

OUTLAND DENIM Pty Ltd

REPLACEMENT CROWD-SOURCED FUNDING OFFER DOCUMENT

16TH NOVEMBER

2023

Offer of fully-paid ordinary shares in Outland Denim Pty Ltd at AUD\$1.15 per share to raise a maximum of AUD\$782,000.

This replacement crowd-sourced funding (CSF) offer document dated 16 November 2023 relates to the Offer of fully-paid ordinary shares in Outland Denim Pty Ltd and replaces the CSF offer document dated 16 November 2023. This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).

Issuer

Outland Denim Pty Ltd
ACN 608 048 120

Intermediary

Birchal Financial Services Pty Ltd
ACN 621 812 646 AFSL 502618

Always consider the general CSF risk warning and offer document before investing



Table of Contents

Section 1: Risk warning

Section 2: Information about the Company

Letter from the founders

2.1 Company details

2.2 Our business

2.2.1 About the company

2.2.2 Milestones / Timeline to date

2.2.3 Our business

2.2.4 Industry overview / competitor landscape

2.3 Business & revenue model

2.4 Business strategy

2.5 Organisational structure

2.5.1 Directors / advisors & management

2.5.2 Group structure

2.5.3 Other related parties

2.6 Capital structure

2.6.1 Issued capital (before and after the Offer)

2.6.2 Rights and liabilities associated with securities

2.6.3 Sources of financing, including debt financing and other financing

2.7 Key risks facing the business

2.8 Financial information

2.8.1 Balance sheet

2.8.2 Profit and loss statement

2.8.3 Cash flow statement

2.8.4 Statement of changes in equity

2.8.5 Management comments on historical performance and outlook

Section 3: Information about the Offer

3.1 Terms of the Offer

3.2 Use of funds

3.3 Rights associated with the shares

3.4 What can I do with my shares?

3.5 Details of previous CSF offers

Section 4: Information about investor rights

4.1 Cooling-off rights

4.2 Communication facility for the Offer

4.3 Proprietary company corporate governance obligations

4.3.1 Annual report

4.3.2 Distribution of annual report

4.3.3 Related party transactions

4.3.4 Takeovers

4.4 Company updates

Section 1:

Risk warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

Section 2: Information about the Company

Letter from the founder

We are excited to present to you the opportunity to join us on the Outland Denim Group journey as a shareholder.

Since 2011, we've been building more than a brand; we've been creating an impact ecosystem from the bottom up that leverages the power of the fashion industry to empower vulnerable women and potentially even heal our planet.

What does this “ecosystem” look like?

Initially, it was a very small team carving out a place within the global denim industry with a hope and a dream. Today it is a full-service manufacturing facility, two denim brands and a textile waste solution in its development stage.

Our manufacturing facility in Cambodia gives employment opportunities to women vulnerable to exploitation while allowing us control over the entire production and finishing of our products. Here, we provide living wages, education, health care and social support to ensure our staff are cared for and equipped to prosper.

This facility also houses our denim wash house, which uses world-leading water and energy-saving technology by Jeanologia to ensure our footprint on the planet is minimal. This enables us to produce low-impact denim to sell in some of the world's most prestigious stores.

But our impact goes beyond the product. We've seen previously exploited women become heroes in their communities, lifting themselves and others out of poverty and even slavery. Their stories, like ours, are ones of resilience, hope and commitment.

This is our third capital raise with Birchal. Rounds one and two saw us welcome over 1,800 new investors and raise \$2.1M between 2020 and 2021.

This support has allowed us to make significant strides in our mission. Since this time, we have integrated our cut-make-trim and wash house operations in Cambodia, streamlined our production process, incorporated specialised technology, and enhanced our backend systems.

And we did all this through one of the most turbulent trading periods for the fashion industry in recent history.

With this strengthened platform, we were able to grow our third-party manufacturing services by more than 400% and onboarded top Australian brands like Aje, with whom we will be launching a collaboration in November 2023. This diversified revenue stream has helped to fortify our operations and generated in excess of an additional \$1m for the Group.

In addition, we've made substantial progress in developing our proprietary textile waste solution. It's now on the verge of establishing its very first plant, which will serve as a vital resource for both brands and households, addressing the estimated 227,000 tonnes of textiles ending up in landfill each year in Australia alone (1).

Now we're excited to present you with the opportunity to join us in the next stage of our growth.

A letter from the founder

In August this year, we were presented with a unique opportunity: to acquire our former closest competitor and one of Australia's top premium denim brands, Nobody Denim. With a rich history dating back to 1999, Nobody Denim has cultivated a loyal customer base of over 60,000 individuals and achieved \$5.6M in revenue in FY23. Celebrated worldwide for its premium denim, the acquisition of the Nobody Denim brand marks a monumental leap in our mission as we expand our reach to empower even more individuals and transform communities.

The impact our businesses can make together is exponential. The Nobody Denim and Outland Denim brands are two iconic premium denim brands catering to consumers willing to pay a premium for quality, sustainably made pieces that make a positive difference. Cumulatively they are stocked in over 170 stores with international expansion within our sights.

This strategic move doesn't just benefit our artisans and the environment; it has the potential to amplify the value proposition for you, our investors, who will become part owners in a growing list of purpose-led businesses, including Outland Denim, Nobody Denim, our manufacturing arm, Maeka, and our textile waste solution.

In 2018, legislation was passed that allows us to realise our vision of enlisting a broader base of investors to create a truly community driven company with a global vision to be a solution for the scourge of modern slavery and correct the exploitative social and environmental practises within the fashion industry. Our vision is bigger than our company. But our growth gets us closer.

To date, we have cumulatively raised over AUD\$10 million in funding to invest into building our social impact business model, our environmentally sound infrastructure, our product range, and our brand awareness.

For us, widening our financial support base via a third equity crowd-funding raise has one very positive effect outside of facilitating our plans for growth: creating active brand advocates who have greater brand ownership, and therefore loyalty, who can in turn increase awareness and share in the value created by their own altruism.

Our unique business model has garnered us media attention the world over. We have been featured in Vogue, Vanity Fair, Forbes and The Financial Times amongst other leading publications, and our jeans have been worn by Meghan Markle, Leonardo DiCaprio, Holly Willoughby and Isabel Lucas, amongst others. Your investment will help us accelerate and fortify our plans for international expansion and greater market share. More particularly, we plan to use the funds to address these operational priorities:

Brand Synergies: *Our first priority is to integrate the Nobody Denim brand into the Outland Group, and ensure both brands maintain their unique identity while working together synergistically. This will involve the integration of some operational functions and a honing in on branding.*

Manufacturing Transition: *We will transition Nobody Denim manufacturing into the Maeka production house, aligning with our commitment to ethical manufacturing and social enterprise.*

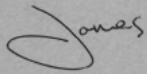
International Expansion (Outland): We will continue to push the Outland brand into international markets, supported by a robust influencer strategy to strengthen our wholesale business globally.

Website Enhancement: A complete website rebuild for Outland Denim will enhance the online shopping experience and brand representation.

Preparation for International Expansion (Nobody Denim): We will initiate the groundwork to prepare Nobody Denim for international expansion, laying the foundation for sustainable growth.

As industry and consumers continue to grapple with changing global dynamics, we are focused on diversifying and strengthening our revenue channels, meeting consumer desire for purpose-led brands with beautiful, quality products, and communicating our unique point of difference to the world.

Growing our business ultimately allows us to grow our impact and change the fashion industry and its practises from within. We thank you for considering an investment in the Outland Denim Group.



James Bartle
Founding CEO, Outland Denim Pty Ltd

"Our model equally prioritizes social and environmental impact and profitability for sustainable, scalable success."

2.1 Company details

This offer of shares is made by Outland Denim Pty Ltd ACN 608 048 120

Company name

Outland Denim Pty Ltd

ACN

608 048 120

Date of incorporation

4 September 2015

Registered office

1 Vincents Chartered Accountants
Level 34 / 32 Turbot Street
Brisbane City
QLD, 4000 Australia

Principal place of business

121-129 Knoll Road
Tamborine Mountain
QLD, 4272, Australia

Directors

James Bartle
Malcolm Valler

Subsidiaries

Outland Denim Holdings Pty Ltd (100% wholly owned)
Outland Denim Trading Pty Ltd (100% wholly owned)
Outland Denim IP Pty Ltd (100% wholly owned)
Eco-core Holdings Pty Ltd (100% wholly owned)
Eco-core Trading Pty Ltd (100% wholly owned)
Eco-core IP Pty Ltd (100% wholly owned)
Raytecs Co., Ltd - Cambodia Company (100% wholly owned)
Raytecs Trading Ltd - Hong Kong Company (100% wholly owned)
Huskland Holdings Pty Ltd (60% owned)
Huskland Trading Pty Ltd (60% owned)
Huskland IP Pty Ltd (60% owned)

Share registry

www.cakeequity.com

Website

www.outlanddenim.com
www.nobodydenim.com
www.maekastandard.com

Certified B Corporation

**OUR
VISION
IS TO
HARNESS
THE POWER OF
THE FASHION
INDUSTRY
TO UPLIFT
HUMANITY
AND HEAL
THE PLANET**



Our vision is to strategically leverage the influential capacity of the fashion industry as a catalyst for global change. We are committed to pioneering a movement that transcends the traditional boundaries of fashion, aiming to empower communities, foster ethical manufacturing practices, and champion sustainability. Through our unwavering dedication, we aspire to not only uplift humanity but also to initiate a restorative process for the planet's ecosystems. We believe in creating a legacy that echoes our dedication to social responsibility and environmental stewardship, setting a new paradigm for the industry.

2.2 Our Business

The Outland Denim Group exists at the nexus of human rights, environmental rights and the economic necessity of creating sustainable livelihoods.

We want to create a better way to “do denim” while also doing good for people.

We believe that sustainable employment must go hand in hand with the transition to a greener economy and the alleviation of poverty.

We believe that the future must be inclusive of the poor as well as the privileged. Part of our operational mission is to bridge this gap.

Our aim is to demonstrate that beyond the brands, denim factories, and the full supply chain, can be humanly and environmentally harmonious.

Our sustained commitment to our core values of creating opportunity for vulnerable people while mitigating climate impacts plays a part in keeping forward momentum for both human and environmental rights at a time of global instability and fragmentation.

It also places us at the forefront of citizenship in the global fashion industry.

Our Scorecard

Following our equity raise in July 2021, we have:

Strategic focus area

Progress since 2021 offer

Drive wholesale business

We engaged a wholesale fashion sales agency to take our product to market in the USA and Europe, achieving our highest wholesale sales result ever for Resort '23.

Digital sales & marketing

Invested into our e-commerce business and digital advertising channels.
Commenced a new website build to improve customer experience, retention and conversion rates.

Product development

Expanded and developed our product offering, including improving our fits and quality while bringing new offerings to market.
Increased seasonal SKU count and timed the release of trend products to meet the market at the front end of new trend releases.

Diversify revenue streams

We increased manufacturing production capabilities and diversified our income streams through our Maeka production facility.
This enabled us to onboard an additional four clients in FY23 alone.

Social impact

We continued to develop and measure our social impact, publishing an additional two impact reports and conducting ongoing employee surveys at the factory level.
We continued to engage in the “Sag Salim” communications program to engage farm-level workers in the Turkish cotton supply chain.

Environmental impact

Invested in new plant equipment to improve efficiencies and sampling capabilities, and therefore reduce our environmental impact.

R&D

Invested into proprietary research to close the loop on textile waste with a commercially scalable solution.

2.2.1 About the company

ABOUT OUTLAND DENIM PTY LTD (HOLDING COMPANY)

Outland Denim Pty Ltd is the holding company for the Outland Denim brand, Raytecs Cambodia (operating as “Maeka” manufacturing), the Maeka Standard™, Nobody Denim (brand) and Huskland (textile waste solution). Our vision is to see the end of modern slavery and exploitation, particularly in the global fashion supply chain, in our time. Our production facility in Cambodia was founded as an initiative to offer living wages, training, holistic support, education and health care benefits to women and men who had/have previously been exploited or disadvantaged. The facility uses water, energy and chemical saving technology by Jeanologia and is committed to full supply chain due diligence, transparency, and ethical manufacturing principles in alignment with global best standards.

Our Mission

Our mission as a Group is to harness the power of the fashion industry to uplift humanity and heal the planet.

Our Objectives

Today, our primary focus is the seamless integration and scaling of the Nobody Denim brand, which boasts 60,000 customers and generated \$5.6M in FY23.

This marks a significant milestone as we expand our reach and mission to empower more women. Our sights are firmly set on global expansion for both Outland and Nobody Denim. This strategic move is aimed to solidify our leadership in sustainable fashion on a global stage.

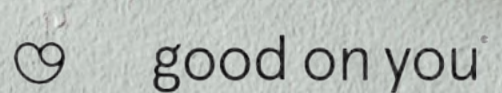
Our History

For over a decade, Outland Denim has championed sustainability, transformed vulnerable communities through living wages, healthcare, and education, and put people at the centre of the conversation in fashion. We have incorporated environmentally sound production methods through the adoption of Jeanologia technology in our vertically integrated wash house, which we established in 2019. We source the finest premium raw materials from across the world, including organic cotton, and develop our products and designs for longevity in the marketplace, ensuring that each product holds its value. We aim to empower people and protect the planet through our purpose-driven ecosystem.

Today the Outland Denim Group includes Outland Denim, Raytecs (trading as Maeka), and Huskland, our in-development textile waste solution. Now, we proudly welcome the Nobody Denim brand into this family. This is a monumental leap in our mission as we expand into more retail doors across Australia and prepare for international expansion.

Our Accolades & Awards

Through these achievements, we don't just stand apart in the marketplace, we lead by example, inspiring change across the industry.



2.2.2 Milestones / Timeline to date

Our journey from small-scale start-up to full-service denim manufacturer and brand hub:

2011: Our founder and CEO visits Cambodia, identifies the need for sustainable employment opportunities for young women vulnerable to human trafficking. The 'Denim Project' begins in beta mode working alongside a localised NGO to offer opportunities to a small group of potential seamstresses.

2012: The first small-scale production house is set up in Cambodia. Jean patterns are developed and seamstresses are skilled in jean making. First raw materials are ordered, and first product prototypes developed.

2013: First jeans are sold into the Australian market. AU\$28k of stock is sold over a three-day pop-up. Social proof: there is a market for ethically made denim that posits a solution to modern slavery.

2014: Further product and staff development. First documentary is produced as proof of concept is established. One team member reports she has been able to complete the family home and buy her sister back from a man who had enslaved her.

2015: Outland Denim Pty Ltd is incorporated on 20 April 2015. Our first International Operations Manager embeds in Cambodia to steer the local team as preparations are made to pivot to a for-profit company. Staff base is expanded to include women from varying backgrounds of vulnerability.

2016: First round of seed funding is raised. Official launch to market in September 2016. National media coverage including Collective Hub, Mamamia, Smith Journal. The Weekend Edition.

2017: Outland partners with Caulfeild Apparel Group to launch into North American and Canadian stores. Positive brand reception. Accounts open with Holt Renfrew and Harry Rosen.

2018: Distribution secured through Thelconic.com.au. Graded A+ in the Baptist World Aid Ethical Fashion Report. B Corporation status achieved making Outland the first Australian denim brand, and second globally, to be B Corp certified. In October, Meghan Markle, The Duchess of Sussex, wears Outland jeans on the Royal Tour of Australia, New Zealand, Tonga and Fiji. The "Markle effect" takes hold. Outland is a finalist in the Thomson Reuters Stop Slavery Award.

2019: Purchase of our wash house facility in Phnom Penh, Cambodia. Second round of seed funding commences. Outland launches into David Jones stores. Production is scaled. Karen Walker collaboration launch in October. Leonardo DiCaprio wears Outland. Outland named Common Objective "C10" Sustainability leader.

2020: Outland pushes into the USA with spring/summer 2020 collection and launches into Nordstrom and Bloomingdales. Expands into three David Jones stores. Wins Thomson Reuters Stop Slavery Award for SMEs. Launches first equity crowd-funding campaign March/April 2020. COVID-19 pandemic causes disruption to global retail and wholesale business, production and supply chains. Factory closes temporarily and staff work from home. Launch of supply chain due diligence program with Precision Solutions Group (PSG) and Bossa Denim to ensure Turkish cotton farm workers are Covid safe: this reached 580,000 people between May and August. Nottingham University publish "*Social Progress and Responsible Business Practice: A study on Outland Denim's Cut and Sew Facility in Cambodia (2019)*". First Outland Denim Impact Report is produced and published.

2021: Build-out of manufacturing capacity for third-party production. Launch of first ready-to-wear capsule collection in February: the collection utilises hand-loomed, GOTS certified fabrics from Five P, a social enterprise in India. The SPELL x Outland Denim collaboration launches in May: an enduring production partnership is born. Second equity crowd funding campaign launches in June. Company achieves 100% traceability of its organic cotton supply chain. Recognition as B Corporation Best for the World™ honouree in the area of Community. Publication of company's maiden Modern Slavery Statement.

2022: Finalist in World Justice Challenge for the Outland Denim x Precision Solutions Group (PSG) Sağ Salim partnership.. Outland reduces Australian staff headcount. Consolidation of two Cambodian factories in December 2022. 43 staff choose to move on after training in financial management. Recognition as B Corporation Best for the World™ honouree in the area of Community.

2023: Outland Denim announced a boost to its B Corporation score by 43% after undergoing the recertification process. The Outland Denim Group acquires the Nobody Denim brand in September. Launch of third equity crowdfunding campaign in October. Highly anticipated launch of Aje x Outland Denim capsule collection in November.

2.2.3 Our business

OUTLAND DENIM GROUP IMPACT ECOSYSTEM

Each brand has been created to address a specific part of the clothing life cycle.

1.

NOBODY DENIM
OUTLAND DENIM

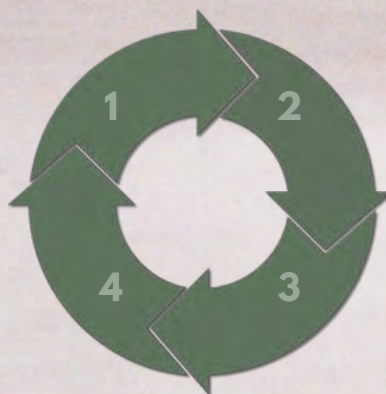
Brands

The Outland Denim Group band is a globally recognised, vertical fashion company delivering exceptional quality apparel with best-practise sustainable properties. The brand has been awarded for making social and environmental strides, and worn by celebrities.

4. **HUSKLAND**
TEXTILE SOIL REGENERATORS

Waste
Repurposing

Huskland diverts textiles from landfill and incinerators (a common industry waste disposal practice) while locking carbon in the fibres and turning the byproduct into a soil improver product that promotes soil health.



2.

maeka

Manufacturing

Ten years of research, testing and refinement to develop the highest standards in apparel production using evidence-based, climate and socially positive solutions and industry leading technology. We have made this solution available to a wider range of brands.

3.



Credibility & compliance

A holistic, internationally recognised social & environmental supply chain compliance solution that marks every garment produced by MAEKA™, in turn giving brands and consumers confidence in its integrity.

The Outland Denim Group represents two premium denim brands, manufacturing operations and a textile waste solution. This unique grouping of purpose-led, ethical, sustainability focused companies is well positioned to seize on ongoing consumer demand and desire for companies with tangible ESG (environmental, social and governance) initiatives at the core of the business model. Translating this goodwill into sales, and vice versa, is the driving force behind our strategic growth efforts, including the acquisition of the Nobody Denim brand.

THE NEW STANDARD IN FASHION

OUTLAND DENIM



HUSKLAND
TEXTILE WASTE SOLUTIONS

NOBODY DENIM

OUTLAND DENIM

Outland Denim crafts premium denim jeans designed to bring the worlds of our makers and customers closer together. Our Australian-born, Cambodian-made label has built its reputation on humanitarianism, transparency, sustainability—and just really good jeans. Each Outland Denim piece is cut, sewn and finished in our vertically integrated factory situated in Phnom Penh, Cambodia. The ultimate goal is to equip and empower the women and men under the auspices of Outland to become the authors of their own futures through our holistic support model: living wages, education, upskilling and health care. Each pair of Outland Denims spares the earth and elevates the women and men who artfully craft each garment, all while making our customers look (and feel) amazing. Outland Denim is Australia's first Certified B Corporation™ denim brand.

Outland currently has a retail footprint of over 50 stores, including David Jones, and online marketplaces The Iconic and Moda Operandi, and annual revenue for the Outland Denim brand of \$1.3 million for FY2023.. The business has three sales agencies covering three jurisdictions: North America and Europe, Australia and New Zealand. Independently owned boutique chain Eco-D represents the business's largest retail client. Outland has attracted favourable media coverage, from Vogue to Forbes, has been featured in books including Cult Status by Tim Duggan and Wear Next: Fashioning the Future by Clare Press, and has been worn by Meghan Markle and Leonardo DiCaprio, sealing the brand's iconic status.

The Outland product design lens starts with sustainability. For us, this means we are looking at the full lifecycle of our products, from our raw materials to our production and handling, and deciding what will make a well-rounded impact across our key sustainability measurement points: social,

environmental and economic. Each of our garments is made from sustainable raw materials, including organic and recycled cotton, with meticulous attention to detail and is finished in our vertically-integrated wash house, which utilises water, energy and chemical saving technology by industry leader Jeanologia.

With the underlying objective to affect further positive change, Outland Denim has committed to complete supply chain sustainability in a number of ways, one of which is by ensuring Responsible Purchasing Practices to help suppliers achieve efficient production, and support worker rights. Transparency is fundamental to ensuring that our supply chain is ethical. Our priority is integrity in every stage of manufacturing. All Outland Denim suppliers are required to comply with our Code of Conduct and are displayed on our website following the commencement of the supply contract.

From its inception Outland Denim has been about addressing humanitarian injustice, and in doing so joins a passionate group of policy and law makers, abolitionists, researchers, NGOs, charities and business leaders around the world who have been paving the way for a fairer world - one in which fashion, commerce and consumerism do not compromise human or environmental rights. Each year we create an Impact Report with the view to engaging our customer base with our progress.

We provide our customers with the ability to showcase their humanitarian values through the garments that they wear, while in turn equipping our staff with the confidence that comes from knowing their garments are worn and loved globally.

Instagram: @outlanddenim (57.9k followers)
Facebook: Outland Denim (11k)
Website: outlanddenim.com
EDM: 31k subscribers



NOBODY DENIM

The Nobody Denim brand story began with a small, family-built denim laundry in the back streets of Melbourne, Australia in 1999. Since then, Nobody Denim has been celebrated in Australia and around the world for premium denim clothing and branded jeans. Nobody's approach to design is considered, mixing understated ease with quality fashion staples that bridge classic looks with contemporary style. Nobody edits make men and women feel more confident in themselves and in their world with ethically made premium denim, a strong community ethos and collaborative and creative brand culture.

Nobody Denim has a national retail footprint of approximately 145 stores, and distributes approximately 50,000 units each year via its channels accounting for revenue of \$5.6M in FY23. This includes leading premium womenswear boutiques, department store David Jones and The Iconic.

Instagram: @nobodydenim (95.8k followers)

Facebook: nobodydenim (38k followers)

Website: nobodydenim.com

EDM: 68k subscribers

Nobody's own e-commerce business is a significant source of revenue. The brand has been represented by notable Australian Women, including Lara Bingle and Jessica Gomes, and has been worn by an enviable list of international and local trendsetters over the years, including Beyonce, Rhianna, Miranda Kerr, Emma Stone, Rozalia Russian and Petra Mackova. The brand has built a loyal community following over 140k fans across social media and email subscription platforms.

Notably, in its acquisition of the Nobody Denim brand, the Outland Group has retained ownership of the brand trademarks (2) amongst other assets; this excludes companies associated with the Nobody Denim brand. *Brand trademark ownership is in transition.*



ABOUT RAYTECS (TRADING AS MAEKA)

The genesis of the Outland Denim Group, Raytecs, trading under “Maeka”, is our manufacturing hub located in Phnom Penh, Cambodia, with the missional focus of mitigating vulnerability to modern slavery through safe and sustainable employment opportunities. The company is responsible for the end-to-end construction and finishing of garments, and specialises in working with denim. The Raytecs factory utilises eco-friendly water, energy and chemical saving technology by Jeanologia and abides by stringent ethical manufacturing principles, including the ZDHC MRSL for chemical safety. The factory is also audited by a third party, such as Elevate, and participates in the Switch Energy Audit by the Global Green Growth

Institute (GGGI). This gives Raytecs customers, including Outland Denim, confidence in the dignity of the finished products that carry their brand names. Raytecs maintains supplier relationships, sources raw materials, and works alongside brands to ensure the delivery of their products to spec following the sampling and approval process. It prioritises sustainability in each step of the product development process, the safe and fair treatment of staff, and supply chain due diligence and traceability. Today it creates products for global designer brands that share the same ethical and sustainability values, including Karen Walker, Aje and Spell.

Website:

<https://www.maekastandard.com>



OUTLAND DENIM



HUSKLAND
TEXTILE WASTE SOLUTIONS

NOBODY DENIM

The MAEKA Wash House: Authentic denim. Innovative methods.

Our Wash and Finishing facility (aka The Wash House) is where we add elements like fading, tone, and distressing details to our jeans - basically all the rich characteristics that bring them to life. In the world of denim, this stage conventionally relies on toxic chemicals, extreme water and energy use, and techniques that are harmful to both the environment and garment makers. This is why we opened our very own Wash House and fit it out with innovative, state-of-the-art water, energy, and chemical reducing technology by Jeanologia. Led by our expert Textile Engineer, The Wash House allows us to have control of our environmental impact while also creating further job opportunities.

Ozone Washing

Ozone is the greenest oxidising agent available, and it's the process responsible for that beautiful 'aged' look in your denim. It replaces traditional techniques of using harsh chemical bleaching agents and pumice stones, plus reducing the amount of water, energy and chemicals required.

E-Flow

Each denim wash is created by using a unique 'wash recipe' made up of water and chemicals, and E-Flow is how this recipe is transferred onto the garment. E-Flow takes air in the atmosphere and converts it into nanobubbles. It then coats the bubble with just the right amount of 'wash recipe' to transfer onto the garment. This unique combination of

digital programming and innovative science isn't just very cool, it also reduces waste by releasing just the right amount of water and chemicals needed to complete the garment.

Laser

Laser technology is exactly what it sounds like. Using this machine our Wash Engineers are able to program in the exact placement of denim fading and whiskering and our Laser does the rest, by, quite literally, lasering the pattern onto the garment. This method is not only faster, but it also replaces the existing methods of scrapping and washing to create authentic designs with significantly less use of water and energy.

Zero Harmful Chemicals

We exclusively use Green-screen, Bluesign or Standard 100 by OEKO-TEX® certification chemicals. This ensures strict testing for no harmful chemicals. All chemicals used in our wash and finishing process are certified to meet Level 1 or Level 3 ZDHC Manufacturing Restricted Substance List V2.0.

Using Technology To Reduce Chemical

Use. The chemicals we use might be safe, but that doesn't mean we can't continue to try and reduce our reliance on them. With state-of-the-art wash and finishing technology, and the expertise of our textile engineers, Outlands are made with up to 85% less chemicals and on average 75% less chemicals during the wash and finishing phase in comparison to conventional methods.

HUSKLAND

TEXTILE WASTE SOLUTION

The fashion sector faces a critical challenge with the disposal of textiles contributing significantly to environmental degradation globally. In Australia alone, a substantial amount of clothing is discarded annually: the Australian Fashion Council estimates more than 227,000 tonnes of clothing ends up in landfill each year (3). Huskland is committed to repurposing textile waste into secondary products, thereby reducing the environmental footprint. This process involves a transformation that stabilizes the carbon content of the materials. The method is acknowledged by leading climate authorities as a scalable solution for carbon reduction (4). Our concept has been supported by La Universidad de Alicante. One more research stage is to be complete before we initiate a pilot.

RETURN
TO
EARTH

Huskland is addressing the fashion industry's waste issue by converting discarded textiles into carbon-stabilizing products that rejuvenate degraded soils.

2.2.4 Industry overview / competitor landscape

The US\$2.5 trillion fashion industry (5) is sophisticated but highly fragmented with low barriers to entry and a globalised approach to product development, manufacturing, distribution and marketing. The fashion industry's impact on global economics, culture, the environment and people is substantial. It represents about 2% of global GDP, up to 10% of the world's carbon emissions and is said to employ up to one in eight working people across the globe, or approximately 430 million people (6). It produces approximately 100 to 150 billion items each year. It is also one of the top five most exploitative industries on the planet: garments account for US\$147.2 billion worth of goods at risk of modern slavery imported by G20 countries (7). The trend-driven "fast fashion" segment offering cheap clothing at a low cost and high volume has been a major source of environmental damage and resource depletion (8).

The COVID-19 pandemic had a significant effect on the fashion industry globally and altered the market environment (9). According to Euromonitor, the global apparel and footwear market size shrunk in 2020 by -18.1% (to US\$1.45 trillion), while McKinsey states that the fashion and apparel industry suffered a 20% decline in revenues for the 2019-2020 fiscal year (10). The Business of Fashion reported 27-30% revenue reductions (11). However, the online apparel market grew faster year on year in 2020 amid the

Covid-19 pandemic compared to the years before (12). In the US, e-commerce sales increased by \$244.2 billion or 43% in 2020, the first year of the pandemic, rising from US\$571.2 billion in 2019 to US\$815.4 billion in 2020 (13). The effects of physical store closures, supply chain disruption, furloughed workers and inflationary pressures on business and consumers are still being felt today, leading to operational strain, unusual supply and demand dynamics, and significant company closures. The peak sales for online channels experienced as a result of Covid-19 restrictions have subsided and normalised (14), but ecommerce remains a major engine of global growth. In 2021, retail e-commerce sales amounted to approximately US\$5.2 trillion worldwide. This figure is forecast to grow by 56% reaching about US\$8.1 trillion by 2026 (15). The Australian e-commerce fashion market revenue is expected to show an annual growth rate (CAGR 2023-2027) of 10.8%, resulting in a projected market volume of US\$12.8bn and 15.2m users by 2027 (16).

IBISWorld notes that industry revenue for clothing retailing in Australia increased at a CAGR of 2.7% over the past five years, to reach an estimated \$23.2bn in 2023 noting an anticipated 5.6% decline in the current year (2023), as consumer uncertainty and economic instability encourage individuals to reduce expenditure on clothing (17).



Deloitte Access Economics reports retail turnover in Australia fell by 0.6% over the March 2023 quarter – locking in a retail recession after the 0.3% decline in the December quarter of 2022 (18).

This overall slowdown in consumer spending is expected to continue into 2024 before it regains momentum. Total real retail turnover is expected to rise from -0.7% across calendar year 2023 to 1.3% in calendar 2024. “This return to growth would be spurred by more people and also more open wallets. As inflation continues to track down there is expected to be a point in 2024 where real wage growth becomes positive again,” says Deloitte (19).

The biggest players in Australian clothing retail include Cotton On Group, Premier Investments (Jay Jays, Just Jeans, Dotti, Peter Alexander, Portmans) and Country Road Group (Country Road, Witchery, Trenery, Politix). Economies of scale and centralised operations allow such successful companies to account for up to 40% of industry revenue (20) and set consumer price expectations. Globally the biggest players in apparel by revenue are Inditex (US\$35.5bn), Hennes & Mauritz (US\$21.4bn), Fast Retailing (Uniqlo) with US\$16.8bn, Gap (US\$15.6bn), PVH (US\$9bn) and Lululemon (US\$8.1bn) (21).

The Euromonitor International Apparel and Footwear Inflation Tool shows that, in the case of apparel, costs were generally passed on to the consumer during the first 18 months of the pandemic (March 2020-September 2021), but since then, brands

have been absorbing these costs and sacrificing margins, with a 12-percentage-point gap, on average, between March 2022 and March 2023. “If the decreasing trend for COGS continues, June 2023 will be the inflection point and industry players will have to decide if it is time to recover some of the lost margin or if they should lower prices to gain volume sales instead.” (22)

The Outland Group’s own company stabilisation plan actioned over 2021-2023 involved a reduction in staff numbers and a factory closure (23) with a focus on enhancing overall operational efficiencies and fully integrating our production operations. While the Group downscaled following pandemic-related decelerated growth in the retail and denim categories, the efficiency gains and learnings, in addition to elevated product price points addressing a more affluent consumer, have put us in good stead to capitalise on the re-opening of the global retail market and regain growth momentum, including in the ethical and sustainable fashion space.

Sustainable fashion - green shoots of growth

Sustainability is increasingly important to consumers globally with more adopting sustainable lifestyles (24) and choosing products that align with their values. According to the Australian Fashion Council, 87% of Australian consumers are willing to pay more for ethical and sustainable products (25). YouGov defines 'sustainable fashion' as “clothing, shoes and accessories that are designed, manufactured, distributed,

and used in an ecologically and socially responsible manner (e.g. products made from recycled/organic materials)” (26). YouGov Surveys shows that two in five (41%) consumers say they have purchased one or more sustainable fashion products before, and Gen Z (born 1997-2009) and Millennials (1981-1996) consumers are the most likely to have bought a sustainable fashion product (27).

The Australian green fashion market had total revenues of \$1.8 billion in 2022, representing a compound annual growth rate (CAGR) of 5.7% between 2017 and 2022 (28). “Green Fashion” is defined as clothing, footwear, and accessories that are sustainably produced and consumed by considering both environmental and socioeconomic factors (29). The global ethical fashion market reached a value of nearly \$7.5 billion in 2022, having grown at a compound annual growth rate (CAGR) of 6.5% since 2017. The market is expected to grow from \$7.5 billion in 2022 to \$11.1 billion in 2027 at a rate 8.1%. The market is then expected to grow at a CAGR of 8.6% from 2027 and reach \$16.8 billion in 2032 (30).

According to Research & Markets,

“The Global ethical fashion market is fragmented, with a large number of players. The top ten competitors in the market made up to 12.79% of the total market in 2021. The ethical fashion is also characterized by low barriers to entry, brands targeted at specific consumer segments.

Eileen Fisher Inc. was the largest competitor with 2.98% of the market, followed by LVMH Moët Hennessy Louis Vuitton (LVMH) with 2.63%, Levi Strauss & Co. with 1.66%, H&M Conscious (H&M Group) with 1.65%, Reformation with 1.34%, Everlane with 0.89%, Tentree with 0.58%, Patagonia, Inc. with 0.45%, Wear PACT LLC with 0.30%, and United By Blue with 0.30%.” (31)

Significant players in the “sustainable luxury” conglomerate space include LVMH (Celine, Dior, Fendi, Loewe, Louis Vuitton, et al, with a majority stake also in Birkenstock (32, 33) through its private equity arm L Catterton), and Kering (Gucci, Balenciaga, Bottega Veneta, Yves Saint Laurent, Creed and Alexander McQueen). In the next tier reside brands such as Stella McCartney, Gabriela Hearst, Vivienne Westwood and Chloe.

More accessible sustainable brands include Arnsdorf; Everlane (an L Catterton, Imaginary Ventures, 14W Ventures, and Maveron portfolio company) (34); Patagonia (owned by the Holdfast Collective and the Patagonia Purpose Trust (35) where The Holdfast Collective - a non-profit dedicated to climate change - owns 98% of the company and all of the nonvoting stock); Ganni (also backed by L Catterton); Reformation (majority owned by private equity firm Permira); Tentree; People Tree; Pangaia; Kowtow; Sezane; Outerknown; Eileen Fisher; Mara Hoffman; Allbirds; Able; Maggie Marilyn; and PACT. Other brands, such as H&M,

offer the market affordable, entry-level sustainable options such as through “H&M Conscious”, but their sustainability commitments have been questioned (36): it’s estimated H&M produces 550 million garments annually (37).

Attributes that might make a brand “sustainable” can include the types of fibres and fabrics used (e.g. organic, regenerative, recycled), production methods, carbon offsetting commitments, recognised certifications, and animal and human rights. Notably, distinguishing brands with genuine commitments to sustainability from those with “greenwashing” marketing regimes has been an issue of contention, and green claims are receiving further government attention, particularly in the EU (38), but also in Australia through the ACCC, which defines ‘greenwashing’ as when “a business uses any claim, or omits key information, that makes a product or service seem better or less harmful for the environment than it really is” (39). A lack of standardisation across the industry makes sustainability substantiation a competitive industry in itself. Outland attempts to address this problem through transparent reporting and communications.

The Outland brand is the beneficiary of first-mover advantage in the denim sustainability space, particularly in the adoption of a 360-degree approach to sustainability incorporating social, environmental and economic benefits. This has been acknowledged by the consumer platform Good On You (in which we receive a “Great” rating) (40), and in our status as a B Corporation: we achieved a score of 160.2 compared to an industry average of 90.7 for the apparel sector (41) (for comparison, Patagonia received a score of 151.4, TOMS 121.5, Parker Clay 112, Eileen Fisher 89.1, and Bellroy 80.9) (42).

B

IMPACT SCORE



Based on the Impact assessment, Outland Denim earned an overall score of **160.2**. The median score for ordinary businesses who complete the assessment is currently 50.9

To maintain this competitive advantage and grow recognition for the brand’s sustainability commitments requires ongoing investment of financial and human resources in order to bring new products and initiatives to market, while continuing to deliver on consumer expectations for our quality denim products and on our commitment to elevating people out of poverty and economic precarity. The compound effect of years of investment in our company’s sustainability mandate is expected to pay off over time as the brand grows in recognition and re-investment in this area is able to maintain pace as a sustainable proportion of total revenues.

Denim market

Within the fashion industry resides the denim jeans category, with a market value of US\$78 billion in 2022 (43), and the premium denim jeans category, representing a market value of US\$10.31 billion in 2022 (44). Forecasts project the denim jeans market to grow to US\$121.50 billion by 2030 with a compound annual growth rate (CAGR) of 5.8% from 2023 to 2030 (45). The Global Premium Denim Jeans Market is expected to grow at a CAGR of 6.74 % to a value of US\$16.28 billion in 2029 (46).

Major companies in the denim jeans sector include Levi Strauss & Co., VF Corporation (parent company of The North Face, Timberland, Wrangler and Lee) and Diesel S.p.A (aka OTB, S.p.A - owner of Diesel, Maison Margiela, Marni, Jil Sander, Victor & Rolf), which accounted for 5.13%, 3.74% and 2.39% of revenue in 2017, respectively (47). PVH is the parent owner of the Calvin Klein and Tommy Hilfiger jeans brands. These corporations have major global distribution and brand presence, and price setting leverage and influence.

Denim's ubiquity also lends itself to unique opportunities to render the product in a culturally significant way through brand identity. As such, the premium denim category (defined by superior quality, fit, fabrics and finishings, as well as price point and, increasingly, sustainability attributes) is also shared by independent labels with niche, loyal followings known to disrupt the status quo. Both Outland Denim and Nobody Denim reside within this group.

Key competitors in the independent, US\$10.3bn premium denim space include: Able, AG, Boyish, Citizens of Humanity, Closed, Denimsmith, DL1961, Edwin, E.L.V., Frame, G-Star Raw, Hiut Denim, Ksubi, Kuyichi, Marle, Mott & Bow, Neuw, Nudie, Mother, MUD Jeans, One Teaspoon, Paige, Pepe, Re/Done, Sass&Bide, True Religion, 7 for all Mankind, 3sixteen and 3x1. These jeans generally retail above the US\$150-250 mark.

Jeans that sell at a mid-level price point, like those by women's fashion brands Assembly Label, Everlane, Madewell or Sezane, or that attract heavy discounts, such as those by Afends, American Eagle Outfitters, Guess, Levi's, Wrangler, Rolla's and Lee, are also significant competitors in a less lucrative, more cost-conscious consumer environment. Increasingly these brands are also embracing sustainability at varying levels of commitment.

KEY COMPETITORS: Multi-Brand Denim Groups

Threebyone

Privately owned, multi-branded fashion and apparel company comprising three brands: **Neuw Denim**, **Rolla's Jeans** and **Abrand Jeans**. These brands are sold in stores across the world, including Canada, Japan, Norway, the UK and the US and through online retailers like ASOS and Boohoo.

Neuw Denim distributed globally - www.neuwdenim.com

Rolla's Jeans distributed globally- www.rollas.com.au

Abrand Jeans distributed in Australia & New Zealand - www.abrandjeans.com

Source:

<https://www.exportfinance.gov.au/customer-stories/threebyone/> (48)

Citizens of Humanity Group

Within the Citizens of Humanity Group, you'll find **Citizens of Humanity**, **AGOLDE** and **GOLDSIGN**. Three ready-to-wear labels, each of which has a uniquely directional voice and carved place in the denim market. Brands stocked globally at retailers including 10 Corso Como, Browns, Bergdorf Goodman, Bloomingdales, FWRD, Goop, Harrods, Harvey Nichols, Holt Renfrew, Hypebeast, Intermix, Isetan, Kith, Lane Crawford, Liberty London, Luisaviaroma, Matches Fashion, Moda Operandi, Mytheresa, Neiman Marcus, Net-a-Porter, No. 6 Store, Nordstrom, Revolve, Saks Fifth Avenue, Selfridges, Shopbop, SSENSE, and TSUM.

Source:

<https://www.linkedin.com/company/citizens-of-humanity/> (49)

Also competing for the denim dollar are luxury and accessible luxury fashion brands entering the denim space: these include some of Maeka's clients, such as Aje, Karen Walker, Maggie Marilyn and Spell, as well as Another Tomorrow, Bassike, Camilla & Marc, Elka Collective, Kowtow, Reformation, Scanlan & Theodore, Sir, St Agni, Khaite and Toteme. At the lower end of the denim price point spectrum, and at a larger scale, are "fast fashion" mega-brands such as Gap, H&M, M&S, Next, Primark, Uniqlo and Inditex (Zara), with sizable denim businesses, as well as Australia's Cotton On, and members of the Just Group (including Just Jeans, Portmans, Dotti, Jacqui E, Jay Jays).

A fashion sustainability reporter once analysed the denim jeans category and made the observation that any jean retailing under USD\$100 could not be ethically made (50).

**the global
premium denim
jeans market will
grow 6.74% p.a.
through to 2029**

Product development, fabrics and trims, labour, shipping, warehousing and distribution, websites and software stacks also make up the cost of doing business for a fashion brand, while the Outland Group business model also puts investment back into people, and social and sustainability initiatives. Maintaining relevance, market share, customer value and engagement is the task of any fashion business intent on moving inventory between factory floor, retail doors and customers. As such, fashion brands typically devote a sizeable portion of their annual budgets to branding and marketing activities.

For Outland Denim, the number of units made and sold to deliver revenue also allows us the ability to maintain our social impact advantage: namely employment opportunities for vulnerable people. This is also our market advantage and unique IP: we do denim to produce a social "good". The addition of the Nobody Denim brand to the Outland Denim Group family gives us the potential to significantly increase the number of units made within our manufacturing facility: an estimated increase to 60,000 units per annum off a base of 15,000 units. This enlarges our ambition to gain market share globally and create greater impact through our social mission.

MAEKA (aka “Raytecs Cambodia”) - manufacturing landscape and competitors

According to Common Objective, an estimated 2.21% of fashion production facilities are manufacturing sustainably – using certified ecologically sound practices, meeting key labour or fair trade standards, or addressing social needs (51). The Maeka production facility therefore has a distinct market advantage: high ethical and sustainability standards, and a dedication to meeting social needs. Key competitors for Maeka include Saitex, which has a significant operation in Vietnam and also in the USA, and Denim Expert in Bangladesh, as well as many SMEs in the ethical production space, including Fairsew in Cambodia (we like to see other ethical manufacturers as potential partners also). At the Outland Group, we see relationship building as the key to forging strong partnerships between brand and supplier/maker while also mitigating the risks associated with the complex fashion manufacturing machine. We desire to create a highly functional interface for clients that will allow them to view the estimated carbon emissions, water usage and chemical utilisation of their production run, as well as access to full supply chain traceability, in real time. Our suppliers are encouraged to adhere to our Code of Conduct, and our purchasing practises are guided by our Responsible Purchasing Policy.

2.21% of fashion production facilities are manufacturing sustainably

Regulatory environment

In addition to a drastically changed geopolitical environment, which has seen a shift away from China-based manufacturing (52), incoming and current regulation for the fashion industry will have, and has had, a significant impact on how brands do business moving forward, which in turn has advantages for the Maeka operation. This legislation includes the Modern Slavery Acts in the UK (2015) and Australia (2018), which require companies with respective turnover of £36m or consolidated revenue of AU\$100m to report on the risks of modern slavery in their operations and supply chains, as well as actions to address those risks. Additionally, under the California Transparency in Supply Chains Act (53), companies with annual gross receipts exceeding US\$100m doing business in the state of California are obliged to disclose their efforts to eradicate slavery and human trafficking from their direct product supply chains for the goods that they offer for sale. More recently, the Uyghur Forced Labor Prevention Act (UFLPA) (54) supports the enforcement of the prohibition on the importation of goods into the United States manufactured wholly or in part with forced labor in the People's Republic of China, especially from the Xinjiang Uyghur Autonomous Region, or Xinjiang. There are other laws proposed or coming into enforcement in the USA, the EU and elsewhere (55) with regard to environmental claims, EPR (extended producer responsibility), human rights and greenwashing. The European Green Deal and Strategy for Sustainable Textile looks at making textiles more durable, repairable, reusable and recyclable by law (56). The EU Corporate Sustainability Reporting Directive (CSRD) will require companies to start measuring their full supply chain carbon emissions in 2024 in order to report on them in 2025, and similar legislation is in the pipeline in the USA (57). In Australia, the move towards a circular economy is also being supported by the National Clothing Product Stewardship Seamless Scheme (58). At the Outland Group, we are constantly appraising changes in the industry, engaging with the respective bodies, and ensuring that our own brands, and partner brands, are able to remain compliant or a step ahead.



**Today's most
coveted high-
frequency,
high-spending
customers
prioritise
sustainability
when buying
online** ⁽⁵⁹⁾

"Today's most coveted high-frequency, high-spending customers prioritise sustainability when buying online and are actively modifying their behaviour according to their desire to consume and buy in a more eco-conscious manner," ESW Europe and UK CEO Martim Avillez Oliveira told *Retail Times*. "To reach these shoppers brands must prioritise sustainability, transparency and positive environmental practices from day one." (59)

2.3 Business revenue model

The Outland Denim Group derives its primary revenue through the wholesale sale and online distribution of its denim products under the Outland Denim brand and, now, additionally, Nobody Denim. The manufacturing of goods for third-party clients provides an additional revenue stream through the Raytecs (trading as Maeka) manufacturing business (representing approximately AU\$400K in revenue for FY2023). The white-labelling of goods, such as t-shirts and tote bags, is another smaller income stream with the potential for business-to-business (B2B) growth. Collaborative partnerships with other brands have to date been a key driver of growth, new customer acquisition, media exposure and revenue: Outland has been able to offer value to partners through our social impact model, while our partners - including Karen Walker, Spell and Aje - have in turn introduced Outland to their customers.

In FY23 the wholesale business for Outland Denim (brand) represented about 58% of revenue, with direct-to-consumer e-commerce sales making up the remaining 42% of revenue. The most significant wholesale clients for Outland Denim in monetary value include the boutique chain Eco-D, online marketplaces Moda Operandi and The Iconic, and David Jones. The wholesale business is currently supported by three sales agencies representing separate jurisdictions: North America, Europe & Australia (not including WA), Western Australia, and New Zealand.

In the fashion industry, retail partners play an important part in not only gaining sales but also brand visibility, credibility, accessibility and traction. Nobody Denim has a retail footprint of approximately 143 stores (for FY23). This includes the individual store listings of group accounts such as David Jones, and Coco and Lola. The Iconic and David Jones are Nobody's two major retailers. Awareness and trial of the Nobody brand is highest in its home state of Victoria, though Nobody Denim is available nationally via nobodydenim.com.au and in selected metro boutique and mass retail channels. Nobody's split of wholesale to direct-to-consumer sales revenue is 40% to 60% respectively (FY23).



Nobody Denim

Geographical Distribution of Sales (Australia)

| | |
|-----------------------|-------------------------|
| 36.5% Victoria | 13.4% Western Australia |
| 27.7% New South Wales | 6.4% South Australia |
| 13.4% Queensland | 1.6% Tasmania |
| 1% Northern Territory | |

Key Metrics for Traction

Outside of sales and revenue, key metrics for the Outland Denim and Nobody Denim fashion brands include:

- Brand visibility via PR placements, influencer placements, celebrity endorsement, retailer activations and media engagement;
- Wholesale account activations and “indent” (or “intent to purchase”) orders*;
- Wholesale account product sell-through rates;
- Wholesale account stock replenishment orders;
- New customer acquisition and cost per acquisition (CPA);
- Average order value (AOV) and customer lifetime value (CLV);
- Social media engagement and following (Instagram, TikTok, Facebook,, etc.);
- EDM subscriptions and open rates (EDMs have a typically high sales conversion rate);
- Customer satisfaction; and
- Organic search traffic.

**Whereby “indent orders” are placed with a brand and then activated by the brand placing a purchase order with its manufacturer (in our case, Maeka/Raytecs).*

Key Metrics for Traction continued...

Influencer and celebrity placements are important activities to maintain brand awareness and relevance. It is also important to maintain a strong digital presence through Meta, Google SEO and consistent product placements through general media outlets.

Retail partners also play an important part in gaining sales but also brand traction, accessibility and visibility, so servicing retail accounts with high responsiveness, replenishment capacity, a timely feedback loop, and supportive marketing activity is crucial to achieving customer loyalty and repeat business through this sales channel.

More brand-driven marketing helps to build awareness in the broader community, and this includes our equity crowdfunding (ECF) campaigns, while community engagement is central to our people-first focus and brand culture building. While we currently have no freestanding Outland or Nobody branded stores, our boutiques business is central to community engagement with our products and brand stories.

Key Company Value Drivers:

Social impact outcomes, such as reduced employee vulnerability to poverty and exploitation, and environmental sustainability metrics, such as carbon emissions and water usage, are key value drivers for the company's overall ESG strategy and mission, however on-trend and aspirational collections with sound sustainability attributes are the most important factor in driving value to our end customer, including major retailers, and in turn driving revenue to help us realise our social impact mandate. Brand partnerships, including collaborations, provide the most impactful sales channel and value driver for our manufacturing arm, Maeka.

Note: All Intellectual Property related to all subsidiaries of the Outland Denim Group is owned by the group, including trademarks, patterns, websites, image and campaign usage, licenses, among other IP except for Huskland Pty Ltd, which is 60% owned by the Outland Group.

Please note that while the purchase of the Nobody Denim trademarks have been completed, the legal requirements to transfer the trademarks are in transition.

2.4 Business strategy

Our business strategy encompasses brand stabilization, ethical manufacturing continuity, a strong content strategy, website enhancement, international expansion, and environmental sustainability innovation projects. These objectives are prioritized to align with our commitment to continuing to improve on our impact ecosystem while ensuring the continued success and growth of each of The Outland Denim Group brands.

Group Brand Integration:

Our primary focus is on brand integration, ensuring that both Outland Denim and Nobody Denim maintain their distinct identities while working synergistically. This approach will allow us to meet the expectations of both customers and suppliers while preserving and enhancing their positioning and reputations in the marketplace. By maintaining distinct brand positioning, we aim to prevent any cannibalization of each other's market share but rather provide a stronger product and brand offering for a wider customer base.

Manufacturing Transition:

As part of our strategy, we will transition Nobody Denim's manufacturing into the Maeka production house. This move aligns with the group's mission to scale manufacturing volumes and further enhances our mission-driven approach to business.

Website Enhancement: To strengthen our online presence and improve the global shopping experience, we will undertake a complete website rebuild for Outland Denim. This enhancement will not only facilitate a better online shopping experience but also improve three key metrics, customer retention, average order value and conversion rates.

Preparation for International Expansion: We recognize the importance of international growth to broaden the customer base. To prepare Nobody Denim for successful international expansion, we will lay the groundwork required for this strategic move. This includes market research, logistics planning, international sales representation and transitioning to an “evergreen” international sales calendar.

Sustainability Improvements: Maintaining our unique company intellectual property (IP) is crucial. Therefore, ongoing investments into our circular impact model will be a priority. These improvements will align with the goals set out in our annual Group impact reports, with an initial focus on social and environmental auditing and reporting. We are committed to continually raising the bar in terms of our sustainability practices.

Use of Funds: Funds raised will be allocated strategically to support our objectives. This will include investments in branding, marketing to promote our brands and mission, expanding our team to strengthen our capabilities, managing inventory effectively to meet rising demand, conducting research and development for innovative product releases, and upgrading our plant and equipment for enhanced manufacturing efficiency.

2.5 Our team

2.5.1 Directors / advisors & Management



James Bartle

Director / CEO

Key responsibilities:

Development of vision and strategy. Ensure the business maintains the vision and continues to grow into new markets while maintaining growth in existing markets.

James is the founding CEO of Outland Denim. He laid the foundations for the company in 2011 as an avenue of opportunity for women from backgrounds of modern slavery. Outland Denim's unique business model has since been proven to provide a 'freedom dividend', benefiting not only the brand's team, but their family and community, too. In 2019 and 2020 James was named one of Rivet Magazine's 50 Most Influential People in Denim. In 2020, James received the Thomson Reuters Stop Slavery Enterprise Award for Small & Medium Sized Companies (2020).



Malcolm Valler

Director

Key responsibilities:

Offer support to key personnel and maintain company standards. Attend & contribute to board meetings, advisory meetings.

Malcolm is a director and major shareholder in Outland Denim. He brings to his directorship decades of experience in cotton production and a passion for the sustainability of the industry. With experience in social enterprise, including working in the Solomon Islands on projects aimed at alleviating poverty, Malcolm brings not only valuable insight into fibre production but also a desire to impact people through purposeful business.



Cayley Haig

Chief Finance Officer

Cayley has 12 years experience working across forensic accounting, business advisory and financial management. This expertise makes her a key contributor for sustaining and scaling the Outland Denim Group and helping it achieve its ambitious growth plans. Cayley brings with her a wealth of experience in her in-depth understanding of financial information and her ability to analyse and communicate data to assist with strategic decision making.

Cayley has previously volunteered on the executive committee of Palliative Care Queensland, holding the role of treasurer for over three years. She is a Chartered Accountant (CA) and has a Bachelor of Commerce and Bachelor of International Business, as well as holding a Diploma of Financial Services.



Joseph Taylor

Operations Manager

Joseph embarked on his journey with Outland Denim as a dedicated volunteer in 2018. Armed with a bio-medicine background, he quickly identified his passion in environmental sustainability. During his earlier years with the company, Joseph played a pivotal role in Cambodia, contributing to the establishment of our robust environmental practices and the setup of our present-day cut-and-sew facility. His understanding of the intricacies of our manufacturing operations proved to be a priceless asset, leading him to his current position as the Group Operations Manager. Joseph's wealth of knowledge and expertise is an invaluable driving force behind the functioning of our operations globally.



Leanne Harris

Head of Sales & Marketing

A driven marketing professional with widespread experience in marketing strategy, brand management and campaign management in leading companies across a range of sectors, including FMCG and consumer goods. A specialist in lifestyle, fashion and beauty brands, driving strategy, innovative retail solutions, digital innovation and launching new brands on an international and local scale. Leanne has a Bachelor of Business Administration (Marketing) from Swinburne University.



Erica Bartle

Head of Communications & Impact

Erica is a communications professional and journalist with 20 years' experience in the media industry and a special interest in international development, social justice, sustainability, macro economics, and poverty alleviation. Her role for the Outland Group spans both communications and impact, steering the company's impact strategy, industry initiatives and reporting in alignment with global best practice. Erica's experience spans the not-for-profit and corporate sectors, publishing and advertising industries. She has a Bachelor of Media degree from Macquarie University



**Elizabeth Formossa
(Cassar)**

Advisor

Elizabeth Formosa founded Fashion Equipped in 2012 with a vision to help businesses grow and thrive through consultancy and mentorship. With over 20 years of wide-ranging fashion industry experience, Elizabeth cultivated her expertise in buying, product management, sales, sourcing, product development, brand building, marketing, strategic planning and team management, across the corporate sector, privately-owned companies and her own successful wholesale business. Over the years Elizabeth has assembled a team of the best and brightest in the business – an expert line-up of fashion professionals perfectly positioned to consult and support through every stage of the business journey. During 2020 Elizabeth founded 'Your Mentor Collective' and the 'Fashion Business Mindset Podcast'. Elizabeth is a Mentor for The Australia Fashion Council Curated Program and regularly speaks at Industry Events and Fashion Universities.



Neil Salisbury

Advisor

Neil has 30 years of experience in sustainability, climate, nature, commercialisation and investment. He is an experienced CEO and Founder, having launched several businesses in the ESG, climate and nature related sectors. Neil is currently involved as a co-founder, chair, advisory board member and investor, in several impact focused start-ups seeking to make a positive change across climate, nature, ESG and livelihoods. Neil was previously the founder CEO of Point Advisory, an international climate and sustainability firm that was acquired by KKR backed ERM in 2022. Neil has worked as a board member for NGOs including Renew, Victorian Cleantech cluster, international energy efficiency NGO EVO, based in the US, and Uniting Care Moreland Hall.

Neil has degrees in Science and an MBA in Technology Management.



Adrian Ward

Advisor

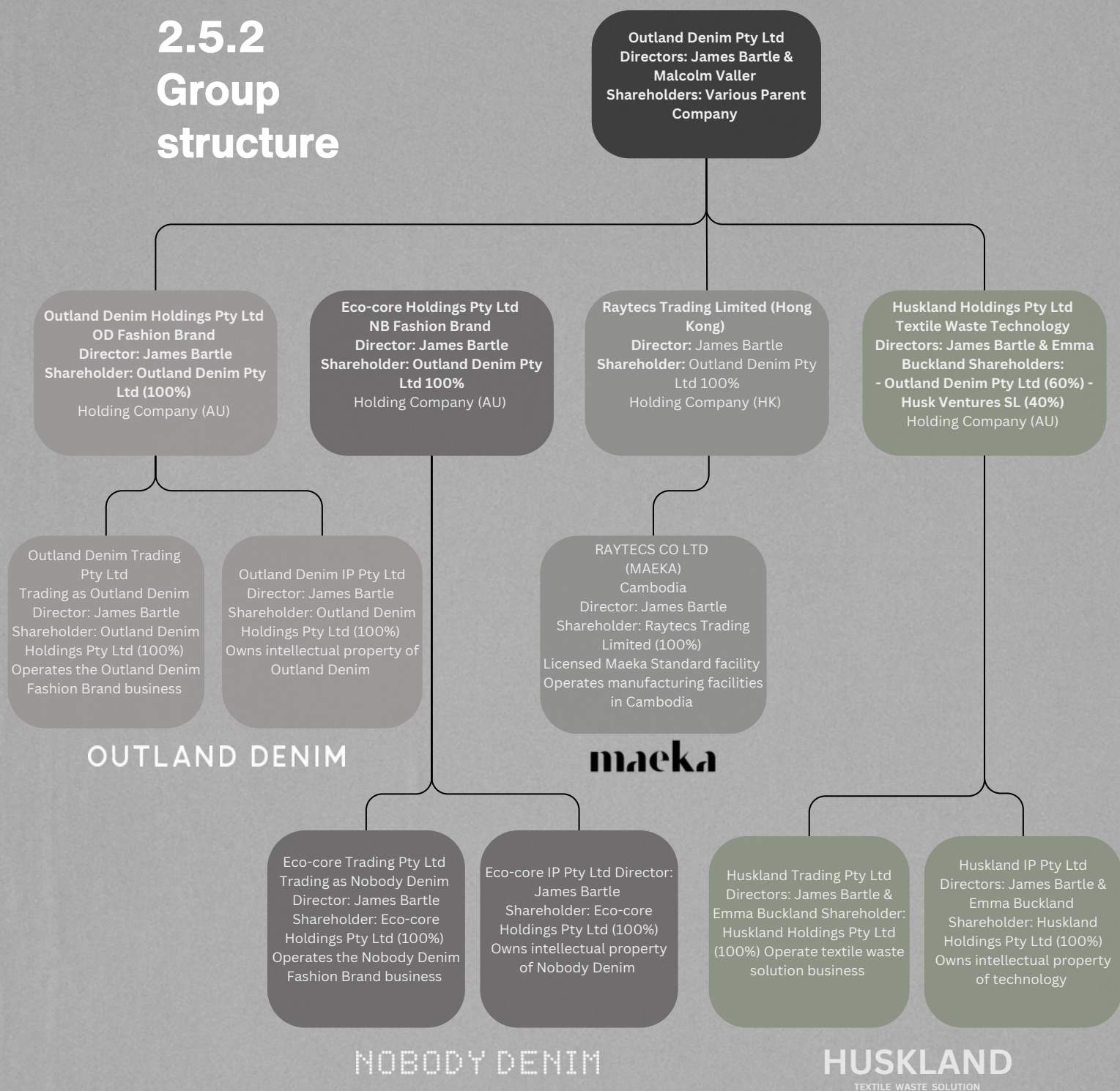
Chief Executive Officer and Board Member at Accounting for Nature Limited, and advisor to UNDP on green finance and environmental markets in Papua New Guinea and Kosovo, Adrian has almost 20 years of professional experience in both the private and public sectors. His experiences spans: natural capital asset valuation and strategic management; landscape conservation; sustainable forest management; and, environmental markets, climate policy and climate financing (including marine and terrestrial bio-sequestration opportunities). Adrian also has extensive experience in communicating and integrating science into public policy and business decision-making. This includes with Billabong International where he managed the Board Sport company's greenhouse gas inventory across more than 100 companies. He has also worked with fibre producers in Australia and overseas – wool and forestry – which are used to make sustainably sourced apparel wear. Previously, Adrian led the Wentworth Group's natural capital program.

Adrian holds a Doctor of Philosophy (Ph.D) in Ecological Economics and climate policy.



NOW FOR THE DETAILS

2.5.2 Group structure



2.5.3 Other related parties

Outland Denim Pty Ltd ACN 608 048 120 is the parent company of the Outland Denim Group. Over 1,800 investors are the shareholders of this company.

Each separate business activity conducted by the Outland Denim Group is owned within its own corporate structure, which is ultimately owned by the parent company. As such, these represent assets of the parent company and each investor in Outland Denim Pty Ltd holds a share of these assets.

Huskland Holdings Pty Ltd is a Joint Venture between Outland Denim Pty Ltd and Husk Ventures SL. Outland Denim Pty Ltd is a 60% shareholder in the Joint Venture.

2.6 Capital structure

2.6.1 Issued capital (before and after the Offer)

The company currently has two classes of shares on issue: Ordinary Shares, and M Class Shares. The rights associated with each of these share classes are set out in Section 2.6.2.

As at the date of this Offer Document, the Company has 32,522,888 ordinary shares (including CSF shares) and 2,566,179 M Class shares on issue. The Company has also issued convertible notes.

Table 1 below sets out the issued capital of the Company before the Offer.

| Shareholder | Ordinary Shares | M Class Shares | % of Total Shares |
|------------------------------------------|-------------------|------------------|-------------------|
| James Bartle Group | 11,247,053 | - | 32% |
| Malison Farming Pty Ltd | 8,874,918 | 2,132,284 | 31% |
| Purkis Circus Corporation | 3,719,100 | 54,901 | 11% |
| Other Shareholders | 6,559,188 | 378,994 | 20% |
| Equity Crowd-Source Funding Shareholders | 2,122,629 | | 6% |
| Total | 32,522,888 | 2,566,179 | 100% |

Table 2 sets out the issued capital of the Company following the Offer on a fully diluted basis (i.e. presuming all convertible securities are exercised).

Table 2: Issued capital of the Company following the Offer (on a fully diluted basis)

| Shares | Minimum Subscription | Maximum Subscription |
|--------------------------------------|--------------------------|--------------------------|
| Existing Ordinary Shares | 32,522,888 (88.4%) | 32,522,888 (87.1%) |
| Existing M Class Shares | 2,566,179 (7.0%) | 2,566,179 (6.9%) |
| Convertible Notes (assume converted) | 1,557,118 (4.2%) | 1,557,118 (4.2%) |
| Offer Shares | 150,000 (0.4%) | 680,000 (1.8%) |
| Total Shares | 36,796,185 (100%) | 37,326,185 (100%) |

2.6.2 Rights and liabilities associated with securities

As at the date of this Offer, the classes of shares on issue are ordinary shares and M class shares. The Company has also issued convertible notes.

Set out below is a summary of the rights and liabilities associated with the securities in the Company. A copy of the Company's Constitution is available on the Intermediary's platform.

Ordinary Shares

The rights and liabilities associated with the ordinary shares are set out in the Company's constitution, including:

- All ordinary shares have the same voting rights and the same rights to receive dividends.
- Restrictions on the sale or transfer of shares.
- The Directors may, at their discretion, refuse to register any transfer of shares - - without assigning any reason.

The shares offered under this Offer are ordinary shares. A more detailed description of the rights and liabilities associated with the ordinary shares is set out in Section 3.3 below.

M Class Shares

Under the terms of issue in the relevant Applications for Shares and the relevant Director Resolution (made pursuant to clause 4.1 of the Constitution), the Company has issued M Class Non-Voting shares. The rights and liabilities associated with the M Class Non-Voting shares include:

- M class shares do not carry any rights to vote at meetings of shareholders / members of the Company
- Other than as described above, the M class shares carry the same rights as ordinary shares in the Company including the right to participate in dividends, repayment of capital and any distribution on winding up and to receive notice of and to attend meetings of shareholders / members

Shareholders Agreement

Seven angel investors have shareholder agreements in place. Shareholder agreements in place for the three largest shareholders (who collectively own 74% of the shares on issue and will be collectively referred to as 'the Key Shareholders') provide these Key Shareholders with a right of first refusal. The right entitles these Key Shareholders to be offered any new shares being issued before the offer is provided to other shareholders or third parties. Outside of the seven angel investor shareholders and the constitution, no other shareholder agreements are in place.

2.6.3 Sources of financing, including debt financing and other financing

The company has historically been funded by equity from angel investors who have supported the company's setup, scale, and growth periods. Additionally, Outland Denim has been funded by sophisticated investors under private placement and an equity crowdfund in April 2020 and July 2021. Convertible notes have also been issued to angel investors. The company has successfully raised over \$10 million in equity to date. From time to time we have utilised borrowings from major shareholders and working capital loans from third-party providers to help manage business cash flow requirements.

The company's current debt financing arrangements as at 30 September 2023 are summarized in the table below:

Other financing, including grants and government funding

To date, the business has been funded through a combination of operating income, equity, related-party loans and grants. The related-party loans will not be repaid from the funds raised under the CSF offer.

| Description | Source | Principal amount borrowed | Amount Outstanding | Interest | Repayment Date | Security |
|----------------------|--------------|---------------------------|--------------------|-----------|--------------------------|-------------------|
| Working capital loan | Shopify | \$ 48,000 | \$ 45,900 | \$ 6,240 | Based on % of ecom sales | Business property |
| Working capital loan | Shopify 2 | \$ 100,000 | \$ 113,000 | \$ 13,000 | Based on % of ecom sales | Business property |
| Working capital loan | Paypal | \$ 85,000 | \$ 21,800 | \$ 7,563 | Based on % of ecom sales | N/A |
| Business loan | Prospa | \$ 149,000 | \$ 23,000 | 14.96% | January 2024 | Business property |
| Related-party loans | Shareholder | \$ 100,000 | \$ 50,157 | \$ 15,000 | Based on % of ecom sales | Inventory |
| Related-party loans | Shareholders | \$ 740,450 | \$ 760,412 | 8.00% | Various - 2023 | N/A |
| Related-party loans | Shareholders | \$ 355,000 | \$ 382,170 | 7.00% | Various - 2023 / 2024 | N/A |

Equity

To date, the Company has raised approximately \$10 million from investors. See section 2.6.1 for more information.

2.7 Key risks facing the business

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares). All major risks are identified and described in the table below, in addition to brief notes concerning possible mitigation strategies.

| Risk | Description | Mitigation |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Geopolitical & macro-economic environment | As an international operation, there are inherent global business risks associated with the Outland Group. Compounding geopolitical crisis act to affect consumer and retailer sentiment, as well as disrupting supply chains and the flow of finance in capital markets. The IMF notes a "generalised rise in economic distress around the world as a result of the COVID-19 pandemic" (60), which was closely followed by the Russia/Ukraine war: "the war also greatly compounds a number of preexisting adverse global economic trends, including rising inflation, extreme poverty, increasing food insecurity, deglobalization, and worsening environmental degradation." The fragile gains in global economic recovery, including lowering headline inflation (61), may be upset further by the war between Israel/Hamas. Bloomberg notes, "Conflict in the Middle East can send tremors through the world because the region is a crucial supplier of energy and a key shipping passageway." (62) | As the geopolitical and economic environment continues to evolve, the Outland Group will continue to watch and adapt as far as our organisational human and economic resources allow. |

| | | |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Post-globalisation, deglobalisation & supply chain shortening | <p>The world and economy has changed significantly since the Covid-19 pandemic with supply chain vulnerabilities exposed (63). This has had ongoing implications for global trade, including a turn inward toward economic nationalism and protectionist policies. This coincides with a desire to reduce climate change impacts by localising production to reduce the carbon footprint of global trade flows, as well as tighter ESG regulations necessitating better risk appraisal and management, and the USA's policy of reshoring portions of its manufacturing supply chain back home through the Inflation Reduction Act of 2022 (64), in addition to ongoing hostilities between the USA and China resulting in trade tensions. The result is "deglobalisation", "decentralisation", "relocation" and "regionalisation" of supply chains, which coincides with a desire to "decarbonise" supply chains. This trend presents both risks and opportunities for our manufacturing facility, "Maeka", with its Cambodian geography in proximity to the South East Asian markets, Australia and New Zealand.</p> | <p>The Outland Group will continue to hold the position that while "nearshoring", "onshoring" and "friendshoring" are all desirable outcomes, they are often not the most achievable or best practise as international firms with specialised technologies, skilled workforces and market knowledge simply cannot compete with costly localised operations that would require significant investment in skilling, labour and capital expenditures requiring government support for minimum viability. International supply chain relationships and business transactions are also highly valuable for geopolitical stability, while also providing jobs for vulnerable people groups (global business operations being a driver of positive social and economic outcomes) (65), which aligns with our operational mission. The World Bank notes, "developing countries will need to create 600 million additional jobs by 2030, just to keep up with population growth."(66) The Outland Group will keep abreast of changes in global trade preferences, Australia's international development policy (67), and strategise to accommodate them while continuing to offer manufacturing clients insight into production-related carbon emissions.</p> |
| Preferential trade status, tariffs, LDC status | <p>Cambodia was partially stripped of its Everything But Arms (EBA) trade benefit status in August 2020 owing to human rights violations (68). The United States and the European Union are the two markets of strategic importance to Cambodia, accounting for over half of Cambodia's merchandise exports over the past decade (WTO) (69). This suspended duty-free, preferential access for some products destined for EU markets. Furthermore, Cambodia may graduate from Least Developed Country (LDC) status as early as 2027 following a United Nations Committee for Development Policy (CDP) review (70). This may impact Cambodia's trade status with WTO organizations. Cambodia will remain eligible to benefit from the EBA scheme for a period of three years after graduation from LDC status. Cambodia has an option to apply for the European Union's Generalized System of Preferences Plus (GSP+), provided it ratifies and complies with the 27 international agreements and conventions. Attaining GSP+ would provide, for example, duty-free market access to textile and clothing products, as opposed to average 9 per cent tariffs under the standard GSP (71). This has ongoing implications for export trade between Raytecs and the EU market.</p> | <p>Raytecs currently has limited exposure to the EU market but will work to navigate the complexities involved in EU-Cambodia trade, as well as Cambodia's LDC status, with particular regard to the ready-made garment sector. Any additional "rules of origins" conditions placed on exports from Cambodia will be complied with in accordance with Raytecs' supply chain due diligence.</p> |
| Cost of doing business / cost of borrowing / cost of servicing debt / cash flow | <p>Higher interest rates designed to bring down inflation have increased debt-servicing costs for many firms (72). The Outland Group's strategy executed over 2021-2023 was designed to reduce the overall costs to reduce this risk (see "2.8.5 Management comments on historical performance and outlook"). However, ongoing cost pressures coupled with a softening in demand puts pressure on profitability, cash flow, the ability to service loans and overall liquidity. Although the Company seeks to manage its cash flow efficiently, there is a risk that the Company may not have sufficient cash or working capital, at times, to fund both its operations and its expansion plans. This could affect the Company's profitability, future prospects, and its ability to meet its business objectives. If costs to achieve the Company's targeted revenue growth are more than estimated, the profitability of the company may be reduced and/or the company may have insufficient cash reserves to achieve its planned production and distribution rollout.</p> | <p>Outland management will continually strategise to navigate the changing economic climate the Group faces and to manage costs to lessen this risk, while doing its best to negotiate favourable financing conditions.</p> |
| Retail environment | <p>Dynamic shifts in consumer spending since the onset of Covid-19 have meant a lack of stabilisation in the retail trade sector. This has not been "business as usual". As noted by the Australian Bureau of Statistics with regard to retail trade, "Trend estimates from March 2020 to June 2022 are not available due to the degree of disruption and volatility caused by COVID-19. Trend estimates throughout the pandemic period are likely to be unhelpful and potentially misleading for users in interpreting underlying trend in retail activity." (73) Therefore retail data for the period March 2020 to June 2022 is to be viewed within this context. Economic activity is projected to further decelerate in the near term, alongside a slow decline in inflation (74). An overall slowdown in consumer spending is expected to continue into 2024 before it regains momentum. Total real retail turnover is expected to rise from -0.7% across calendar year 2023 to 1.3% in calendar 2024 (75).</p> | <p>The Outland Group endeavours to adapt to changing consumer dynamics with an agile response to retailer engagement, production, product development and product demand via our wholesale accounts and DTC channels. Our current strategy includes keeping our collections, team and operations lean as we ride out the varying economic conditions. There is some data to suggest that the highest value consumers, who spend the most online and order most frequently, are also the most environmentally-conscious, seeking out and spending more with brands that prioritise sustainability (76). Part of our strategy is to garner more customers from an affluent consumer demographic who are mindful of sustainability but not as cost conscious and therefore whose spending habits are less impacted by rising inflation, while continuing to offer consumers the opportunity to trial Outland and Nobody products through select sales/discount periods.</p> |
| Meeting revenue targets | <p>The Group is at a unique stage of its journey having recently acquired the Nobody Denim brand and select assets. This has meant a significant reduction in staff headcount for the Nobody Denim brand as many operational functions are integrated under the Group. This poses a risk to the Nobody brand in maintaining and exceeding its revenue of \$5.6M for FY23, in addition to the Outland brand growing its sales, as consumer appetite for fashion adapts to changing economic conditions.</p> | <p>The Group will continue to support the Nobody brand's revenue goals with investment into staffing, marketing, and product development. Outland Denim's growth goals will continue to be supported for both its online and wholesale channels.</p> |

| | | |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brand reputation risk | In acquiring the Nobody brand, the Outland Group is cognisant of concerns around the brand's former commitment to Australian manufacturing, and the Group's intention to centralise manufacturing operations for the Outland Group brands in Cambodia. There may be some natural customer attrition as a result. If the Company does not maintain consistent levels of quality and service in its offering, the Company's brand and reputation could be damaged. In an increasingly connected world, damage to a company's brand and reputation can be catastrophic. The Company is acutely aware of this risk and is vigilant to ensure that it maintains a consistently high level of product quality and customer service. | The Group will need to demonstrate a strong and steady commitment to its narrative, and transparency in communications, in order to maintain a positive relationship with the Nobody customer base. Our team will continue to work to support Nobody customers through the transition in brand ownership. The Group will continue to invest into brand equity, communications and customer service. Brand equity might include brand loyalty, awareness, and quality. |
| Funding risk | The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all of the required funding and therefore not achieve all of its business objectives. The Company may also need to raise additional funds in the future from investors or third parties. There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available. | The Outland Group will seek out sources of funding to support its operations and growth plans, as and when required. The Group may also make other operational decisions to accommodate a potential lack of adequate funding. |
| Competition risk | The Company operates in a highly competitive market, with several known competitors domestically and internationally, and low barriers to entry that could give rise to new and unknown competitors, as outlined in the section "2.2.4 Industry overview / competitor landscape". There is a risk that existing competitors as well as new competitors, will have greater access to capital, economies of scale, resources and distribution compared to the Company, including in competing on sustainability metrics and innovations. If the Company is unable to successfully compete with existing and/or new competitors, this would have a negative impact on the revenue, profitability and future prospects of the business. | Outland management is cognisant of the highly competitive environment in which it operates and seeks to operate in a way that operationalises competitive advantage across the business. As a relative incumbent in the Australian sustainable jeans marketplace, the Company enjoys some advantages, but we understand such advantages are also to be maintained and not taken for granted. |
| Fashion market dynamics & consumer preferences | The fashion market's ever-changing dynamics and consumer preferences pose challenges, impacting market demand and positioning. In a dynamic fashion market, staying relevant and distinguishing from competitors is vital. Consumer tastes and preferences change. What is popular and fashionable today may not be popular and fashionable tomorrow. If the Company's brands lose popularity, or fail to maintain brand relevance or market visibility, this could affect the Company's future prospects. | The Group will maintain a marketing strategy for each brand focusing on digital marketing and engagement, PR and influencer engagement, as well as delivering on-brand product collaborations, to maintain relevance and market presence. |
| Insolvency risk | The Company is not yet profitable, and is at a high-risk stage of business growth following the acquisition of the Nobody Denim brand. The Company is seeking to obtain further funding to achieve its objectives. There is no guarantee that funding will be available on favourable terms or that the Company will receive any level of funding at all. If costs to achieve the Company's targeted revenue growth are more than estimated, the profitability of the company may be reduced and/or the company may have insufficient cash reserves to achieve its planned product rollout. | The Company will continue to make decisions to best preserve liquidity. The Company will continue to make decisions to manage its resources and obtain additional funding as, and if required. |
| Key person risk | The Company is susceptible to the loss of key team members considered critical to the continued success of the Company. If a key team member was lost, due to illness, for example, this could significantly affect the Company's ability to continue its operations or achieve its business objectives as the case may be. | All staff are required to provide adequate resources for role continuity in the event of their absence whether short-term or prolonged. |
| Talent retention and acquisition | In the current economy, "availability of labour has remained tight and, in some cases, has constrained firms' operations while also placing upward pressure on wages" (77) The Company may fail to attract key personnel that are critical to the Company's growth and performance. Any delay in recruiting key personnel (or any failure to hire), may have a significant adverse impact on the management of the Company, and may, in turn, have adverse impacts on financial performance. | The Outland Group will only invest in new talent when this is financially feasible, and will aim to retain talent through a mix of internal incentive drivers and opportunities for skills development. |
| Technology & cyber risk | The Company uses a number of sales, marketing and member communication technology solutions. Despite the Company's measures to effectively manage these systems and risks, if any of these technologies were to fail without notice, it could interrupt the Company's ability to sell or communicate with customers, which could have a direct impact on revenue and profitability. In an online environment, there is a risk of loss, theft or malfunction of customer data. While systems are in place to protect customer data, the failure of these systems, without notice, could interrupt the company's ability to sell or communicate with customers and meet its regulatory obligations. Additionally the information the company holds about users must be protected at all times. While the company uses industry standard practices for data security and service integrity, attacks by third-parties on the platform are a possibility and pose a risk to business continuity. | |
| EPR legislation | The European Green Deal and Strategy for Sustainable Textiles (78) looks at making textiles more durable, repairable, reusable and recyclable by law. The EU Corporate Sustainability Reporting Directive (CSRD) (79) will require companies to start measuring their full supply chain carbon emissions in 2024 in order to report on them in 2025, and similar legislation is in the pipeline in the USA. In Australia, the move towards a circular economy is also being supported by the National Clothing Product Stewardship Seamless Scheme (80). This Scheme proposes a levy of 4c to be put on clothing items to be paid by clothing importers and garment makers to help the Government realise its ambitions of reducing clothing waste and adopting a more circular clothing economy (which prioritises re-use, repair, re-manufacturing and recycling). This poses some challenges for companies placing new products onto the market. | At the Outland Group, we are constantly appraising changes in the industry, engaging with the respective bodies, and ensuring that our own brands, and partner brands, are able to remain compliant or a step ahead as nations increasingly adopt circular economy strategies to combat climate change and waste. We will continue to invest into and measure market feasibility of our proprietary textile waste solution as new entrants move into the circular economy space. In the near future, we hope to offer Maeka/Raytects brands carbon emissions calculations. |
| Intellectual property risk | The protection of the Company's intellectual property is critical to our business and commercial success. If we are unable to protect or enforce the Company's intellectual property rights, there is a risk that other companies will copy our product and technology, which could adversely affect our ability to compete in the market. | |

| | | |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supply chain risk | <p>Disruption to the Company's supply chain could affect the Company's ability to produce inventory at commercially acceptable costs, and in a timely manner, which would have a direct impact on the Company's revenue and profitability. The Company's products utilise raw materials, including denim and trims (buttons, rivets, zips) and producers down the supply chain, including cotton producers. Accordingly, the Company is reliant on accessing supply from third party suppliers and ensuring that there are supply agreements in place with key suppliers that align with the Company's growth trajectory and sustainability policies. While the Company is seeking to diversify its supply chain over time to further mitigate risks such as loss supply from a key supplier, given the company's thorough due diligence process, this can be a slow process, which does increase the Company's supply chain risk. The Company is aware that any changes to the market with respect to the supply and/or demand of cotton or any other raw materials used to manufacture the Company's products will impact the Company's cost of goods sold and ultimately its profitability.</p> | <p>The Group works to foster and maintain strong partnerships and garner favourable trading terms with key suppliers across its supply chain in order to mitigate risks and develop mutually beneficial arrangements.</p> |
| Currency risk | <p>The Company has significant operations in Australian and USD currencies. A negative movement in the Australian dollar against the USD, which is not sufficiently hedged, may negatively affect the margins and profitability of the Company.</p> | <p>Currency exchanges will be monitored and accounted for in the general management of Company finances.</p> |
| Distribution risk | <p>The Company relies on third party distributors and sales agents to sell its products both in Australia and internationally. Maintaining these distribution agreements and contracts with favourable terms is key to the ongoing success of the Company. If one of these distribution agreements falters, and suitable third parties are not found on favourable terms in future, this may negatively affect the margins and profitability of the Company.</p> | <p>The Company will endeavour to maintain strong relationships with third-party distributors, sales agents and retailers.</p> |
| Cost of customer acquisition risk | <p>The Company operates in the fashion industry, which is a highly competitive market. Competitive pressures may increase the cost of acquisition for each order. A significant increase in the cost of acquisition will substantially impact profitability and could even turn the company into a loss making enterprise.</p> | <p>The cost of customer acquisition is monitored in an ongoing capacity and organisational decisions are made in light of these changing costs.</p> |
| Legal risks/ greenwashing | <p>The law firm Norton Rose has characterized greenwashing litigation as among the "areas of future concern" for companies when it comes to class action cases (81). The threat of litigation has become increasingly more real for companies that are making sustainability and/or ESG-focused marketing claims (82). Litigation can affect brand reputation and therefore future revenues and profitability. See "Regulatory Environment" under section 2.2.4 Industry overview/competitor landscape for further information.</p> | <p>The Group endeavours to monitor the ongoing changes occurring in the ESG space and may seek legal counsel in the future to ensure its marketing materials, brand messaging, labelling and advertising comply with industry best practise (ACCC, US Securities and Exchange Commission, EU greens claims Directive), with adequate substantiation of claims.</p> |
| Dilution risk | <p>If, in the future, the Company undertakes further funding activities, a shareholder's interest may be diluted (if they do not participate in future fundraising).</p> | <p>The Company cannot guarantee that shares issued will maintain their value in this instance.</p> |

2.8 Financial information

Below are the consolidated financial statements of the Company and its controlled subsidiaries for the financial years ended 30 June 2023, 2022 and 2021, which have been prepared in accordance with the Accounting Standards.

2.8.1 Balance sheet

| BALANCE SHEET CONSOLIDATED | As at 30-Jun 2021 | As at 30-Jun 2022 | As at 30-Jun 2023 |
|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Financial Statements | | | |
| Assets | | | |
| Current Assets | | | |
| Cash & cash equivalents | 142,097 | 13,544 | 84,624 |
| Trade & other receivables | 143,439 | 343,715 | 211,026 |
| Inventory | 1,171,785 | 950,228 | 988,282 |
| Right-of-use assets | 135,133 | 58,862 | - |
| Other current assets | 22,061 | 108,126 | 30,351 |
| Total Current Assets | 1,614,515 | 1,474,475 | 1,314,283 |
| Non-current Assets | | | |
| Financial assets | 600 | 600 | 600 |
| Property, plant & equipment | 884,298 | 819,454 | 748,019 |
| Right-of-use assets | 174,126 | 95,012 | 23,220 |
| Intangible assets | 53,073 | 51,726 | 52,563 |
| Total Non-current Assets | 1,112,097 | 966,793 | 824,401 |
| Total Assets | 2,726,612 | 2,441,268 | 2,138,684 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade & other payables | 645,945 | 847,383 | 1,120,946 |
| Financial liabilities | 150,000 | 150,000 | 1,399,828 |
| Provisions | 92,476 | 126,210 | 55,995 |
| Lease liabilities | 555,339 | 160,308 | 36,781 |
| Total Current Liabilities | 1,443,760 | 1,283,901 | 2,613,550 |
| Non-current Liabilities | | | |
| Financial liabilities | 443,680 | 1,713,774 | 1,183,136 |
| Total Non-current Liabilities | 443,680 | 1,713,774 | 1,183,136 |
| Total Liabilities | 1,887,440 | 2,997,675 | 3,796,686 |
| Net Assets | 839,172 | (556,407) | (1,658,002) |
| Equity | | | |
| Issued capital | 9,072,594 | 10,003,246 | 10,080,519 |
| Retained Earnings | (8,105,716) | (10,363,442) | (11,633,166) |
| Foreign currency translation reserve | (127,706) | (196,211) | (105,354) |
| Total Equity | 839,172 | (556,407) | (1,658,002) |

2.8.2 Profit and loss statement

| PROFIT AND LOSS STATEMENT CONSOLIDATED | For the 12 months ended 30-Jun 2021 | For the 12 months ended 30-Jun 2022 | For the 12 months ended 30-Jun 2023 |
|---------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Financial Statements | | | |
| Trading Income | | | |
| Sales | 1,635,479 | 2,479,348 | 1,684,188 |
| Total Trading Income | 1,635,479 | 2,479,348 | 1,684,188 |
| Cost of Sales | | | |
| Cost of goods sold | 877,009 | 1,106,597 | 613,031 |
| Total Cost of Sales | 877,009 | 1,106,597 | 613,031 |
| Gross Profit | 758,470 | 1,372,751 | 1,071,157 |
| | 46% | 55% | 64% |
| Other Income | | | |
| Other income | 675,277 | 106,077 | 30,363 |
| Total Other Income | 675,277 | 106,077 | 30,363 |
| Operating Expenses | | | |
| Administration expenses | 196,353 | 249,785 | 124,437 |
| Advertising & marketing | 639,873 | 634,539 | 393,537 |
| Employment expenses | 1,238,247 | 1,521,719 | 945,053 |
| Other operational costs | 810,872 | 1,035,727 | 409,419 |
| Total Operating Expenses | 2,885,345 | 3,441,770 | 1,872,446 |
| EBITDA | (1,451,598) | (1,962,942) | (770,926) |
| Depreciation & Amortisation | | | |
| Depreciation & amortisation expense | 264,637 | 202,534 | 230,018 |
| Total Depreciation & amortisation | 264,637 | 202,534 | 230,018 |
| EBIT | (1,716,235) | (2,165,476) | (1,000,944) |
| Other expenses | | | |
| Interest expense | 179,939 | 78,166 | 240,004 |
| Tax expense | (6,663) | 14,084 | 28,775 |
| Total Other expense | 173,276 | 92,250 | 268,779 |
| Net Profit / (Loss) | (1,889,511) | (2,257,726) | (1,269,723) |
| Exchange differences on FX translation | 130 | (68,505) | 90,857 |
| Total comprehensive income / (loss) for the year | (1,889,381) | (2,326,231) | (1,178,866) |

2.8.3 Cash flow statement

| STATEMENT OF CASH FLOWS CONSOLIDATED | For the 12 months ended 30-Jun 2021 | For the 12 months ended 30-Jun 2022 | For the 12 months ended 30-Jun 2023 |
|------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Financial Statements | | | |
| Cash flows from operating activities | | | |
| Receipts from customers | 4,183,634 | 2,444,259 | 1,881,097 |
| Payments to suppliers and employees | (5,773,504) | (4,614,608) | (2,862,103) |
| Interest received | 308,918 | 375,640 | 109 |
| Interest paid | (179,809) | (497,798) | (105,959) |
| Income taxes received / (paid) | 6,663 | (14,084) | (28,775) |
| Net cash provided by operating activities | (1,454,098) | (2,306,591) | (1,115,630) |
| Cash flows from investing activities | | | |
| Payment for property, plant and equipment | (470,979) | - | (44,002) |
| Payment for intangible assets | - | - | 15,982 |
| Proceeds from property, plant and equipment | - | 17,695 | - |
| Proceeds from investments | 68,151 | 3,422 | (10,750) |
| Net cash used in investing activities | (402,828) | 21,117 | (38,770) |
| Cash flows from financing activities | | | |
| Shares issued | 204,794 | 1,062,771 | 139,683 |
| Proceeds / (repayment) of borrowings | 879,039 | 1,094,150 | 1,331,131 |
| Net cash provided by (used in) financing activities | 1,083,833 | 2,156,921 | 1,470,814 |
| Net Cash Flows | (773,093) | (128,553) | 316,414 |
| Net (decrease) / increase in cash held | | | |
| Cash at beginning of financial year | 915,190 | 142,097 | 13,544 |
| Effects of exchange differences on cash | - | - | (245,335) |
| Cash at end of financial year | 142,097 | 13,544 | 84,623 |
| Net (decrease) / increase in cash held | (773,093) | (128,553) | 316,414 |

2.8.4 Statement of changes in equity

| STATEMENT OF CHANGES IN EQUITY CONSOLIDATED | Share Capital | Retained Earnings | Foreign Translation Reserve | Total Equity |
|-------------------------------------------------------|-------------------|----------------------|-----------------------------------|--------------------|
| For the 12 Months Ended 30 June 2023 | | | | |
| 2023 | | | | |
| Balance as 1 July 2022 | 10,003,246 | (10,363,442) | (196,211) | (556,407) |
| Loss for the year | - | (1,269,724) | - | (1,269,724) |
| Exchange differences on FX translation | - | - | 90,857 | 90,857 |
| Total comprehensive income for the year | - | (1,269,724) | 90,857 | (1,178,867) |
| Transactions with owners in their capacity as owners: | | | | |
| Shares issued | 77,273 | - | - | 77,273 |
| Balance at 30 June 2023 | 10,080,519 | (11,633,166) | (105,354) | (1,658,001) |
| 2022 | | | | |
| Balance as 1 July 2021 | 9,072,594 | (8,105,716) | (127,706) | 839,172 |
| Loss for the year | - | (2,257,726) | - | (2,257,726) |
| Exchange differences on FX translation | - | - | (68,505) | (68,505) |
| Total comprehensive income for the year | - | (2,257,726) | (68,505) | (2,326,231) |
| Transactions with owners in their capacity as owners: | | | | |
| Shares issued | 930,652 | - | - | 930,652 |
| Balance at 30 June 2022 | 10,003,246 | (10,363,442) | (196,211) | (556,407) |

2.8.5 Management comments on historical performance and outlook

Management Comments on Financials

Our business exists not just to create premium denim, but to craft a lasting and meaningful legacy. Beyond fashion, our mission is to create opportunities, promote community empowerment, and to champion sustainable practices that improve both our planet and its people. While our ethos lies in ethical trade and environmental stewardship, we know that to bring forth any lasting impact, our business model must prove to be commercial.

The past few years have put a notable strain on supply chains and costs as economic uncertainty has increased alongside the cost of living. This has seen demand for apparel fluctuate as well as different categories of fashion take the limelight. We have seen competitors forced to close as the financial strains have grown. However, with this economic pressure, there has also been a key focus by consumers to make better decisions with the money they spend, considering both the quality of products and how they impact the planet.

We have not been immune to the economic pressures experienced over the past year. As detailed in the financial statements, sales have decreased over the past financial year compared to the prior year. However, as spending slowed, we have vastly adapted our business operations to reduce costs in order to set ourselves up for scalable growth. This can be seen in the 15% improvement in our gross profit margin and by the removal of \$1.5 mil from our operating expenses in FY2023 compared to the prior year. As such, the total loss for FY2023 decreased by 49% compared to the prior year, resulting in a significantly improved financial performance.

In FY2023, direct-to-consumer sales attributed to 35% of the Group's sales, 23% was generated through external manufacturing work and the balance of 42% primarily related to wholesale sales. The decline in direct-to-consumer sales was the main contributing factor to the decrease in sales in FY2023. However, by the Group not being solely reliant on one key source for revenue, this allows the Group to diversify its risk and mitigate against decreasing demand that might be experienced across one sales channel at any time.

A key factor for scalable growth has been outsourcing our wholesale business to an Australian agency that has had considerable success in launching Australian brands globally. This strategy has resulted in the business achieving its largest volume of wholesale pre-orders to date for the 2023 resort season (Oct-Dec 2023). This was the first season of sales with our new sales agency and shows considerable growth in this sales channel.

Year-to-date sale results for FY2024 represent an overall increase in performance from the prior year period. Currently, for FY2024, we have seen considerable growth in our manufacturing sales, achieving YTD invoiced sales of AU \$245K from this revenue stream with an additional AU \$310K expected to be invoiced by the end of December 2023 (based on confirmed purchase orders and delivery dates). For the first six months of the financial year, these invoiced and planned manufacturing sales represent an anticipated 41% increase on the total external manufacturing work completed across the 12 months to 30 June 2023. Additionally, Outland Denim wholesale sales to 31 October 2023 represent a 30% increase compared to the prior year, with November 2023 expected to be our largest month for the season based on purchase orders received (anticipated 40%+ growth by the end of December 2023). A large part of this growth has come from the international wholesale market with our YTD international wholesale sales already exceeding total international sales for the 12 months of FY2023. However, this overall growth is somewhat mitigated as our Outland Denim brand's direct-to-consumer sales channel has continued to perform below historical sales (50% decline from the prior year) as costs of acquisition have remained high and consumer spending has waned. However, given this decline, we have been investing into a new website and digital marketing strategy. With the new website launch and Aje collaboration launch both scheduled for November 2023, we anticipate momentum to build across this platform in the coming months.

Navigating our next phase, our emphasis remains twofold: fortifying a sustainable business model while fuelling momentum. We see this being achieved both through our wholesale business and our direct-to-consumer business. Our direct-to-consumer business is anticipated to grow as we launch a new website, invest into our content creation and channels, and roll out brand collaborations in the upcoming year, which in turn will provide access to new audiences and lower our customer acquisition costs. Our financial results over the past year indicate that as we scale, our fixed costs in relation to our total revenue will continue to reduce. As such, we will be able to continue to sell more products without significantly increasing our fixed costs.

Balance Sheet Commentary

Since the end of the financial year, we have raised \$1.87 million in new capital either by way of convertible notes or new loans with related parties. We have also converted approximately \$2 million of both existing and new convertible notes issued post 30 June 2023 to shares. This has allowed us to fund the upfront purchase of the Nobody Denim brand and working capital requirements. Details of the Convertible Notes have been included in Section 2.6.3 above.

We note that the convertible notes as at 30 June 2023 are shown on the Balance Sheet in the financial liabilities line item under current liabilities.

Statement of Cash Flows Commentary

As can be seen from the statement of cash flows, the operating cash flow deficit each year has primarily been funded by way of borrowings obtained and new equity issued during the years. We note that for the 12 months ended 30 June 2021 the cash flow statement has not been consolidated to adjust for related-party transactions. As such, the operating receipts and payments in this year represent non-consolidated cash flows.

Outlook - Management Comments on Consolidation of Brands

NOBODY ACQUISITION

Opportunity for Growth and Impact

The ability to acquire the intellectual property and key assets of the Nobody Denim brand is an unparalleled opportunity for the Outland Denim Group. This strategic move not only allows us to absorb a principal competitor in the Australian fashion landscape but also provides us with the opportunity to substantially enhance our market presence and steer the future trajectory of the Nobody Denim brand.

Enhanced Market Position

By integrating Nobody Denim into the Group, we aim to significantly strengthen our market share, reinforcing our position as a leader in the industry. This acquisition can enable us to shape and enhance the brand positioning of Nobody Denim, ensuring its continued growth and success.

Operational Synergy and Risk Mitigation

Leveraging our vertically integrated model, the acquisition is expected to generate substantial manufacturing work for our Maeka Production House. This integration will assist us to plan with more certainty and reduce our reliance on external customers, mitigating risk and expanding profitability across the entire group.

Please Note: Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events; many of which cannot be controlled. Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by Outland Denim Pty Ltd and has not been validated by an independent third party.

Greater Social and Environmental Impact

This strategic move is anticipated to further benefit our social and environmental outcomes as we are able to employ new staff and create garments utilising our proven supply chain, low-impact fabrics and state-of-the-art wash house, reinforcing our commitment to people and planet.

Robust Financial Growth

By bringing the Nobody Denim business into the Group, we have the ability to significantly add to our Group's sales revenue based on the sales received by the Nobody Denim brand in the last financial year. We believe that this acquisition is a strategic step towards swift revenue growth and achieving economies of scale, thus providing an opportunity to fortify our economic sustainability.

Consolidation for Efficiency and Innovation

The consolidation of resources across both brands is expected to result in operational efficiencies, furthering a more streamlined and effective business model. This consolidation should enable enhanced creativity and innovation, ensuring the delivery of superior quality products and innovative operations.

Key Anticipated Benefits

- 1. Market Expansion:** Increase brand presence, market share, and access to a broader customer base.
- 2. Resource Sharing:** Boost operational efficiencies across both businesses and the entire supply chain.
- 3. Talent Acquisition:** Merge teams and experience to enhance creativity, product quality and streamlined operations.
- 4. Cost Savings:** Achieve better cost negotiations with economies of scale, leading to enhanced profit margins and the ability to channel investments into impactful initiatives and business growth.

The acquisition of Nobody Denim is a strategic move that we expect to deliver substantial benefits, including enhanced market presence, operational efficiency, financial growth, and positive social and environmental impact, positioning the Outland Denim Group for sustained success and growth in the future.

Section 3: Information about the Offer

3.1 Terms of the offer

The Company is offering up to 680,000 ordinary shares at an issue price of \$1.15 per share to raise up to \$782,000. The key terms and conditions of the Offer are set out below.

| Term | Detail |
|----------------------|----------------------------|
| Shares | Fully-paid ordinary shares |
| Price | \$1.15 per share |
| Minimum Subscription | \$172,500 |
| Maximum Subscription | \$782,000 |
| Opening Date | 16th of November 2023 |
| Closing Date | 30th of November 2023 |

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at www.birchal.com.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Retail investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

3.2 Use of funds

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

| Intended Use | Minimum Subscription | Maximum Subscription |
|-----------------------|----------------------|----------------------|
| Sewing Line Expansion | \$120,000 | \$200,000 |
| Branding & Marketing | \$39,350 | \$250,000 |
| Plant & Equipment | \$0 | \$100,000 |
| Working Capital | \$0 | \$182,280 |
| Offer Expenses | \$13,150 | \$49,720 |
| Total | \$172,500 | \$782,000 |

3.3.7 Pre-emptive rights / anti-dilution on issue of shares

If the Directors resolve to issue new shares, it must first offer the new shares to each Key Shareholder (as set out in the terms of the Shareholder's Agreement).

Aside from the requirement to first offer new shares to the Key Shareholders, the Directors can issue shares in the Company of a particular class to any person without first offering them to existing shareholders of that class.

3.3.8 Amendments to the Constitution

To vary the Constitution or adopt a new constitution, the Company must pass a special resolution at a general meeting. At least 75% of the voting members of the Company must vote in favour of the resolution for it to pass.

3.4 What can I do with my shares

Shares in the Company are considered illiquid as they cannot easily be transferred or sold.

However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include:

- A trade purchase of the Company
- A listing on a registered stock exchange (eg the ASX)
- A private equity investment in the Company
- A share buy-back by the Company

There is no guarantee that any of the exit options will eventuate.

3.5 Details of previous CSF offers

In April 2020, Outland Denim launched its first CSF Offer. In the first CSF offer, Outland Denim offered up to 2,000,000 fully-paid ordinary shares at an issue price of \$1.00 per share. The CSF offer was completed successfully raising \$1,280,633.

In June 2021, Outland Denim launched its second CSF Offer. In the second CSF offer, Outland Denim offered up to 2,000,000 fully-paid ordinary shares at an issue price of \$1.03 per share. The CSF offer was completed successfully raising \$867,255.

Section 4: Information

About Investor Rights

4.1 Cooling-off rights

If you are a retail investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (Cooling-off Period).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 Communication facility for the offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

4.3 Proprietary company corporate governance obligations

4.3.1 Annual report

As the Company has existing CSF shareholders, we are required to prepare annual financial reports and directors' reports and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's share registry website at the following address <https://www.cakeequity.com/> (free of charge) or can purchase the report from ASIC.

4.3.3 Related party transactions

As a Company with CSF shareholders, the rules on related party transactions in Chapter 2E of the Corporations Act apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

4.3.4 Takeovers

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.

4.4 Company updates

The Company will provide updates to investors via the Company's share registry website at the following address <https://www.cakeequity.com/> and via the Intermediary's platform.

Glossary

Company means Outland Denim Pty Ltd ACN 608 048 120.

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which a retail investor has a right to withdraw their application and be repaid their application money.

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act.

Intermediary means Birchall Financial Services Pty Ltd ACN 621 812 646 AFSL 502618.

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer. The Maximum Subscription is subject to rounding based on the share price of the Offer.

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer. The Minimum Subscription is subject to rounding based on the share price of the Offer.

Offer means an offer of fully-paid ordinary shares by the Company under this CSF offer document.

Retail investor has the meaning given to the term “retail client” under the Corporations Act.

Footnotes

- 1 <https://ausfashioncouncil.com/wp-content/uploads/2023/05/AFC-NCPSS-Data-Report.pdf>
- 2 <https://trademarks.justia.com/901/20/nobody-90120824.html>
- 3 <https://ausfashioncouncil.com/wp-content/uploads/2023/05/AFC-NCPSS-Data-Report.pdf>
- 4 <https://biochar-international.org/news/biochar-offers-an-accelerated-pathway-to-global-decarbonization-says-new-research/>
- 5 McKinsey & Company, "The State of Fashion 2019" (November 29, 2018)
- 6 <https://www.commonobjective.co/article/fashion-and-employment-decent-work>
- 7 <https://www.voguebusiness.com/sustainability/modern-slavery-is-on-the-rise-fashions-role-remains-steady>
- 8 Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future (2017).
<https://www.ellenmacarthurfoundation.org/a-new-textiles-economy>
- 9 <https://www.vogue.com.au/fashion/news/covid19-and-the-global-fashion-industry-from-resilience-to-reinvention-and-whats-next/news-story/4e80e37b4a5156102756692ffb5df522>
- 10 <https://fashionunited.com/global-fashion-industry-statistics>
- 11 <https://www.businessoffashion.com/reports/global-markets/the-state-of-fashion-2020-coronavirus-update-bof-mckinsey-report-release-download/>
- 12 <https://www.just-style.com/features/key-drivers-for-growth-in-the-global-online-apparel-market/?cf-view>
- 13 <https://www.census.gov/library/stories/2022/04/ecommerce-sales-surged-during-pandemic.html>
- 14 <https://www.statista.com/topics/7683/e-commerce-in-australia/#topicOverview>
- 15 <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>
- 16 <https://www.statista.com/outlook/dmo/ecommerce/fashion/australia>
- 17 <https://www.ibisworld.com/au/industry/clothing-retailing/407/#:~:text=Clothing%20Retailing%20in%20Australia%20market,estimated%20%2423.2bn%20in%202023>
- 18 <https://www.deloitte.com/au/en/about/press-room/retail-forecasts.html>
- 19 <https://www.deloitte.com/au/en/about/press-room/retail-forecasts.html>
- 20 <https://www.ibisworld.com/au/industry/clothing-retailing/407/#IndustryStatisticsAndTrends>
- 21 <https://www.statista.com/statistics/242114/sales-of-the-leading-10-apparel-retailers-worldwide/>
- 22 <https://www.euromonitor.com/article/what-inflation-pressure-mean-for-fashion-supply-chains-today>
- 23 <https://www.outlanddenim.com.au/blogs/news/fashion-revolution-week-2023-a-letter-from-james>
- 24 <https://www2.deloitte.com/uk/en/pages/consumer-business/articles/sustainable-consumer.html>
- 25 <https://www.globaldata.com/store/report/australia-green-fashion-market-analysis/>
- 26 <https://au.yougov.com/consumer/articles/47377-which-australians-have-bought-sustainable-fashion-why-others-are-leaving-it-on-the-shelf>
- 27 <https://au.yougov.com/consumer/articles/47377-which-australians-have-bought-sustainable-fashion-why-others-are-leaving-it-on-the-shelf>
- 28 <https://www.globaldata.com/store/report/australia-green-fashion-market-analysis/>
- 29 <https://www.globaldata.com/store/report/australia-green-fashion-market-analysis/>
- 30 <https://www.globenewswire.com/en/news-release/2023/03/03/2620253/28124/en/16-819-Billion-Ethical-Fashion-Global-Market-Opportunities-and-Strategies-to-2032-Featuring-Eileen-Fisher-LVMH-Levi-Strauss-Co-H-M-Conscious-Reformation.html>
- 31 <https://www.globenewswire.com/en/news-release/2023/03/03/2620253/28124/en/16-819-Billion-Ethical-Fashion-Global-Market-Opportunities-and-Strategies-to-2032-Featuring-Eileen-Fisher-LVMH-Levi-Strauss-Co-H-M-Conscious-Reformation.html>
- 32 <https://www.cnn.com/2021/02/26/lvmh-backed-fund-buys-majority-stake-in-birkenstock.html>
- 33 https://www.lcatterton.com/Investments.html#!/current/M:nag_major
- 34 <https://hl.com/about-us/transactions/houlihan-lokey-advises-everlane/>
- 35 <https://www.patagonia.com/ownership/>
- 36 <https://mygreencloset.com/is-hm-actually-sustainable-or-are-they-greenwashing/#:~:text=H%26M%27s%20Business%20Model&text=Frequent%20and%20large%2Dscale%20production,not%20really%20sustainable%20at%20all>
- 37 <https://www.ragtrader.com.au/news/handm-tells-sydney-customers-why-it-s-sustainable>
- 38 [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753958/EPRS_BRI\(2023\)753958_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753958/EPRS_BRI(2023)753958_EN.pdf)
- 39 <https://www.accc.gov.au/consumers/advertising-and-promotions/environmental-and-sustainability-claims>
- 40 <https://directory.goodonyou.eco/brand/outland-denim>
- 41 <https://blog.sendle.com/b-corp-retail-directory>
- 42 <https://blog.sendle.com/b-corp-retail-directory>
- 43 <https://au.finance.yahoo.com/news/global-denim-jeans-market-set-141300224.html>
- 44 <https://www.maximizemarketresearch.com/market-report/premium-denim-jeans-market/148756/>
- 45 <https://au.finance.yahoo.com/news/global-denim-jeans-market-set-141300224.html>
- 46 <https://www.maximizemarketresearch.com/market-report/premium-denim-jeans-market/148756/#:~:text=Premium%20Denim%20Jeans%20Market%20was,6.74%20%25%20through%20the%20forecast%20period>

47 <https://www.linkedin.com/pulse/denim-jeans-market-competitive-landscape-recent/>

48 <https://www.exportfinance.gov.au/customer-stories/threebyone/>

49 <https://www.linkedin.com/company/citizens-of-humanity/>

50 <https://www.refinery29.com/en-us/2016/06/113127/ethical-clothing-costs>

51 <https://www.commonobjective.co/article/sustainable-manufacturing-size-scope>

52 <https://www.businessinsider.com/trade-supply-chains-china-separating-southeast-asia-off-shoring-decouple-2023-9#:~:text=Supply%20chains%20are%20diversifying%20away,Southeast%20Asia%20for%20final%20assembly.>

53 <https://oag.ca.gov/SB657>

54 <https://www.cbp.gov/trade/forced-labor/UFLPA>

55 <https://www.nytimes.com/2022/09/30/fashion/fashion-laws-regulations.html>

56 <https://www.euromonitor.com/article/why-integrating-sustainability-in-fashion-retail-is-becoming-a-must>

57 <https://www.supplychainmovement.com/half-of-businesses-are-reducing-production-capacity-in-china/>

58 <https://ausfashioncouncil.com/program/seamless/>

59 Global Voices Survey conducted November 2022 cited by <https://retailtimes.co.uk/highest-value-shoppers-are-the-most-sustainability-conscious-data-from-esw-reveals/>

60 <https://www.imf.org/en/Publications/fandd/issues/2022/03/the-long-lasting-economic-shock-of-war>

61 <https://www.oecd.org/economic-outlook/september-2023/#>

62 <https://www.bloomberg.com/news/features/2023-10-12/israel-hamas-war-impact-could-tip-global-economy-into-recession>

63 <https://hbr.org/2020/09/global-supply-chains-in-a-post-pandemic-world>

64 <https://www.mckinsey.com/industries/public-sector/our-insights/the-inflation-reduction-act-heres-whats-in-it>

65 <https://www.worldbank.org/en/results/2018/02/13/jobs-at-the-core-of-development>

66 <https://www.worldbank.org/en/results/2018/02/13/jobs-at-the-core-of-development>

67 <https://www.dfat.gov.au/development/australias-development-program>

68 https://ec.europa.eu/commission/presscorner/detail/en/ip_20_229

69 Trade impacts of LDC graduation: CAMBODIA, World Trade Organization, 2022.

70 Trade impacts of LDC graduation: CAMBODIA, World Trade Organization, 2022.

71 Trade impacts of LDC graduation: CAMBODIA, World Trade Organization, 2022.

72 <https://www.rba.gov.au/publications/fsr/2023/oct/household-business-finances-in-australia.html>

73 <https://www.abs.gov.au/statistics/industry/retail-and-wholesale-trade/retail-trade-australia/latest-release>

74 <https://www.imf.org/en/News/Articles/2023/10/31/cs103123-australia-staff-concluding-statement-of-the-2023-article-iv>

75 <https://www.deloitte.com/au/en/about/press-room/retail-forecasts.html>

76 Global Voices Survey conducted November 2022 cited by <https://retailtimes.co.uk/highest-value-shoppers-are-the-most-sustainability-conscious-data-from-esw-reveals/>

77 <https://www.rba.gov.au/publications/bulletin/2023/sep/recent-developments-in-small-business-finance-and-economic-conditions.html>

78 https://environment.ec.europa.eu/strategy/textiles-strategy_en#:~:text=The%20EU%20Strategy%20for%20Sustainable,and%20the%20European%20industrial%20strategy.

79 https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

80 <https://ausfashioncouncil.com/program/seamless/>

81 <https://www.thefashionlaw.com/the-risks-of-green-marketing-a-snapshot-of-greenwashing-litigation/>

82 <https://www.thefashionlaw.com/the-risks-of-green-marketing-a-snapshot-of-greenwashing-litigation/>



Thank you.

For more information contact:

James Bartle

+61411660171

james@outlanddenim.com