* James Plummer was appointed CFO effective 18 October 2024 and Peter McClelland's resignation was effective the same date. Their remuneration is reported for the period they fulfilled these roles.

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.

City Chic Collective Limited
Directors' report
29 June 2025

	Cash salary & fees	Total short- term	Post employment Super- annuation	Other leave benefits	Share-based payments	Total
2024	\$	\$	\$	(A) \$	(B) \$	\$
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

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.

The proportion of remuneration linked to performance and the fixed proportion assuming full STI is received and that the LTI fully vests are as follows:

Name	Fixed Remuneration		At Risk - STI		At risk - LTI		Cash bonus forfeited**	
	2025	2024	2025	2024	2025	2024	2025	2024
Executive director								
Phil Ryan	71%	71%	14%	-	15%	29%	168,585	-
Other key management personnel								
James Plummer*	78%	-	14%	-	8%	-	47,458	-
Peter McClelland*	60%	73%	11%	-	29%	27%	30,463	-

* James Plummer was appointed CFO effective 18 October 2024 and Peter McClelland's resignation was effective the same date.

** There was 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:	James Plummer
Title:	Chief Financial Officer (effective 18 October 2024)
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
Name:	Peter McClelland
Title:	Chief Financial Officer (resigned 18 October 2024)
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 29 June 2025 (30 June 2024: nil).

There were 10,000 performance rights issued to key management personnel (CFO only) as part of compensation during the period ended 29 June 2025 (30 June 2024: 3,711,936 performance rights issued).

There were no loan funded shares issued to key management personnel as part of compensation during the period ended 29 June 2025 (30 June 2024: nil).

City Chic Collective Limited
Directors' report
29 June 2025

The number of performance rights over ordinary shares and loan funded shares held by key management personnel as at 29 June 2025 are shown below:

Tranche Name	Performance rights 5 & 6	Loan funded shares 3
Phil Ryan	2,340,000	2,161,235
James Plummer	154,000	-
Total	2,494,000	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 29 June 2025 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	-	-	-
J Plummer	1,000	-	-
P McClelland	-	-	427,509

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:

	FY25	FY24	FY23	FY22	FY21
Underlying Earnings before Interest Tax Depreciation and Amortisation (EBITDA) Margin	4.7%	-6.9%	N/A	N/A	N/A
Profit after income tax for continuing operations	N/A	N/A	N/A	\$29.0m	\$24.9m
ADEPS (underlying after income tax) - Tranche 3	N/A	N/A	N/A	12.5 cents	11.1 cents

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	1,250,000	-	1,250,000	-	2,500,000
Neil Thompson	223,529	-	50,000	-	273,529
Natalie McLean	10,900	-	-	-	10,900
Phil Ryan	557,912	-	-	-	557,912
Other key management personnel					
James Plummer*	6,000	-	-	-	6,000
Peter McClelland*	10,284	-	-	-	10,284
Total	2,058,625	-	1,300,000	-	3,358,625

* J Plummer held 6,000 shares at the time of his appointment on 18 October 2024 and P McClelland owned 10,284 at the time of his departure from the company on the same date.

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	Balance at the end of the period
Phil Ryan	2,340,000	-	-	-	2,340,000
James Plummer*	144,000	10,000	-	-	154,000
Peter McClelland*	1,372,000	-	-	(777,173)	594,827
Total	3,856,000	10,000	-	(777,173)	3,088,827

*J Plummer held 144,000 performance rights at the time of his appointment on 18 October 2024 and P McClelland maintained 594,827 performance rights at the time of his departure from the company.

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

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.

City Chic Collective Limited
Directors' report
29 June 2025

Shares under option

At the date of this report, City Chic Collective Limited has 4,847,015 unissued ordinary shares under option outstanding via its loan funded share plan. Details of these options are set out in section C of the Directors Report and Note 22 'Share-based payments' of the Financial Statements.

Shares under performance rights

At the date of this report, City Chic Collective Limited has 6,629,827 unissued ordinary shares under option outstanding via its long-term incentive plan. Details of these options are set out in section C of the Directors Report and Note 22 'Share-based payments'.

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 29 June 2025 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 29 June 2025 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 'Remuneration of auditors'.

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 RSM

There are no officers of the company who are former partners of RSM.

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
29 June 2025

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 2025
Sydney



Phil Ryan
Chief Executive Officer and Managing Director

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of City Chic Collective Limited for the year ended 29 June 2025, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to read 'Gary Sherwood', with the initials 'GNS' written to the right.

Gary Sherwood
Partner

Sydney, NSW
Dated: 28 August 2025

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INDEPENDENT AUDITOR'S REPORT To the Members of City Chic Collective Limited

Opinion

We have audited the financial report of City Chic Collective Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 29 June 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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:

- (i) giving a true and fair view of the Group's financial position as at 29 June 2025 and of its financial performance for the year then ended; and
- (ii) 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 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 report.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 6 in the financial statements	
<p>As stated in Note 6, revenue for the year ended 29 June 2025 was reflected at \$134.7 million. The primary revenue channels for the Group are:</p> <ul style="list-style-type: none"> • Online website sales • Store sales • Partners revenue - wholesale <p>Revenue is a significant account balance for the Group and is a key driver of operating results. Under AASB 15 Revenue from Contracts with Customers ("AASB15"), the Group is required to estimate and recognise variable consideration in relation to sales returns, refunds and allowances; and the treatment of gift cards. In addition, there is some estimation uncertainty in relation to the timing of the delivery of some goods.</p> <p>Given the materiality of the balance, the high volume of daily transactions, and the variable consideration, this area was considered a key audit matter.</p>	<p>Our audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> • Evaluating the Group's revenue recognition policies for compliance with AASB 15, including the treatment of variable consideration. • Obtaining an understanding of the systems, controls and procedures put in place by management to ensure compliance with AASB 15. • Evaluating the effectiveness and testing the key controls providing assurance in relation to the existence, completeness and valuation of revenue streams. • Evaluating the three-way reconciliation between recorded revenue, cash receipts, and the point-of-sale system to validate the completeness and accuracy of revenue recognised. • Selecting a sample of wholesale revenue transactions during the financial year and assessing whether revenue was recognised in accordance with the principles of AASB 15. • Assessing management's assumptions and estimation methodology applied to deferred revenue and sales return provisions including an analysis of historical trends by geographic region and estimated delivery timelines. • Evaluating the adequacy and appropriateness of disclosures related to revenue recognition in the financial report.

Impairment of Indefinite life Intangible Assets

Refer to Note 15 in the financial statements

As stated in Note 15, the Group held goodwill carried at a value \$18.3 million representing approximately 17.4% of the Group's total assets.

AASB 136, Impairment of Assets, requires that goodwill and indefinite life intangible assets are tested for impairment at least annually, or when there is an indicator of impairment.

This assessment of the impairment incorporates significant judgments and estimates, based upon conditions existing at 29 June 2025, specifically factors such as forecast revenue and gross margin, forecast costs, discount rates and terminal growth rates.

We determined the valuation of goodwill to be Key Audit Matter due to the material significance of the goodwill balance and the high degree of subjectivity involved in management's judgments and assumptions underpinning their financial modelling.

The disclosures in the financial report disclose the assumptions made in the impairment testing and the market conditions at 29 June 2025.

Our audit procedures included, among others:

- Obtaining an understanding of management's annual impairment testing process.
- Holding discussions with senior management, reviewing the Group's ASX announcements and reading minutes of the directors' meetings to gather sufficient information regarding the operations of the current reporting period, as well as the expectations going forward.
- Assessing the reasonableness of management's determination that the goodwill should be allocated to a single CGU in accordance with AASB 136 Impairment of Assets, based on the nature of the Group's business.
- Assessing the valuation methodology used to determine the recoverable amount of the CGU.
- Checking the mathematical accuracy of the cashflow model.
- Evaluating the methodology and assumptions used to estimate the recoverable amount of the CGU, by reviewing the value in use models used to determine present value of future cash inflows of the Group, including reconciling input data to supporting evidence, such as approved budgets, and challenging the reasonableness of the following:
 - Future growth rates;
 - Discount rates;
 - Terminal value methodology; and
 - The nature and quantum of cashflows included in the model.
- Reviewing and challenging management's sensitivity analysis over the key assumptions used in the models, including the consideration of the available headroom and assessing whether the assumptions had been applied on a consistent basis across each scenario.

	<ul style="list-style-type: none"> • Reviewing the completeness and accuracy of the disclosures included in the financial report to ensure compliance with Australian Accounting Standards.
Inventory Valuation Refer to Note 12 in the financial statements	
<p>As stated in Note 12, the Group has inventory carried at a value of \$27.1 million as at 29 June 2025.</p> <p>The valuation of inventory is considered a key audit matter, due to the materiality of the balance, the existence of inventories held by third parties, and the significant judgments involved in:</p> <ul style="list-style-type: none"> • Valuing finished goods, including assumptions about the determined costs of freight, customs duties, foreign exchange rates and warehousing charges. • Assessing the net realisable value of inventories, including the estimated selling price less estimated costs of fulfilment necessary to make the sale. • The determination of a provision for obsolescence, including assumptions for a number of factors including historical sales experience, inventory shrinkage trends, ageing profile of finished goods, seasonality and overall product lifecycle. 	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Assessing and testing the Group's inventory costing methodologies, particularly the treatment of freight, customs duties, and warehousing charges, to ensure consistency with the requirements of Australian Accounting Standards. • Evaluating whether inventory was recorded at the lower of cost and net realisable value, including reviewing estimated costs to sell and analysing sales data to support the carrying value of inventory. • Testing the mathematical accuracy of the Group's application of its policy for determining the provision for obsolescence, including assessing the ageing of inventory items and historical sales trends. • Evaluating management's assumptions and estimates used in determining provisions for obsolescence and shrinkage, with reference to inventory ageing, historical sales performance, and quantities on hand relative to sales velocity. • Applying data analytical procedures to compare selling prices of inventory items both during and after year-end against their recorded cost to assess compliance with AASB 102.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 29 June 2025, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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, 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 17 of the directors' report for the year ended 29 June 2025.

In our opinion, the Remuneration Report of City Chic Collective Limited, for the year ended 29 June 2025, 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 blue ink, appearing to read "G. Sherwood", with the initials "GNS" written below it.

Gary Sherwood
Partner

RSM Australia Partners
28 August 2025

City Chic Collective Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 29 June 2025

	Note	Consolidated 2025 \$'000	2024 \$'000
Revenue from continuing operations	6	134,699	131,607
Interest and other revenue	7	494	706
Expenses from continuing operations			
Purchase and inbound-related costs of inventory		(55,583)	(56,669)
Fulfilment costs		(17,652)	(18,149)
<i>Cost of sales</i>	8	(73,235)	(74,818)
<i>Selling, general, and administrative expense</i>			
Employee benefits expense	8	(29,252)	(36,848)
Depreciation, amortisation and impairment expense	8	(14,821)	(20,507)
Rental-related recoveries, concessions and expenses	8	(1,713)	(4,349)
Other expenses	8	(25,753)	(31,495)
Finance costs	8	(2,212)	(3,553)
Loss before income tax benefit from continuing operations		(11,793)	(39,257)
Income tax benefit	9	2,921	848
Loss after income tax benefit from continuing operations		(8,872)	(38,409)
Profit / (loss) after income tax expense from discontinued operations	5	3,336	(54,551)
Loss after income tax benefit for the period attributable to the owners of City Chic Collective Limited	25	(5,536)	(92,960)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation - continuing operations		(1,814)	47
Foreign currency translation - discontinued operations		-	86
Other comprehensive (loss)/income for the period, net of tax		(1,814)	133
Total comprehensive loss for the period attributable to the owners of City Chic Collective Limited		<u>(7,350)</u>	<u>(92,827)</u>
Total comprehensive loss for the period is attributable to:			
Continuing operations		(10,686)	(38,362)
Discontinued operations		3,336	(54,465)
		<u>(7,350)</u>	<u>(92,827)</u>

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 29 June 2025

	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	(2.3)	(16.5)
Diluted earnings per share	26	(2.3)	(16.5)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of City Chic Collective Limited			
Basic earnings per share	26	0.9	(23.4)
Diluted earnings per share	26	0.9	(23.4)
Earnings per share for loss attributable to the owners of City Chic Collective Limited			
Basic earnings per share	26	(1.5)	(39.9)
Diluted earnings per share	26	(1.5)	(39.9)

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 29 June 2025

	Note	Consolidated 2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	10	7,952	21,434
Trade and other receivables	11	4,458	6,641
Inventories	12	27,088	30,748
Income tax refund due	9	52	332
Other assets	13	1,752	2,805
Current assets classified as held for sale	5	-	12,631
Total current assets		41,302	74,591
Non-current assets			
Plant and equipment	14	8,016	9,923
Trade and other receivables	11	83	83
Right-of-use assets	16	22,471	27,568
Intangibles	15	19,369	17,873
Deferred tax	9	13,792	10,897
Total non-current assets		63,731	66,344
Total assets		105,033	140,935
Liabilities			
Current liabilities			
Trade and other payables	17	23,919	37,025
Lease liabilities	16	11,110	12,108
Borrowings	18	5,000	17,500
Income tax	9	75	162
Provisions	19	4,783	5,731
Other liabilities	20	1,483	2,855
Liabilities directly associated with assets classified as held for sale	5	-	476
Total current liabilities		46,370	75,857
Non-current liabilities			
Lease liabilities	16	20,950	29,023
Provisions	19	1,298	903
Other liabilities	20	-	32
Total non-current liabilities		22,248	29,958
Total liabilities		68,618	105,815
Net assets		36,415	35,120
Equity			
Issued capital	23	196,908	195,531
Reserves	24	(19,604)	(25,058)
Accumulated losses	25	(140,889)	(135,353)
Total equity		36,415	35,120

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 29 June 2025

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	-	923	-	-	-	923
FX Impact	-	194	-	-	-	194
Discontinued	-	-	743	-	-	743
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>

* 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 1 July 2024	195,531	(16,849)	2,782	(10,991)	(135,353)	35,120
Loss after income tax benefit for the period	-	-	-	-	(5,536)	(5,536)
Other comprehensive loss for the period, net of tax	-	-	(1,814)	-	-	(1,814)
Total comprehensive loss for the period	-	-	(1,814)	-	(5,536)	(7,350)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (Note 23)	8,328	-	-	-	-	8,328
Share-based payments (Note 22)	-	317	-	-	-	317
Loan funded shares held in trust (Note 22)	(6,951)	-	-	-	-	(6,951)
Refund of loan funded shares held in trust	-	6,951	-	-	-	6,951
Balance at 29 June 2025	<u>196,908</u>	<u>(9,581)</u>	<u>968</u>	<u>(10,991)</u>	<u>(140,889)</u>	<u>36,415</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 29 June 2025

	Note	Consolidated	
		2025	2024
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST, VAT and sales tax)		150,620	206,444
Payments to suppliers (inclusive of GST, VAT and sales tax)		(157,814)	(224,613)
Interest received		240	283
Other revenue		41	423
Interest and other finance costs paid		(353)	(1,284)
Income taxes refunded / (paid)		132	1,913
Net cash used in operating activities	21	(7,134)	(16,834)
Cash flows from investing activities			
Payments for property, plant and equipment	14	(1,411)	(1,485)
Payments for intangibles	15	(381)	(960)
Proceeds from disposal of business	5	15,203	15,305
Payments related to disposal of business	5	(3,351)	(3,305)
Net cash from investing activities		10,060	9,555
Cash flows from financing activities			
Proceeds from issue of shares	23	8,437	14,549
Payments related to issue of share's		(224)	(1,185)
Proceeds from borrowings	18	5,000	27,497
Repayment of borrowings	18	(17,500)	(11,497)
Repayment of lease liabilities	21	(12,152)	(13,382)
Net cash from/(used in) financing activities		(16,439)	15,982
Net increase/(decrease) in cash and cash equivalents		(13,513)	8,703
Cash and cash equivalents at the beginning of the financial period		21,434	12,414
Effects of exchange rate changes on cash and cash equivalents		31	317
Cash and cash equivalents at the end of the financial period	10	7,952	21,434

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

City Chic Collective Limited
Notes to the consolidated financial statements
29 June 2025

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 2025. 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:

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Summary

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 29 June 2025 (2024: 52 week period ended 30 June 2024). This treatment is consistent with s323D Corporations Act 2001.

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'.

Note 2. Material accounting policy information (continued)

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 financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$8,872,000 and had net cash outflows from operating activities of \$7,134,000 for the year ended 29 June 2025. As at that date the consolidated entity had net current liabilities of \$5,066,000.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The consolidated entity has cash and cash equivalents of \$7,952,000 as at 29 June 2025;
- As reflected in Note 18, the consolidated entity paid down its previous loan of \$17,500,000 in the year under review. It has entered into a new facility agreement for \$10,000,000, of which \$5,000,000 had been drawn down at the balance date;
- The Group was in compliance with all covenants during the financial year ended 29 June 2025 and the first of the two FY26 clean down requirements has already been achieved in July 2025;
- While there remains uncertainty regarding the impact of the current economic environment on discretionary spending, the Directors have reviewed the forecast cash flows for the period to 31 August 2026, as well as the monthly forecast cash position and utilisation of the banking facility. They are satisfied with the projections, which indicate that the consolidated entity is expected to continue operating within the limits of its available cash reserves;
- If required, the consolidated entity has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001.

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 29 June 2025 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'.

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.

Note 2. Material accounting policy information (continued)

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 right at the end of the reporting period 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

Non-current 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.

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

Non-current 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.

Non-current 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.

Note 2. Material accounting policy information (continued)

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.

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.

Note 2. Material accounting policy information (continued)

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards (AASs) and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 29 June 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Income tax and the recovery of deferred tax assets

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. 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.

Contingent assets and liabilities

As disclosed in Note 31 'Contingent asset and liabilities', City Chic commenced proceedings in the Supreme Court of NSW against iCare (the NSW Workers Compensation insurer) disputing the basis and calculation of historical insurance premiums. Management has elected not to disclose any additional information in as the matter is currently before the court.

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

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' for further information.

Note 4. 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 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	
	2025	2024
	\$'000	\$'000
Net profit / (loss) after tax from continuing operations	(8,872)	(38,409)
Interest expense	2,212	3,553
Income Tax expense / (benefit)	(2,921)	(848)
Depreciation, amortisation and impairment expense	14,821	20,507
Restructuring	338	2,235
Northern hemisphere warehouse relocation	477	497
Transaction costs	160	159
Other	192	-
Loss on lease modification (AASB16)	-	2,666
Capital raise costs	-	1,242
Underlying EBITDA from continuing operations	6,407	(8,398)

Note 5. Discontinued operations

Significant 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.

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 million (c. A\$18 million, less working capital adjustments of ~\$3 million). The deal was completed on 8 July 2024, subsequent to the FY24 year-end, via an asset purchase agreement. As such the related asset and liabilities were classified as held for sale and the revenue and expense related to the Avenue business was disclosed under discontinued operations.

Note 5. Discontinued operations (continued)

In FY25 the transaction was settled on 8 July 2024 and the Group continued to operate the business on behalf of FBB for several months under a Transition Services Agreement. Any activity over this time continued to be disclosed as discontinued operations in FY25.

Results from discontinued operation

	Consolidated	
	2025	2024
	\$'000	\$'000
Revenue from discontinued operations	1,786	71,964
Expense	(2,605)	(86,010)
Operating Income / (loss)	(819)	(14,046)
Impairment loss recognised on the remeasurement to fair value less costs to sell	-	(40,505)
Unwind of FCTR on disposal	4,155	-
Profit / (loss) after income tax from discontinued operations	3,336	(54,551)
Other comprehensive income		
Foreign currency translation - discontinued operations	-	86
Total comprehensive profit / (loss) attributed to discontinued operations	3,336	(54,465)

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	
	2025	2024
	\$'000	\$'000
Net cash used in operating activities	(819)	(13,340)
Net cash from investing activities	11,852	12,000
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations	11,033	(1,340)

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 29 June 2025:

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Assets classified as held for sale:</i>		
Inventories	-	7,268
Brand	-	5,363
Total assets	-	12,631
<i>Liabilities directly associated with assets classified as held for sale:</i>		
Provisions	-	476
Total liabilities	-	476
Net assets	-	12,155

Note 5. Discontinued operations (continued)

In 2024 the assets classified as held for sale were assessed against the fair value less cost to sell. This resulted in an impairment of \$40,505,000, as disclosed above in the results from discontinued operations. The assets classified as held for sale have been presented net of this impairment.

Note 6. Revenue

	Consolidated	
	2025	2024
	\$'000	\$'000

From continuing operations

Sale of goods	134,699	131,607
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Disaggregation of revenue

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

	Consolidated	
	2025	2024
	\$'000	\$'000

Timing of revenue recognition

Goods transferred at a point in time	134,699	131,607
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Geographical regions

ANZ	105,822	97,690
USA	28,877	33,917
	134,699	131,607

Channel

Online website	68,698	60,882
Stores	48,989	48,002
Partners	17,012	22,723
	134,699	131,607

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.

Note 6. Revenue (continued)

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 60 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	
	2025 \$'000	2024 \$'000
Interest revenue	240	283
Other revenue	254	423
Interest and other revenue	494	706

Note 8. Expenses

	Consolidated	
	2025	2024
	\$'000	\$'000
Loss before income tax from continuing operations includes the following specific expenses:		
Cost of sales	73,235	74,818
Depreciation, amortisation and impairment	14,821	20,507
<i>Employee benefits expense</i>		
Employee benefits expense excluding superannuation and share-based payments	26,434	33,222
Defined contribution superannuation expenses	2,501	2,703
Share-based payments expense	317	923
Total employee benefits expense	29,252	36,848
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	558	1,284
Interest and finance charges paid/payable on lease liabilities	1,654	2,269
Total finance costs	2,212	3,553
<i>Leases</i>		
Short-term and low-value lease payments	1,713	4,349
<i>Other expenses</i>		
Utility and maintenance expenses	4,827	5,672
Transactional fees and charges	2,322	2,145
Marketing expenses	4,319	4,204
Advertising expenses	8,003	5,404
Professional, consulting and insurance	2,649	7,375
FX (gain) / loss	299	58
Loss on lease modification	-	2,666
Sundry	3,334	3,971
Total other expenses	25,753	31,495

Accounting policy for purchase and inbound-related costs of inventory and fulfillment costs (Cost of sales)

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'.

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.

City Chic Collective Limited
Notes to the consolidated financial statements
29 June 2025

Note 9. Income tax

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>a) Income tax expense</i>		
Current tax	89	188
Deferred tax – origination and reversal of temporary differences	(1,194)	(1,684)
Prior year tax over/ (under) provisions	(1,816)	187
Foreign exchange	-	37
Other	-	424
Aggregate income tax (benefit)/expense	<u>(2,921)</u>	<u>(848)</u>
Income tax (benefit)/expense is attributable to:		
(Loss) / profit from continuing operations	<u>(2,921)</u>	<u>(848)</u>
Aggregate income tax (benefit)/expense	<u>(2,921)</u>	<u>(848)</u>
<i>b) Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
(Loss)/Profit before income tax from continuing operations	<u>(11,793)</u>	<u>(39,257)</u>
Tax at the statutory tax rate of 30%	(3,538)	(11,777)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
LTIP and LFSP	95	276
Other non-deductible expenses	11	24
	<u>(3,432)</u>	<u>(11,477)</u>
Difference in overseas tax rates	1,436	1,865
Prior year deferred tax (under)/over provisions	(1,798)	450
Prior year current tax over/(under) provisions	(19)	(93)
US state tax payable	15	20
Tax loss not recognised/utilised	957	6,448
Deferred tax asset recognised on prior year tax losses	-	1,790
Other	(80)	149
Income tax (benefit)/expense from continuing operations	<u>(2,921)</u>	<u>(848)</u>

c) Capital losses

Unused tax losses related to capital losses of \$147,200,000 (2024: \$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.

d) Income tax losses

As at 29 June 2025, the consolidated entity (including EMEA) had carried forward income tax losses of \$199,202,000 (2024: \$167,200,000). The income tax losses carried forward at 29 June 2025 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 29 June 2025, the Group has recognised a deferred tax asset related to tax losses for \$7,280,000 (2024: \$4,167,000), based on management's recoverability assessment.

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.

Note 9. Income tax (continued)

f) Deferred tax assets

	Consolidated	
	2025	2024
	\$'000	\$'000
Deferred tax asset comprises temporary differences attributable to:		
Tax losses	7,280	4,167
Property, plant and equipment	(1,179)	(748)
Employee benefits	936	1,045
Leases	2,984	3,335
Other provisions and accruals	1,968	2,829
Inventories	1,773	(115)
Other	(2)	(59)
	<u>13,760</u>	<u>10,454</u>
Amounts recognised in equity:		
Amounts initially recognised in equity	<u>32</u>	<u>443</u>
Deferred tax asset	<u><u>13,792</u></u>	<u><u>10,897</u></u>
<i>Movements:</i>		
Opening balance	10,897	9,015
Foreign exchange on opening balance	11	(42)
(Charged)/credited to profit or loss - continuing	2,667	1,684
Credited to equity	32	443
Prior year under/over	255	(220)
Other	(70)	17
Closing balance	<u><u>13,792</u></u>	<u><u>10,897</u></u>
	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Income tax refund due</i>		
Income tax refund due	<u><u>52</u></u>	<u><u>332</u></u>
	Consolidated	
	2025	2024
	\$'000	\$'000
Provision for income tax	<u><u>75</u></u>	<u><u>162</u></u>

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.

Note 9. Income tax (continued)

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; 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	
	2025 \$'000	2024 \$'000
<i>Current assets</i>		
Cash at bank	7,952	21,434

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	
	2025	2024
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	2,747	4,118
Less: Allowance for expected credit losses	(181)	(121)
	<u>2,566</u>	<u>3,997</u>
Other receivables	<u>1,892</u>	<u>2,644</u>
	<u>4,458</u>	<u>6,641</u>
<i>Non-current assets</i>		
Other receivables	<u>83</u>	<u>83</u>
Total trade and other receivables	<u>4,541</u>	<u>6,724</u>

Past due but not impaired

As at 29 June 2025, trade receivables of \$1,000 (2024: \$nil) were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2025	2024
	\$'000	\$'000
30 to 60 days	<u>1</u>	<u>-</u>
Current	<u>2,746</u>	<u>4,118</u>
Total trade receivables	<u>2,747</u>	<u>4,118</u>

Allowance for expected credit losses

The Group has recognised a loss of \$60,000 (2024: gain of \$121,000) in profit of loss in respect of the expected credit losses for the year ended 29 June 2025. The recoverability of trade and other receivables at 29 June 2025 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	
	2025	2024
	\$'000	\$'000
Current	<u><u>181</u></u>	<u><u>121</u></u>

Note 11. Trade and other receivables (continued)

Movement of allowance for expected credit loss

	Consolidated	
	2025	2024
	\$'000	\$'000
Opening balance	121	241
Additional allowance recognised	60	230
Allowance derecognised	-	(265)
Amount used	-	(85)
Closing balance	<u>181</u>	<u>121</u>

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 due for settlement on average within 30 to 45 days. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Inventories

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current assets</i>		
Finished goods - at cost	28,940	32,557
Less: Provision for obsolescence	<u>(1,852)</u>	<u>(1,809)</u>
Inventories on hand at lower of cost and net realisable value	<u>27,088</u>	<u>30,748</u>

Finished goods in 2024 included a reduction of \$7,274,000 (before impairment) of Avenue inventory moved to assets held for sale.

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	
	2025	2024
	\$'000	\$'000
<i>Current assets</i>		
Prepayments	1,424	2,109
Right of return assets	<u>328</u>	<u>696</u>
Total other assets	<u>1,752</u>	<u>2,805</u>

Note 13. Other assets (continued)

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	
	2025	2024
	\$'000	\$'000
<i>Non-current assets</i>		
Plant and equipment - at cost	30,674	30,854
Less: Accumulated depreciation	(22,658)	(20,931)
Total plant and equipment	8,016	9,923

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 2 July 2023	13,341
Additions	1,485
Disposals	(2,095)
Accumulated depreciation on disposal	2,001
Depreciation expense	(4,088)
Impairment	(721)
Balance at 30 June 2024	9,923
Additions	1,411
Disposals	(1,336)
Accumulated depreciation on disposal	1,241
Depreciation expense	(3,228)
Exchange differences	5
Balance at 29 June 2025	8,016

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.

Note 14. Plant and equipment (continued)

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 at year-end and confirmed that there was no impairment (2024: \$721,000).

Note 15. Intangibles

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Non-current assets</i>		
Goodwill - at cost	18,302	15,946
Customer relationships - at cost	2,612	3,644
Less: Customer relationships - accumulated amortisation	(2,612)	(3,491)
	-	153
Other intangible assets - at cost	9,654	11,151
Less: Other intangible assets - accumulated amortisation	(8,587)	(9,377)
	1,067	1,774
Total intangibles	19,369	17,873

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	Brand assets	Customer	Other	Total
	\$'000	\$'000	relationships	intangibles	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
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
Amortisation and impairment - discontinued	-	-	-	-	-
Additions	-	-	-	381	381
Disposals	-	-	-	(230)	(230)
Amortisation expense	-	-	(156)	(868)	(1,024)
Exchange differences	2,356	-	3	10	2,369
Balance at 29 June 2025	18,302	-	-	1,067	19,369

Note 15. Intangibles (continued)

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.

Brand assets

Brand assets are recognised on acquisition of brand assets and is not amortised. Management considers brand assets to have an indefinite useful life because the potential to generate cash flows is unlimited. Brand assets are 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 classified specific assets as held for sale at 30 June 2024 related to the divestment of the Avenue business. From intangibles this relates to the Avenue brand, customer list and other intangibles. Because the CGU for goodwill is assessed at a consolidated Group level, only a portion of goodwill could be allocated to the assets held for sale from the Group goodwill balance. The allocation was based on the relative value of the divested business as a proportion of the group. For Avenue in FY24 this was assessed at \$32.5 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.

Note 15. Intangibles (continued)

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 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.

(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: 15.5% (2024: 16.3%). The slightly lower discount rate year-on-year is a result of reduced cost of debt and a lower risk premium based on the more simplified business post the divestment of the Avenue and EMEA businesses. A terminal growth rate of 2.5% (2024: 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 (2024: nil), with excess headroom remaining when performing sensitivity analysis. In performing the sensitivity analysis, management considered a stressed scenario due to volatile macro-economic conditions, and no impairment was identified. Any further 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

(a) Right-of-use assets

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Non-current assets</i>		
Right-of-use assets	48,712	49,753
Less: Accumulated depreciation	(26,241)	(22,185)
Total right-of-use assets	22,471	27,568

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 2 July 2023	56,998
Additions	6,089
Disposals	(11,634)
Depreciation from discontinued operations	(1,826)
Lease modification	(14,184)
Impairment of Head Office lease	(4,576)
Accumulated depreciation on disposals	6,504
Depreciation expense	(9,803)
Balance at 30 June 2024	27,568
Additions	5,295
Disposals	(6,372)
Accumulated depreciation on disposals	5,427
Depreciation expense	(9,466)
Exchange differences	19
Balance at 29 June 2025	22,471

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

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.

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Amounts recognised in profit and loss</i>		
Depreciation expense on right-of-use assets	9,466	9,803
Interest expense on lease liabilities	1,654	2,269
Expenses relating to leases not accounted for under AASB 16	1,299	877

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

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.

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.

(b) Lease liabilities

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current liabilities</i>		
Lease liabilities	11,110	12,108
<i>Non-current liabilities</i>		
Lease liabilities	20,950	29,023
Total lease liabilities	32,060	41,131

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	
	2025 \$'000	2024 \$'000
<i>Current liabilities</i>		
Trade creditors	8,579	12,432
Sundry creditors	4,024	10,390
Other payables	11,316	14,203
Total trade and other payables	23,919	37,025

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	
	2025 \$'000	2024 \$'000
<i>Current liabilities</i>		
Bank loans	5,000	17,500

On 19 July 2024 and in connection with the divestment of Avenue, the Company agreed to reduce its current debt facility from \$20.0 million to \$10.0 million and extend the facility to December 2026. Under the terms of the facility, previous covenants were replaced with a requirement to complete clean downs (which requires City Chic to repay all drawn 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 29 June 2025.

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	
	2025	2024
	\$'000	\$'000
Total facilities		
Corporate credit card	1,111	500
Bank loans	9,164	19,114
Bank guarantee/Letter of credit	836	886
	11,111	20,500
Used at the reporting date		
Corporate credit card	251	241
Bank loans	5,000	17,500
Bank guarantee/Letter of credit	836	886
	6,087	18,627
Unused at the reporting date		
Corporate credit card	860	259
Bank loans	4,164	1,614
Bank guarantee/Letter of credit	-	-
	5,024	1,873

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	
	2025	2024
	\$'000	\$'000
<i>Current liabilities</i>		
Employee benefits	2,804	3,192
Lease make good	303	246
Onerous contracts	769	724
Sales return provision	907	1,569
Total provisions - current	4,783	5,731
<i>Non-current liabilities</i>		
Employee benefits	319	345
Lease make good	979	558
Total provisions - non-current	1,298	903
Total provisions	6,081	6,634

Movements in provisions

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

Note 19. Provisions (continued)

Consolidated	Employee benefits \$'000	Lease make good \$'000	Onerous contracts \$'000	Sales return provision \$'000	Total \$'000
<i>Current provisions</i>					
Carrying amount at the start of the period	3,192	246	724	1,569	5,731
Additional provisions recognised	599	700	3,114	10,023	14,436
Amounts used	(987)	(643)	(3,069)	(10,685)	(15,384)
Carrying amount at the end of the period	2,804	303	769	907	4,783
<i>Non-current provisions</i>					
Carrying amount at the start of the period	345	558	-	-	903
Additional provisions recognised	47	421	-	-	468
Amounts used	(73)	-	-	-	(73)
Carrying amount at the end of the period	319	979	-	-	1,298

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	
	2025	2024
	\$'000	\$'000
<i>Current liabilities</i>		
Deferred income	899	2,195
Gift card liability	584	660
	<u>1,483</u>	<u>2,855</u>
<i>Non-current liabilities</i>		
Deferred income	-	32
Total other liabilities	<u>1,483</u>	<u>2,887</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 on expiry. Breakage revenue from unredeemed gift cards has not been recognised. 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 profit after income tax to net cash [from / (used in)] continuing operating activities

	Consolidated	
	2025	2024
	\$'000	\$'000
Loss after income tax expense from continuing and discontinuing operations	(5,535)	(92,960)
<i>Adjustments for:</i>		
Depreciation, amortisation, and impairment	15,089	61,012
Share-based payments	317	923
Unwind of FCTR	(4,155)	-
Finance costs on lease liabilities and make good provision	545	-
Foreign exchange and other differences	(1)	57
<i>Changes in operating assets and liabilities</i>		
Decrease in trade and other receivables	2,095	950
Decrease in inventories	3,660	23,050
Decrease in other assets	1,499	1,308
Decrease in tax receivable	279	2,300
Increase in deferred tax assets	(2,895)	(1,882)
Decrease in trade and other payables	(14,820)	(12,119)
(Decrease) / increase in provision for income tax	(87)	162
Decrease in other provisions	(997)	(1,130)
Decrease in other liabilities	(932)	(1,062)
(Decrease) / increase in assets held for sale	(1,196)	2,557
Net cash used in continuing and discontinued operating activities	(7,134)	(16,834)

	Opening	Net cash	Non-cash	Non-cash	Closing
	balance	flows	changes	changes	balance
2025	\$'000	\$'000	Acquisitions	New leases	balance
			\$'000	\$'000	\$'000
Long-term borrowings	17,500	(12,500)	-	-	5,000
Lease liabilities	41,131	(12,152)	-	3,081	32,060
	<u>58,631</u>	<u>(24,652)</u>	<u>-</u>	<u>3,081</u>	<u>37,060</u>

	Opening	Net cash	Non-cash	Non-cash	Closing
	balance	flows	changes	changes	balance
2024	\$'000	\$'000	Acquisitions	New leases	balance
			\$'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>2,618</u>	<u>-</u>	<u>(5,451)</u>	<u>58,631</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.

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:

Performance rights

Tranche	Grant date	Performance period end date	Fair value at grant date	Share price at grant date	Expected volatility%	Dividend yield%	Risk-free interest rate%	Opening balance 1 July 2024	Granted	Vested	Expired / forfeited / other	Closing balance 29 June 2025
5A	22/11/2023	30/06/2027	0.340	0.34	60.00%	-	4.02%	2,340,000	-	-	-	2,340,000
5B	19/02/2024	30/06/2026	0.550	0.55	60.00%	-	3.69%	4,513,360	-	-	(1,303,533)	3,209,827
6	24/03/2025	30/11/2025	0.100	0.10	60.00%	-	3.69%	-	1,490,000	-	(410,000)	1,080,000
Total performance rights								<u>6,853,360</u>	<u>1,490,000</u>	<u>-</u>	<u>(1,713,533)</u>	<u>6,629,827</u>

Loan funded shares

Tranche	Grant date	Performance period end date	Fair value at grant date	Share price at grant date	Expected volatility%	Dividend yield %	Risk-free interest rate %	Opening balance 1 July 2024	Granted	Vested	Expired / Forfeited / Other	Closing balance 29 June 2025
3	21/11/2019	30/06/2024	0.739	2.68	35.00%	N/A	-	3,704,975	-	-	-	3,704,975
3	03/03/2020	30/06/2024	0.731	2.79	35.00%	N/A	-	667,464	-	-	-	667,464
3	16/09/2020	30/06/2024	0.970	3.33	40.00%	N/A	-	474,576	-	-	-	474,576
Total Loan funded shares								<u>4,847,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,847,015</u>

LTIP Tranches

Vesting conditions of the LTIP are set out below:

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%

Tranche 6

Vesting Condition 1	Continued service up to the 2025 AGM (30 November 2025). There are no performance conditions.
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The Group recognised an expense of \$780,000 in FY25 related to Tranches 5A, 5B and 6.

Note 22. Share-based payments (continued)

LFSP Tranches

The LFSP performance period ended at 30 June 2024. 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.

The Loan Funded (LF) shares issued under the LFSP have historically 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 was 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%. The Group has recognised a gain to the profit and loss of \$463,000 in FY25.

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			
	2025 Shares	2024 Shares	2025 \$'000	2024 \$'000
Ordinary shares - fully paid	390,004,808	336,351,678	196,908	195,531

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	3 July 2023	239,360,583		182,167
Institutional Placement	28 Jun 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
Share Purchase Plan (Retail)	15 July 2024	21,629,558	\$0.15	3,244
Shortfall Placement	3 September 2024	34,617,054	\$0.15	5,193
Share issue expense				(109)
Cancellation of loan funded shares held in trust		(2,593,482)	\$2.68	(6,951)
Balance	29 June 2025	390,004,808		196,908

Note 23. Issued capital (continued)

In June 2024, City Chic completed a fully underwritten, \$14.6m Placement of new fully paid ordinary shares to eligible professional and sophisticated institutional investors. The Placement was conducted at \$0.15 per share, resulting in 97.0 million new shares being issued. New shares issued under the Placement settled on 25 June 2024 and commenced trading on 2 July 2024.

Following the completion of the Placement, City Chic offered all eligible shareholders the opportunity to participate in a partially underwritten Retail Entitlement Offer. City Chic raised \$3.2m through the Entitlement Offer which closed on 10 July 2024 at a price of \$0.15 per New Share, resulting in 21.6m new shares being issued. New shares issued under the Entitlement Offer settled on 15 July 2024 and commenced trading on 17 July 2024.

The remaining shortfall from the Entitlement Offer, was placed on 28 August 2024. The Company received commitments totalling \$5.2 million from several of its largest shareholders for the shortfall, at a price of \$0.15 per New Share, resulting in 34.6m new shares being issued.

This final placement brings the total funds raised from the Equity Raising to \$23.0m.

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.

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 2024 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Note 24. Reserves

	Consolidated	
	2025	2024
	\$'000	\$'000
Foreign currency reserve	968	2,782
Share-based payments reserve	3,790	3,473
Loan funded shares held in trust	(13,371)	(20,322)
Loss reserve	(10,991)	(10,991)
Total reserves	(19,604)	(25,058)

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.

Movements in reserves

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

Consolidated	Loan funded shares held in trust \$'000	Loss reserve \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
Balance at 3 July 2023	(20,322)	(10,991)	2,356	1,906	(27,051)
Foreign currency translation - continued operations	-	-	-	133	133
Share-based payments expense	-	-	923	-	923
Recycling of FCTR on discontinued operations	-	-	-	743	743
FX gain / (loss)	-	-	194	-	194
Balance at 30 June 2024	(20,322)	(10,991)	3,473	2,782	(25,058)
Foreign currency translation - continued operations	-	-	-	(1,814)	(1,814)
Share-based payments expense	-	-	317	-	317
Cancelled loan funded shares	6,951	-	-	-	6,951
Balance at 29 June 2025	(13,371)	(10,991)	3,790	968	(19,604)

Note 25. Accumulated losses

	Consolidated	
	2025	2024
	\$'000	\$'000
Accumulated losses at the beginning of the financial period	(135,353)	(42,393)
Loss after income tax benefit for the period	(5,536)	(92,960)
Accumulated losses at the end of the financial period	(140,889)	(135,353)

Note 26. Earnings per share

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax from continuing operations	(8,872)	(38,409)

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Operating profit/(loss) after income tax from discontinued operations	3,336	(54,551)

	Consolidated	
	2025	2024
	\$'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	(5,536)	(92,960)

	Number	Number
<i>Weighted average number of ordinary shares</i>		
Ordinary shares – fully paid	383,394,985	240,162,162
Less: Loan funded shares	(4,847,015)	(7,440,497)
Weighted average number of ordinary shares used in calculating basic earnings per share	378,547,970	232,721,665
Weighted average number of ordinary shares used in calculating diluted earnings per share	378,547,970	232,721,665

Due to the Group's loss position, performance rights have been excluded from the above calculations as their inclusion would be anti-dilutive.

Earnings per share for loss from continuing operations	Cents	Cents
Basic earnings per share	(2.3)	(16.5)
Diluted earnings per share	(2.3)	(16.5)
Earnings per share for profit/(loss) from discontinued operations	Cents	Cents
Basic earnings per share	0.9	(23.4)
Diluted earnings per share	0.9	(23.4)

Note 26. Earnings per share (continued)

Earnings per share for loss	Cents	Cents
Basic earnings per share	(1.5)	(39.9)
Diluted earnings per share	(1.5)	(39.9)

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	
	2025	2024
	\$'000	\$'000
Franking credits available at the reporting date based on a tax rate of 30%	67,566	67,566
Franking credits available for subsequent financial years based on a tax rate of 30%	67,566	67,566

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	
	2025	2024
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	7,952	21,434
Trade and other receivables - current	4,458	6,641
Trade and other receivables - non-current	83	83
	12,493	28,158
Financial liabilities		
Trade and other payables	23,919	37,025
Borrowings	5,000	17,500
Lease liabilities - current	11,110	12,108
Lease liabilities - non-current	20,950	29,023
	60,979	95,656

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 2024 Annual Report.

In order to maintain or adjust the capital structure, the consolidated entity manages the level of debt that is prudent, facilitates the execution of the operational plan and provides flexibility for growth while managing the amount of equity and expectation of return for dividends.

As set out in Note 18 'Borrowings' the debt facility in place at year-end requires the Company to complete clean downs (which requires City Chic to repay all drawn amounts under the facility to nil for at least seven consecutive days) twice per annum, no less than three months apart. There have been no events of default on the financing arrangements during the financial year.

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 (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 FY25 approximately 21% 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 continues to assess the future cash flows of the international business, particularly given the current uncertainty in USA foreign trade policy and will look to address 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 FY25 average rates, with all other variables held constant, the impact on pre-tax loss for the year would have been \$0.1m lower/ \$0.1m higher (2024: \$0.5m lower/ \$0.6m higher).

Price risk

The consolidated entity is not exposed to any significant price risk. Product entering the USA from China is subject to tariffs and these tariff rates have fluctuated significantly under the current USA administration. The company works closely with its suppliers to share the impact of the tariffs.

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	2025		2024	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Cash and cash equivalents	3.02%	7,952	1.82%	21,434
Borrowings	6.98%	(5,000)	6.78%	(17,500)
Net exposure to cash flow interest rate risk		<u>2,952</u>		<u>3,934</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 \$0.02m higher/lower (2024: \$0.3m 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 29 June 2025 owed the consolidated entity \$2,747,000 (2024: \$4,118,000). 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 an additional allowance of \$60,000 (2024: release/gain of \$121,000) in profit or loss in respect of the expected credit losses for the year ended 29 June 2025. No amount was used from the allowance (2024: \$nil).

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 \$10.0 million was available to the Group (30 June 2024: \$20.0 million). The facility limit reduced from 19 July 2024 to \$10.0 million, following the sale of the Avenue business. 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	
	2025	2024
	\$'000	\$'000
Corporate credit card	860	259
Bank loans	4,164	1,614
	<u>5,024</u>	<u>1,873</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 - 2025						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	24,763	-	-	-	24,763
<i>Interest-bearing - variable</i>						
Bank loans	6.98%	5,349	-	-	-	5,349
Undiscounted lease liabilities	4.92%	11,807	9,388	9,671	4,031	34,897
Total non-derivatives		<u>41,919</u>	<u>9,388</u>	<u>9,671</u>	<u>4,031</u>	<u>65,009</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 - 2024						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	38,877	32	-	-	38,909
<i>Interest-bearing - variable</i>						
Bank loans	6.78%	18,686	-	-	-	18,686
Undiscounted lease liabilities	4.38%	12,638	7,106	15,798	7,390	42,932
Total non-derivatives		<u>70,201</u>	<u>7,138</u>	<u>15,798</u>	<u>7,390</u>	<u>100,528</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'.

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' 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 persons 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:

James Plummer	Chief Financial Officer (appointed 18 October 2024)
Peter McClelland	Chief Financial Officer (resigned 18 October 2024)

Compensation

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

	Consolidated	
	2025	2024
	\$	\$
Short-term employee benefits	1,720,171	1,760,942
Post-employment benefits	116,625	106,955
Short-term benefits	96,740	139,336
Long-term benefits	-	-
Share-based payments	214,676	590,324
	2,148,212	2,597,557

Note 30. Remuneration of auditors

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

	Consolidated	
	2025	2024
	\$	\$
<i>Current auditors of the company - RSM</i>		
Auditing the statutory financial report of the parent covering the Group	185,000	-
Auditing the statutory financial reports of any controlled entities	37,000	-
<i>Previous auditors of the company - EY</i>		
Auditing the statutory financial report of the parent covering the Group	114,000	535,200
Auditing the statutory financial reports of any controlled entities	-	104,800
	<u>336,000</u>	<u>640,000</u>

RSM Australia Partners (RSM) were appointed as City Chic's external auditor for the financial year ending 29 June 2025. The appointment of RSM was a result of a competitive tendering process undertaken as part of a significant cost rationalisation exercise in response to the reduction of the Company's global footprint and a resizing of the City Chic business.

It is the consolidated entity's policy to engage RSM on assignments additional to their statutory audit duties where RSM's expertise and experience with the consolidated entity are important. These assignments are principally assurance related and other advisory services, or where RSM 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 asset and liabilities

The consolidated entity had a contingent liability of \$0.8m (FY24: \$0.9m) in the form of a bank guarantee / letter of credit (refer to Note 18 'Borrowings').

As disclosed in the Material Business Risks in the Directors Report, City Chic commenced proceedings in the Supreme Court of NSW against iCare (the NSW Workers Compensation insurer) disputing the basis and calculation of historical insurance premiums. It is expected that this matter will be heard in the Supreme Court in November of 2025. Management has accrued an amount in relation to this matter in Note 17 'Trade and other payables'. As with any litigation risk there is potential for contingent liability or contingent asset depending on the outcome. Management has elected not to disclose any additional information as the matter is currently before the court.

Note 32. Commitments

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	<u>321</u>	<u>18</u>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	73	403
One to five years	-	90
More than five years	<u>-</u>	<u>-</u>
	<u>73</u>	<u>493</u>

Lease commitments include 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 29 June 2025 to which the Group is committed.

Note 32. Commitments (continued)

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 include 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 29 June 2025 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 'Interests in subsidiaries'.

Key management personnel

Disclosures relating to key management personnel are set out in Note 29 'Key management personnel disclosures' 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

	Parent	
	2025 \$'000	2024 \$'000
Revenue	97,820	88,954
Expenses	(108,343)	(107,602)
Profit before income tax	(10,523)	(18,648)
Impairment on asset	-	(75,000)
Income tax expense	2,875	3,988
	2,875	(71,012)
Profit after income tax from discontinued operations	-	-
Total profit after income tax for the year from parent entity	(7,649)	(89,660)
Other comprehensive income / (loss)	-	-
Total comprehensive income from parent entity	(7,649)	(89,660)

Note 34. Parent entity information (continued)

Statement of financial position

	Parent	
	2025 \$'000	2024 \$'000
Cash and cash equivalents	5,378	19,140
Trade and other receivables	1,745	1,830
Inventories	16,689	17,402
Other	1,410	1,953
Income tax	7	7
Total current assets	25,229	40,332
Plant and equipment	7,695	9,580
Investments in subsidiaries	52,620	52,620
Right-of-use assets	21,479	26,114
Intangibles	2,609	2,909
Deferred tax	12,620	8,427
Total non-current assets	97,023	99,650
Total assets	122,252	139,982
Trade and other payables	19,907	27,681
Intercompany	25,903	19,183
Lease liabilities	9,932	8,918
Income tax	-	-
Borrowings	5,000	17,500
Provisions	4,357	4,156
Other	969	1,048
Total current liabilities	66,068	78,486
Lease liabilities	20,260	27,450
Provisions	319	344
Total non-current liabilities	20,579	27,794
Total liabilities	86,647	106,280
Net Assets	35,605	33,702
Issued capital	196,909	195,531
Loss reserve	(10,991)	(10,991)
Share-based payments reserve	(9,582)	(16,849)
Retained (losses) / profits	(140,731)	(133,989)
Total equity	35,605	33,702

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'.
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 guarantee'. Deed of cross guarantees. No deficiencies of assets exist in any of these companies.

Note 34. Parent entity information (continued)

Capital commitments - Property, plant and equipment

The parent entity had \$321,000 in capital commitments for property, plant and equipment as at 29 June 2025 (2024: \$nil).

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 2 'Material accounting policy information', 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 throughout the notes:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025 %	2024 %
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

No matter or circumstance has arisen since 29 June 2025 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 29 June 2025

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

No entity is a trustee, partner or participant in a joint venture.

City Chic Collective Limited
Directors' declaration
29 June 2025

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 'Material accounting policy information';
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 29 June 2025 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 'Deed of cross guarantee'.
- 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 2025
Sydney



Phil Ryan
Chief Executive Officer and Managing Director