City Chic Collective Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	City Chic Collective Limited
ABN:	43 057 569 169
Reporting period:	For the 26 week period ended 27 December 2020
Previous period:	For the 26 week period ended 29 December 2019

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	13.5%	to	119,018
Profit after tax for the period from continuing operations attributable to the owners of City Chic Collective Limited	up	24.8%	to	13,063

Comments

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

	Consolidated	
	27 Dec 2020 $'000	29 Dec 2019 $'000
Net profit after tax from continuing operations	13,063	10,469
Net interest expense (excluding AASB16 impact)	209	133
Tax expense from continuing operations	5,759	5,519
Depreciation, amortisation and impairment expense (excluding AASB16 impact)	3,077	2,279
Transaction costs[1]	864	1,832
Share issue[2]	184	-
Other[3]	(428)	-
Net AASB16 impact[4]	552	(1,120)
Underlying EBITDA from continuing operations	**23,280**	**19,112**

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

	27 Dec 2020 Cents	29 Dec 2019 Cents
Basic earnings per share for the Group	5.9	5.5
Diluted earnings per share for the Group	5.8	5.5

[1] HY21 Transaction costs related to executing the acquisition of Evans; HY20 costs related to executing the acquisition of Avenue and integrating the business.
[2] HY21 Share issue costs relate to costs incurred in respect of the underwritten Placement to institutional investors and the non-underwritten Share Purchase Plan offered to eligible retail shareholders, to the extent not allocated to equity.
[3] Includes realised foreign currency gains from settling intercompany balances within the Group and the settlement and subsequent release of provision for cure costs previously recognised in respect of the acquisition of Avenue.
[4] Net impact of the AASB16 Leases adjustments to reflect pre AASB 16 rent expense in Underlying EBITDA.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	43.8	9.7

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
No dividends have been recommended for the current financial period.

Previous period
In the previous corresponding financial period, a final fully franked ordinary dividend of 1.5 cents per ordinary share was paid for the 2019 financial year; the total amount paid was $2.9m.

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

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11. Attachments

Details of attachments (if any):

The Interim Report of City Chic Collective Limited for the period ended 27 December 2020 is attached.

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12. Signed

Phil Ryan
Chief Executive Officer and Managing Director

24 February 2021
Sydney

City Chic Collective Limited

ABN 43 057 569 169

Interim Report – 26 week period ended 27 December 2020

General information

The condensed consolidated interim financial statements cover City Chic Collective Limited as a consolidated entity consisting of City Chic Collective Limited and the entities it controlled at the end of, or during the 26 week period. The financial statements are presented in Australian dollars, which is City Chic Collective Limited's functional and presentation currency.

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2021.

City Chic Collective Limited
Directors' report
27 December 2020

The directors present their report, together with the interim financial statements, on the consolidated entity (referred to hereafter as the 'Group', 'consolidated entity' or 'City Chic') consisting of City Chic Collective Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the 26 week period ended 27 December 2020 (referred to hereafter as 27 December 2020).

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
Michael Hardwick
Megan Quinn
Phil Ryan

Principal activities

City Chic Collective is a global omni-channel retailer specialising in plus-size women's apparel, accessories and footwear. It is a collective of customer-led brands including City Chic, CCX, Avenue, Evans, Fox & Royal and Hips & Curves. City Chic appeals to fashion forward women and its omni-channel model comprises; of a network of 96 stores across Australia and New Zealand; multiple websites operating in Australasia, the UK and the USA; marketplace and wholesale partnerships with major US retailers such as Macys and Nordstrom; and a wholesale business with European and UK partners such as ASOS and Zalando. Avenue targets value-conscious women whilst Hips & Curves is an intimates brand; both are online only with a significant customer following throughout the USA. Evans specialises in plus-size apparel and footwear and targets a customer base across the conservative and fashion segments; Evans is online with a broad customer base across the UK and has a growing wholesale business.

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

Dividends

City Chic is well capitalised to deliver on its strong organic growth pipeline and well positioned for future inorganic opportunities to expand the global customer base. Given the ongoing uncertainty caused by COVID-19 around the world and the potential for opportunities to accelerate growth, the Board has decided to not declare a dividend for the period.

In the previous corresponding financial period, a final fully franked ordinary dividend of 1.5 cents per ordinary share was paid for the 2019 financial year; the total amount paid was $2.9m.

Operating and financial review

The Group achieved revenue from continuing operations of $119.0m (29 December 2019: $104.8m). Net profit after tax from continuing operations was $13.1m (29 December 2019: $10.5m).

The Group ended the year with net cash of $83.0m at 27 December 2020 (29 December 2019: net debt of $2.6m).The cash balance includes the proceeds from the equity raise net of the payment for the acquisition of Evans as detailed below.

The reported operating cash flow generated for the first half is $21.3m (29 December 2019: $15.2m).

Equity raise

On 24 July 2020, City Chic completed a fully underwritten $80.0m Placement of new fully paid ordinary shares to eligible institutional investors. The Placement was conducted at $3.05 per share, resulting in 26.2 million new shares being issued, representing 13.1% of City Chic's existing issued capital. New shares issued under the Placement settled on 30 July 2020 and commenced trading on 31 July 2020.

Following the completion of the Placement, City Chic offered all eligible shareholders the opportunity to participate in a non-underwritten Share Purchase Plan (SPP). City Chic raised $31.1m through the SPP, which closed on 18 August 2020. The SPP was conducted at $3.05 per share, resulting in 10.2 million new shares being issued. The Placement and the SPP together raised $111.1m and resulted in 36.4 million new shares being issued.

Evans acquisition
On 23 December 2020, the Group completed the acquisition of the Evans brand, and the eCommerce and wholesale businesses for £23.1m (A$41.0m) in cash. Evans is a UK-based retailer of women's plus-size clothing with a longstanding customer base and strong market position. The acquisition gives the Group an excellent foundation in a new geography and is part of the Group's strategy to expand the global customer base through the digital channel.

Other
On 24 July 2020, in combination with the equity raise, City Chic also informed the market that it had been nominated as the Stalking Horse Bidder for the eCommerce assets of Catherines, which was subject to the completion of an auction process. On 16 September 2020, that auction took place in the United States, and City Chic was not the highest bidder and therefore unsuccessful in the acquisition. Notwithstanding the strategic merits of the transaction, the winning bid of US$40.8m (A$55.5m) was above City Chic’s assessment of the value of these assets.

During the reporting period, the Group repaid its $17.5m of debt in full, with the $40.0m available debt facility maturing in February 2023.

Significant changes in the state of affairs

COVID-19 Pandemic
The current reporting period has continued to be impacted by the ongoing global COVID-19 pandemic and the related government containment measures which have had a direct impact on sales.

In July 2020, the Victorian State Government reinstated restrictions in relation to COVID-19 in metropolitan Melbourne. To protect the health and safety of the team and customers, City Chic temporarily closed 18 stores in Melbourne. These stores did not reopen until late October 2020. In August 2020, the remaining four stores in regional Victoria were also temporarily closed. These stores were reopened in late September 2020.

In August 2020, an increase in the number of COVID-19 cases resulted in the New Zealand government imposing restrictions in Auckland and City Chic temporarily closed its four stores. The stores were closed for less than three weeks, reopening at the start of September 2020. In November 2020, four stores in South Australia were also temporarily closed following a government directed shutdown for three days.

As a result of the store closures and reduced activity driven at the store level, the Group negotiated reduced rents with landlords, which is reflected as a reduction in rent paid in the reporting period. The Group also received $3.5m relating to JobKeeper subsidy in Australia for the first three months of the reporting period, which was paid in its entirety to team members. Top-up amounts paid to team members over and above the actual hours worked amounted to $1.3m and are considered to be pass-through in nature rather than savings for the Group.

The US has experienced significant and ongoing waves of COVID-19 and various government directed restrictions, causing disruption to labour, logistics and consumer spending. There has been significant disruption to labour in warehousing and fulfilment and large surcharges imposed by freight carriers. In addition, the Group’s wholesale and marketplace business was largely paused throughout the period while partners addressed their own challenges caused by COVID-19.

During the financial reporting period, the Directors continued to monitor COVID-19 related developments and worked closely with management to assess and navigate through the potential implications for team members, suppliers, customers and operations.

There were no other significant changes in the state of affairs of the Group during the financial period.

Matters subsequent to the end of the financial period

The impact of COVID-19 on economic conditions both locally and globally and the heightened level of uncertainty is likely to have a near-to- medium term impact on the level of business activity and sales for the Group. As at the date these financial statements are authorised for issue, the Directors consider that the financial effects of any potential changes cannot be reasonably estimated for future financial periods. However, there is confidence that the measures put in place to drive cash flow generation since the advent of the pandemic provide a strong foundation to manage future disruption and uncertainty. The Group further strengthened its financial position by raising $111.1m of equity. There is a potential that the lower levels of forecast activity may impact the future recoverability of the Group's assets, including debtors, inventory, plant and equipment and intangible assets.

The Directors continue to monitor COVID-19 related developments and are closely working with management to assess and navigate through the potential implications for team members, suppliers, customers, and operations. The focus is to maintain production and supply of products and services whilst minimising the risk of spread of COVID-19 amongst our team members, our customers, and the societies in which the Group operates.

In January 2021, ten stores in Greater Brisbane were closed for three days as a result of a government-imposed shutdown. In February 2021, twelve Western Australian and twenty-one Victorian stores were temporarily closed following a government directed shutdown for five days. Four stores in Auckland were also closed during the same month for three days as a result of a government-imposed shutdown.

The remainder of the store portfolio in ANZ remain open and traded well in January and February. City Chic's online channel continues to operate in all geographies. The health and safety of the team and customers, as well as the guidelines provided by the government, will drive any decision on temporary store closures and reopening of stores.

No other matter or circumstance has arisen since 27 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of this report.

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

On behalf of the directors

Michael Kay
Chairman

Phil Ryan
Chief Executive Officer and Managing Director

24 February 2021
Sydney

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

24 February 2021

Dear Board Members

Auditor's Independence Declaration to City Chic Collective Limited

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

As lead audit partner for the review of the financial statements of City Chic Collective Limited for the half-year ended 27 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Annalisa Amiradakis
Partner
Chartered Accountants

Deloitte.

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

Conclusion

We have reviewed the half-year financial report of City Chic Collective Limited (the "Company"), which comprises the condensed consolidated statement of financial position as at 27 December 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration as set out on pages 8 to 29.

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

- Giving a true and fair view of the Company's financial position as at 27 December 2020 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

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

Deloitte.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 27 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Annalisa Amiradakis
Partner
Chartered Accountants
Parramatta, 24 February 2021

City Chic Collective Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 27 December 2020

	Note	Consolidated 27 Dec 2020 $'000	29 Dec 2019 $'000
Revenue from continuing operations	3	119,018	104,842
Interest and other revenue	3	814	195
Expenses from continuing operations			
Purchase and inbound-related costs of inventory[5]		(46,189)	(39,906)
Fulfilment costs[5]		(14,833)	(8,119)
Cost of sales		(61,022)	(48,025)
Employee benefits expense		(15,299)	(17,595)
Depreciation, amortisation and impairment expense		(7,158)	(8,596)
Rental-related recoveries, concessions and expenses		(1,525)	(215)
Other expenses	5	(15,279)	(13,926)
Finance costs		(727)	(692)
Profit before income tax expense from continuing operations		**18,822**	**15,988**
Income tax expense		(5,759)	(5,519)
Profit after income tax expense from continuing operations		**13,063**	**10,469**
Profit after income tax expense from discontinued operations		-	133
Profit after income tax expense for the period attributable to the owners of City Chic Collective Limited	15	**13,063**	**10,602**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(6,330)	(542)
Other comprehensive income for the period, net of tax		(6,330)	(542)
Total comprehensive income for the period attributable to the owners of City Chic Collective Limited		**6,733**	**10,060**
Total comprehensive income for the period is attributable to:			
Continuing operations		6,733	9,927
Discontinued operations		-	133
		6,733	**10,060**

[5] Cost of goods sold represents the purchase and inbound-related costs of inventory. Fulfilment costs (net) represent warehousing and freight costs to deliver online sales. In the prior period, Cost of goods sold and Fulfilment costs were together presented as Cost of sales. The additional disclosure in the current period and going forward is appropriate with the growth of the online business.

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

City Chic Collective Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 27 December 2020

	Note	Consolidated 27 Dec 2020 Cents	29 Dec 2019 Cents
Earnings per share for profit from continuing operations attributable to the owners of City Chic Collective Limited			
Basic earnings per share	20	5.9	5.4
Diluted earnings per share	20	5.8	5.4
Earnings per share for profit from discontinued operations attributable to the owners of City Chic Collective Limited			
Basic earnings per share	20	-	0.1
Diluted earnings per share	20	-	0.1
Earnings per share for profit attributable to the owners of City Chic Collective Limited			
Basic earnings per share	20	5.9	5.5
Diluted earnings per share	20	5.8	5.5

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

City Chic Collective Limited
Condensed consolidated statement of financial position
As at 27 December 2020

	Note	27 Dec 2020 $'000	Consolidated 28 Jun 2020 $'000	29 Dec 2019 $'000
Assets				
Current assets				
Cash and cash equivalents		83,005	21,382	14,901
Trade and other receivables		2,663	5,073	10,571
Inventories		48,653	38,073	36,830
Other assets	6	6,513	2,262	3,844
Total current assets		**140,834**	**66,790**	**66,146**
Non-current assets				
Plant and equipment	7	8,411	8,944	10,595
Right-of-use assets	11	18,418	22,252	30,450
Intangibles	8	75,905	39,193	39.048
Deferred tax		8,724	8,661	9,370
Total non-current assets		**111,458**	**79,050**	**89,463**
Total assets		**252,292**	**145,840**	**155,609**
Liabilities				
Current liabilities				
Trade and other payables	9	47,532	37,528	39,470
Lease liabilities	11	8,705	9,193	12,136
Income tax payable		1,423	2,530	3,191
Provisions		7,178	6,350	6,655
Other liabilities		195	77	365
Borrowings	10	-	-	12,500
Total current liabilities		**65,033**	**55,678**	**74,317**
Non-current liabilities				
Lease liabilities	11	14,323	17,998	22,594
Provisions		456	775	337
Other liabilities		1,028	-	-
Borrowings	10	-	17,500	5,000
Total non-current liabilities		**15,807**	**36,273**	**27,931**
Total liabilities		**80,840**	**91,951**	**102,248**
Net assets		**171,452**	**53,889**	**53,361**
Equity				
Issued capital	13	158,502	49,139	49,139
Reserves	14	(2,674)	2,189	716
Retained Profits	15	15,624	2,561	3,506
Total equity		**171,452**	**53,889**	**53,361**

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

City Chic Collective Limited
Condensed consolidated statement of changes in equity
For the period ended 27 December 2020

Consolidated	Issued capital $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	(Accumulated losses)/ Retained profits $'000	Total equity $'000
Balance at 1 July 2019	**49,139**	**1,141**	**(1,389)**	**(4,625)**	**44,266**
Adjustment for change in accounting policy (net of tax) (AASB 16)	-	-	-	413	**413**
Balance at 1 July 2019 - restated	49,139	1,141	(1,389)	(4,212)	**44,679**
Profit after income tax expense for the period	-	-	-	10,602	**10,602**
Other comprehensive income for the period, net of tax	-	-	(542)	-	**(542)**
Total comprehensive income for the period	-	-	(542)	10,602	**10,060**
Transactions with owners in their capacity as owners:					
Share-based payments (Note 12)	-	1,506	-	-	**1,506**
Issue of loan funded shares	20,190	-	-	-	**20,190**
Loan funded shares held in trust	(20,190)	-	-	-	**(20,190)**
Dividends paid (Note 16)	-	-	-	(2,884)	**(2,884)**
Balance at 29 December 2019	**49,139**	**2,647**	**(1,931)**	**3,506**	**53,361**

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

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

City Chic Collective Limited
Condensed consolidated statement of cash flows
For the period ended 27 December 2020

	Note	Consolidated 27 Dec 2020 $'000	29 Dec 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		126,448	114,834
Payments to suppliers and employees (inclusive of GST)		(103,928)	(95,641)
Government grants received		4,941	-
Interest received		181	45
Other revenue		138	150
Interest and other finance costs paid		(400)	(178)
Income taxes paid		(6,099)	(4,032)
Net cash from operating activities		**21,281**	**15,178**
Cash flows from investing activities			
Payments for plant and equipment	7	(1,507)	(2,769)
Payments for intangibles	8	(1,082)	(1,262)
Payment for purchase of business	19	(40,992)	(25,658)
Net cash used in investing activities		**(43,581)**	**(29,689)**
Cash flows from financing activities			
Net proceeds from the issue of shares	13	108,618	-
Repayment of lease liabilities		(5,655)	(7,220)
Dividends paid	16	-	(2,884)
(Repayment of)/Proceeds from borrowings		(17,500)	17,500
Net cash from financing activities		**85,463**	**7,396**
Net increase/(decrease) in cash and cash equivalents from continuing operations		**63,163**	**(7,115)**
Net decrease in cash and cash equivalents from discontinued operations		-	(1,207)
Cash and cash equivalents at the beginning of the financial period		21,382	23,214
Effects of exchange rate changes on cash and cash equivalents		(1,540)	9
Cash and cash equivalents at the end of the financial period		**83,005**	**14,901**

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 27 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the 52 week period ended 28 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

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

Rounding of amounts

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

Comparative amounts

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

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

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

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

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

- *AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions*
- *AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business*
- *AASB 2018-7 Amendment to Australian Accounting Standards - Definition of Material*
- *AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*
- *AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework*
- *AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

Note 1. Significant accounting policies (continued)

Impact of the initial application of amended Standards that are effective for the current period

During the current reporting period, the Group had transactions which were affected by the following newly effective standards:

Amending Standards	Description
AASB 2020-4 *Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions.*	The Group early adopted the AASB 2020-4 amendment in the prior reporting period, with its adoption having a material impact on the disclosures and amounts reported in these financial statements and the prior period's financial statements. The amendments introduce a practical expedient into AASB16. The practical expedient permits a lessee not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election does account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB16 if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met: • The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change • Any reduction in lease payments affects only payments originally due on or before 30 June 2021 • There is no substantive change to other terms and conditions of the lease. The impact on accounting for changes in lease payments as a result of applying the exemption has been disclosed in Note 11. Given this amendment was early adopted in the prior reporting period, the Group did not have to apply the practical expedient retrospectively to all rent concessions that meet the conditions in AASB16.46B, and therefore has not had to restate prior period figures.
AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*	This Standard amends AASB 3 Business Combinations. The Group has adopted the amendments for the first time in the current reporting period. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets, must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020. The Group has applied this amendment to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. Refer to Note 19 for details of the Group's acquisition of a business during the current reporting period and for details of the Group's accounting policies in relation to business combinations.

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

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 27 December 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Standards in issue but not yet effective:

New or revised requirement	When effective
AASB 2014-10 Amendments to AASs - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Applicable to annual reporting periods beginning on or after 1 January 2022
AASB 2020-1 Amendments to AASs - Classification of Liabilities as Current or Non-current	Effective for annual reporting periods beginning on or after 1 January 2022

Note 2. Operating Segments

Identification of reportable operating segments
The Group's overall strategy remains to operate as a global omni-channel retailer, focused on the plus-size market and as such the consolidated entity is organised into one operating segment, being fashion retail. Despite having numerous brands and geographies, the Chief Executive Officer (who is identified as the Chief Operating Decision Makers ('CODM')) assesses the performance and determines the allocation of resources at a single segment, consolidated level with each part of the business exhibiting similar long-term financial performance and economic characteristics.

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

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

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

Revenue by geographical area
The Group operates in the following geographical areas:

- Southern hemisphere – includes Australia and New Zealand; both regions serviced by stores and website
- Northern hemisphere – includes US, UK, Europe and Canada. US sales are comprised of online (website and marketplace) and wholesale; UK sales are comprised of online (website only) and wholesale; Canadian and European business is solely wholesale.

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

Reconciliation of net profit to Underlying EBITDA

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

	Consolidated	
	27 Dec 2020	29 Dec 2019
	$'000	$'000
Net profit after tax from continuing operations	13,063	10,469
Net interest expense (excluding AASB16 impact)	209	133
Tax expense from continuing operations	5,759	5,519
Depreciation, amortisation and impairment expense (excluding AASB16 impact)	3,077	2,279
Transaction costs[6]	864	1,832
Share issue[7]	184	-
Other[8]	(428)	-
Net AASB16 impact[9]	552	(1,120)
Underlying EBITDA	**23,280**	**19,112**

[6] HY21 Transaction costs related to executing the acquisition of Evans; HY20 costs related to executing the acquisition of Avenue and integrating the business.
[7] HY21 Share issue costs relate to costs incurred in respect of the underwritten Placement to institutional investors and the non-underwritten Share Purchase Plan offered to eligible retail shareholders, to the extent not allocated to equity.
[8] Includes realised foreign currency gains from settling intercompany balances within the Group and the settlement and subsequent release of provision for cure costs previously recognised in respect of the acquisition of Avenue.
[9] Net impact of the AASB16 Leases adjustment to reflect pre AASB 16 rent expense in Underlying EBITDA.

Note 3. Revenue

	Consolidated	
	27 Dec 2020 $'000	29 Dec 2019 $'000
Sales of goods	119,018	104,842
Interest revenue	181	45
Other revenue	633	150
	814	195
Revenue	**119,832**	**105,037**

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

	Consolidated	
	27 Dec 2020 $'000	29 Dec 2019 $'000
Timing of revenue recognition		
Goods transferred at a point in time	119,018	104,842
Geographical regions		
Southern hemisphere	70,833	69,862
Northern hemisphere	48,185	34,980
	119,018	**104,842**
Channel		
Online website	82,517	54,439
Stores	33,820	41,300
Online marketplace	1,437	4,719
Wholesale	1,244	4,384
	119,018	**104,842**

Note 4. Government grants and government assistance

The Group has benefitted from the following significant government support packages as a result of COVID-19 during the period:

Support received	Description
JobKeeper Scheme (Australia)	Due to the impact of COVID-19 on the Group's turnover, government subsidies of $3.5m were received relating to the current reporting period (2019: nil) under the Australian Federal Government's JobKeeper scheme. The entity became eligible for the Scheme from its inception in March 2020. The amounts were paid to employees in line with the government's objectives of helping businesses to continue paying employees to keep them in their jobs so that businesses can re-start when business conditions improve, for example during the period of the Victorian store closures. The grants have been deducted in the reporting period against the employee benefits expense. The Australian JobKeeper was paid monthly in arrears in the first three months of the reporting period and concluded on 27 September 2020, after which the Group was no longer eligible.

Note 5. Other expenses

	Consolidated 27 Dec 2020 $'000	Consolidated 29 Dec 2019 $'000
Other expenses		
Utility and maintenance expenses	1,181	1,652
Transactional fees and charges	2,610	1,933
Marketing expenses	6,868	4,632
Professional, consulting and insurance	2,822	2,475
Sundry expenses	1,798	3,234
	15,279	13,926

Note 6. Other assets

	Consolidated 27 Dec 2020 $'000	Consolidated 28 Jun 2020 $'000
Current assets		
Prepayments	3,635	800
Right of return assets	2,878	1,462
	6,513	2,262

Note 7. Plant and equipment

	Consolidated 27 Dec 2020 $'000	Consolidated 28 Jun 2020 $'000
Non-current assets		
Plant and equipment - at cost	24,388	23,070
Less: Accumulated depreciation	(15,977)	(14,126)
	8,411	8,944

Reconciliations

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

Consolidated	Total Plant and Equipment $'000
Balance at 29 June 2020	**8,944**
Additions	1,507
Depreciation expense	(1,482)
Accelerated depreciation	(506)
Exchange differences	(52)
Balance at 27 December 2020	**8,411**

There were no indicators of impairment based on a preliminary assessment completed for all retail stores for the financial period; a full year impairment assessment was completed at 28 June 2020 and will be completed at the end of the financial year.

Note 8. Intangibles

	Consolidated 27 Dec 2020 $'000	Consolidated 28 Jun 2020 $'000
Non-current assets		
Goodwill – at cost	60,498	22,466
Other intangible assets - at cost	7,030	6,085
Less: Other intangible assets - accumulated amortisation	(3,920)	(3,154)
Other intangible assets	**3,110**	**2,931**
Brand – at cost	11,529	12,691
Customer relationships - at cost	1,291	1,453
Less: Customer relationships - accumulated amortisation	(523)	(348)
Customer relationships	**768**	**1,105**
	75,905	**39,193**

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

Consolidated	Goodwill $'000	Brand $'000	Other intangibles $'000	Customer relationships $'000	Total $'000
Balance at 29 June 2020	**22,466**	**12,691**	**2,931**	**1,105**	**39,193**
Additions through business combinations (Note 19)	39,164	-	-	-	39,164
Additions	-	-	1,082	-	1,082
Amortisation expense	-	-	(851)	(238)	(1,089)
Exchange differences	(1,132)	(1,162)	(52)	(99)	(2,445)
Balance at 27 December 2020	**60,498**	**11,529**	**3,110**	**768**	**75,905**

The Group has performed an assessment of impairment indicators at the end of the reporting period, following the full impairment assessment at 28 June 2020. There were no indicators of impairment identified that required a full impairment test to be conducted at the half year period ended 27 Dec 2020.

Note 9. Trade and other payables

	Consolidated 27 Dec 2020 $'000	Consolidated 28 Jun 2020 $'000
Current liabilities		
Trade payables	20,564	15,737
Other payables	26,968	21,791
	47,532	37,528

Refer to Note 17 for further information on financial instruments.

Note 10. Borrowings

	Consolidated	
	27 Dec 2020 $'000	28 Jun 2020 $'000
Non-current liabilities		
Bank loans	-	17,500

During the reporting period, the Group repaid its $17.5m of debt in full, with the $40.0m debt facility maturing in February 2023. Refer to Note 17 for further information on financial instruments.

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

	Consolidated	
	27 Dec 2020 $'000	28 Jun 2020 $'000
Current liabilities		
Lease liabilities	8,705	9,193
Non-current liabilities		
Lease liabilities	14,323	17,998
Total lease liabilities	**23,028**	**27,191**

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

	Consolidated	
	27 Dec 2020 $'000	28 Jun 2020 $'000
Non-current assets		
Right-of-use assets	31,479	31,535
Less: Accumulated depreciation	(13,061)	(9,283)
Total right-of-use assets	**18,418**	**22,252**

Refer to Note 17 for further information on financial instruments.

The Group has applied practical expedient per *COVID-19-Related Rent Concessions (Amendment to AASB 16)* and recognised the effect of the rent concession in the profit and loss statement where applicable and have not accounted for COVID-19 related rent concessions as lease modifications. Rent concessions received for the current reporting period amounted to $1.0m (2019: nil).

	Consolidated	
	27 Dec 2020 $'000	29 Dec 2019 $'000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	4,089	6,317
Interest expense on lease liabilities	337	506
Expense relating to leases not accounted for under *AASB 16*	885	515

Note 12. Share-based payments

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

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

Tranche	Grant date	Performance period end date	Share price at grant date	Expected volatility %	Dividend yield %	Risk-free interest rate %	Balance at the start of the period	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the period
1	13/11/2018	30/06/2021	$1.17	35.00%	3.50%	2.12%	781,848	-	-	-	781,848
2A	13/11/2018	30/06/2021	$1.17	35.00%	3.50%	2.12%	1,237,500	-	-	-	1,237,500
2B	13/11/2018	30/06/2021	$1.17	35.00%	3.50%	2.12%	1,237,500	-	-	-	1,237,500
2C	13/11/2018	30/06/2023	$1.17	35.00%	3.50%	2.12%	2,475,000	-	-	-	2,475,000
Total Performance Rights							5,731,848	-	-	-	5,731,848
3	21/11/2019	30/06/2024	$2.68	35.00%	N/A	2.12%	7,533,448	-	-	-	7,533,448
3	03/03/2020	30/06/2024	$2.79	35.00%	N/A	2.12%	667,464	-	-	-	667,464
3	16/09/2020	30/06/2024	$3.33	35.00%	N/A	2.12%	-	474,576	-	-	474,576
Total Loan Funded Shares							8,200,912	474,576	-	-	8,675,488

During the period, 474,576 loan funded shares were issued as part of the LFSP. As at 27 December 2020, the Loan Funded (LF) shares issued under the LFSP have been treated as 'in-substance' options which have been valued using a Modified Binomial Lattice option pricing model which allows for varying exercise price. The resulting value is amortised over the vesting period on a probability adjusted basis.

Note 12. Share-based payments (continued)

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 (AEPS) 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:

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

Note 13. Issued capital

	Consolidated			
	27 Dec 2020 Shares	28 Jun 2020 Shares	27 Dec 2020 $'000	28 Jun 2020 $'000
Ordinary shares - fully paid	237,338,726	200,437,033	182,134	71,191
Less: Loan funded shares	(8,675,488)	(8,200,912)	(23,632)	(22,052)
Total issued capital	**228,663,238**	**192,236,121**	**158,502**	**49,139**

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	29 June 2020	192,236,121		49,139
Institutional Placement	30 July 2020	26,229,509	$3.05	80,000
Share Purchase Plan	24 August 2020	10,197,608	$3.05	31,103
Share issue expenses (net of tax)		-	-	(1,740)
Issue of Loan funded shares	16 September 2020	474,576	$3.33	1,580
Loan funded shares held in trust		(474,576)		(1,580)
Balance	27 December 2020	228,663,238		158,502

Note 13. Issued capital (continued)

In July 20, City Chic completed a fully underwritten $80.0m Placement of new fully paid ordinary shares to eligible professional and sophisticated institutional investors. The Placement was conducted at $3.05 per share, resulting in 26.2 million new shares being issued, representing 13.1% of City Chic's existing issued capital. New shares issued under the Placement settled on 30 July 2020 and commenced trading on 31 July 2020.

Following the completion of the Placement, City Chic offered all eligible shareholders the opportunity to participate in a non-underwritten Share Purchase Plan (SPP). City Chic raised $31.1m through the SPP, which closed on 18 August 2020. The SPP was conducted at $3.05 per share, resulting in 10.2 million new shares being issued. The Placement and SPP together raised $111.1m and resulted in 36.4 million new shares being issued.

Net proceeds of $109.4m were recorded in the share capital account, after taking into account costs of $1.7m (net of tax of $0.7m). Net cash proceeds of $108.6m was received during the current period and recorded in cash and cash equivalents. A total of 36,427,117 shares were issued and commenced trading on 31 July 2020 and 25 August 2020.

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

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

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

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

Note 14. Reserves

	Consolidated	
	27 Dec 2020 $'000	28 Jun 2020 $'000
Foreign currency reserve	(8,088)	(1,758)
Share-based payments reserve	5,414	3,947
Total reserves	**(2,674)**	**2,189**

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. The increase in the foreign currency reserve is attributable to the rise in the Australian dollar against the US dollar (27 Dec 20: spot rate of $0.76, 28 June 20: spot rate of $0.69).

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

Note 15. Retained Profits

	Consolidated	
	27 Dec 2020 $'000	28 Jun 2020 $'000
Retained profits/(accumulated losses) at the beginning of the financial period	2,561	(4,625)
Adjustment for change in accounting policy	-	413
Retained profits/(accumulated losses) at the beginning of the financial period - restated	2,561	(4,212)
Profit after income tax expense for the period	13,063	9,657
Dividends paid (Note 16)	-	(2,884)
Retained profits at the end of the financial period	15,624	2,561

	Consolidated	
	27 Dec 2020 $'000	28 Jun 2020 $'000
Retained profits at the end of the financial period comprises		
Loss reserve[10]	(10,991)	(10,991)
Retained profits	26,615	13,552
	15,624	2,561

Note 16. Dividends

Dividends
No dividends have been recommended for the current financial period.

In the previous corresponding financial period, a final fully franked ordinary dividend of 1.5 cents per ordinary share was paid for the 2019 financial year; the total amount paid was $2.9m.

Franking credits

	Consolidated	
	27 Dec 2020 $'000	28 Jun 2020 $'000
Franking credits available at the reporting date based on a tax rate of 30%	54,992	49,083
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	2,285	2,464
Franking credits available for subsequent financial years based on a tax rate of 30%	57,277	51,547

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

Note 17. Financial instruments

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

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

	Consolidated	
	27 Dec 2020	28 Jun 2020
	$'000	$'000
Financial assets (at amortised cost)		
Cash and cash equivalents	83,005	21,382
Trade and other receivables	2,663	5,073
	85,668	26,455
Financial liabilities (at amortised cost)		
Trade and other payables	47,532	37,528
Borrowings	-	17,500
Lease liabilities	23,028	27,191
	70,560	82,219

Note 18. Related party transactions

Parent entity

City Chic Collective Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties.

	Consolidated	
	27 Dec 2020	29 Dec 2019
	$'000	$'000
Payment for other expenses:		
Services provided by Southern Cross Shopfitting, a company that is associated with the Cotton On Group, of which Michael Hardwick is a Director and the CFO[11]	829,574	2,209,006
Services provided by International Southern Cross Shopfitting (NZ), a company that is associated with Cotton On Group of which Michael Hardwick is a Director and the CFO[12]	2,678	38,385

Receivable from and payable to related parties

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

	Consolidated	
	27 Dec 2020	28 Jun 2020
	$	$
Current payables:		
Trade payables to related parties	241,710	-

Loans to/from related parties

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

[11] Michael Hardwick was not involved in decision making related to Southern Cross Shopfitting and its dealings with the Group.
[12] Michael Hardwick was not involved in decision making related to International Southern Cross Shopfitting (NZ) and its dealings with the Group.

Note 18. Related party transactions (continued)

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

Note 19. Business combinations

On 23 December 2020, the Group completed the acquisition of the Evans brand, and the e-commerce and wholesale businesses ("Evans Assets") for cash consideration of £23.1m (A$41m) in cash.

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

	Fair value $'000
Inventory	4,227
Deferred tax asset	553
Provisions and payables	(2,669)
Gift card liabilities	(283)
Net assets acquired	1,828
Goodwill	39,164
Acquisition-date fair value of the total consideration transferred	40,992
Representing:	
Amount settled in cash on acquisition	40,992
Acquisition costs expensed to profit or loss	864

The ongoing assessment and valuation of the identifiable intangible assets related to the acquisition are expected to be finalised prior to 27 June 2021, within the 12-month window permitted by AASB 3. It is anticipated that amounts will be allocated to Brand and Customer List from Goodwill in the year-end financial statements.

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

The initial accounting for the acquisition of assets and liabilities has only been provisionally determined at the end of the reporting period. Management is working through the purchase price allocation with its valuation specialists to appropriately establish the value of any identified intangible assets as well as understand the trading impact since acquisition to finalise the accuracy and completeness of assets and liabilities acquired and assumed at acquisition. The provisional values will be finalised no later than in the financial statements of the Group for the 52 week period ending 27 June 2021.

In the 26 week period ending 29 December 2019, the Group acquired the e-commerce assets of Avenue Stores LLC for cash consideration of US$16.5m (A$24.6m), excluding net working capital adjustments. The acquisition was funded through cash and cash equivalents and an Acquisition Facility of $12.5m.

Note 19. Business combinations (continued)

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 20. Earnings per share

	Consolidated	
	27 Dec 2020 $'000	29 Dec 2019 $'000
Profit after income tax attributable to the owners of City Chic Collective Limited		
Continuing operations	13,063	10,469
Discontinued operations	-	133
Profit after income tax attributable to the owners of City Chic Collective Limited	13,063	10,602

Note 20. Earnings per share (continued)

	Consolidated	
	27 Dec 2020	29 Dec 2019
Weighted average number of ordinary shares		
Ordinary shares - fully paid	229,309,065	199,769,569
Less: Loan funded shares	(8,675,488)	(7,533,448)
Weighted average number of ordinary shares used in calculating basic earnings per share	220,633,577	192,236,121
Adjustments for calculation of diluted earnings per share		
Performance rights	3,675,903	1,946,394
Loan funded shares	163,383	-
	3,839,286	1,946,394
	224,472,863	194,182,515

	Consolidated	
	27 Dec 2020	29 Dec 2019
	$'000	$'000
Basic earnings per share		
Continuing operations	5.9	5.4
Discontinuing operations	-	0.1
	5.9	5.5
Diluted earnings per share		
Continuing operations	5.8	5.4
Discontinuing operations	-	0.1
	5.8	5.5

Note 21. Events after the reporting period

The impact of COVID-19 on economic conditions locally and globally and the heightened level of uncertainty is likely to have a near-to- medium term impact on the level of business activity and sales for the Group. As at the date these financial statements are authorised for issue, the Directors consider that the financial effects of any potential changes cannot be reasonably estimated for future financial periods. However, there is confidence that the measures put in place to drive cash flow generation since the advent of the pandemic provide a strong foundation to manage future disruption and uncertainty. The Group further strengthened its financial position by raising $111.1m of equity. There is a potential that the lower levels of forecast activity may impact the future recoverability of the Group's assets, including debtors, inventory, plant and equipment and intangible assets.

The Directors continue to monitor COVID-19 related developments and are closely working with management to assess and navigate through the potential implications for team members, suppliers, customers, and operations. The focus is to maintain production and supply of products and services whilst minimising the risk of spread of COVID-19 amongst our team members, our customers, and the societies in which the Group operates.

In January 2021, ten stores in Greater Brisbane were closed for three days as a result of a government-imposed shutdown. In February 2021, twelve Western Australian and twenty-one Victorian stores were temporarily closed following a government directed shutdown for five days. Four stores in Auckland were also closed during the same month for three days as a result of a government-imposed shutdown.

Note 21. Events after the reporting period (continued)

The remainder of the store portfolio in ANZ remain open and traded well in January and February. City Chic's online channel continues to operate in all geographies. The health and safety of the team and customers, as well as the guidelines provided by the government, will drive any decision on temporary store closures and reopening of stores.

No other matter or circumstance has arisen since 27 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

City Chic Collective Limited
Directors' declaration
27 December 2020

In the directors' opinion:

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

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 27 December 2020 and of its performance for the financial period ended on that date; and

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

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

On behalf of the directors

Michael Kay
Chairman

Phil Ryan
Chief Executive Officer and Managing Director

24 February 2021
Sydney