Appendix 4E

Preliminary Final Report

Under ASX Listing Rule 4.3A

Name of Entity	MOSAIC BRANDS LIMITED
ABN	96 003 321 579
Financial Year Ended	2 JULY 2023
Previous Corresponding Reporting Period	3 JULY 2022

RESULTS FOR ANNOUNCEMENT TO MARKET

	$000	Percentage over previous corresponding period
Revenue from ordinary activities	$524,075	3.5%
Profit from continuing operations after income tax	$266	103.4%
Profit from ordinary activities after income tax attributable to members	$1,237	110.8%
Net Profit attributable to the members of Mosaic Brands Limited	$1,237	110.8%

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Previous corresponding period	Nil	Nil

There were no dividends paid, recommended or declared with respect to the current financial period from the dividend profit reserve.

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Mosaic Brands Limited operates within the women's fashion and retail sector through brands such as Noni B, Millers, W.Lane, Rockmans, Katies, Crossroads, Autograph, beme and Rivers. Mosaic Brands operates a business structure with two operating business segments being Australia and New Zealand with both a store and online presence. The store portfolio on a like for like basis ended the year at 804 (2022: 952).

Refer to the financial statements attached for:

- Statement of profit or loss and other comprehensive income together with notes
- Statement of financial position together with notes
- Statement of changes in equity together with notes
- Statement of cash flows together with notes

Mosaic Brands Limited advises that its Annual General Meeting will be held on 16 November 2023. Further details relating to the meeting will be advised in the Notice of Meeting which will be sent to all shareholders and released to ASX immediately after despatch.

DETAILS RELATING TO DIVIDENDS

Date the dividend is payable	Not Applicable
Record date to determine entitlement to the dividend	Not Applicable
Amount per security	Not Applicable
Amount per security of foreign sourced dividend or distribution	Not Applicable
Details of any dividend reinvestment plans in operation	Not Applicable
The last date for receipt of an election notice for participation in any dividend reinvestment plans	Not Applicable

NET TANGIBLE ASSETS PER SHARE

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	(110.6) (cents)	(206.8) (cents)

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

Refer to the financial statements attached.

COMMENTARY ON THE RESULTS FOR THE PERIOD

Please refer to the Operating and Financial Review section in the Directors' Report for the commentary on the result for the period.

This report should be read in conjunction with any public announcements made by Mosaic Brands in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and ASX Listing Rules.

Details of entities over which control has been lost during the period:

On 3 April 2023 the Group announced that its EziBuy operations which is based in New Zealand went into voluntary administration. Please refer to note 26 on the Consolidated Financial Statements for further information.

QUALIFICATION OF AUDIT / REVIEW

This report is based on accounts to which one of the following applies:

(Tick one)

The accounts have been audited	✓
The accounts are in the process of being audited or subject to review	
The accounts have been subject to review	
The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not Applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not Applicable

ATTACHMENTS FORMING PART OF APPENDIX 4E

Attachment #	Details
1	Financial Statements

Signed By Company Secretary:	
Chief Financial Officer	Luke Softa
Date	30 August 2023

MOSAIC BRANDS LTD

ABN 96 003 321 579

Financial Report

2 July 2023

Corporate Directory

DIRECTORS
Richard Facioni
Scott Evans
David Wilshire
Jacqueline Frank
Quentin Gracanin (appointed 22 February 2023)

COMPANY SECRETARY
Luke Softa

NOTICE OF ANNUAL GENERAL MEETING
Details of the Annual General Meeting of Mosaic Brands:
Virtual Annual General Meeting
Details: To be advised on the ASX
Time: 11:00am
Date: 16th November 2023

REGISTERED OFFICE
Mosaic Brands Limited
Ground Floor, 61 Dunning Avenue
Rosebery NSW 2018

Telephone:	(02) 8577 7777
Facsimile:	(02) 8577 7887
ABN:	96 003 321 579

SHARE REGISTER
Computershare Registry Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000

Telephone: 1300 556 161

AUDITOR
BDO Audit Pty Ltd
Level 11, 1 Margaret Street
Sydney NSW 2000

BANKERS
Commonwealth Bank of Australia
Level 1, Commonwealth Bank Place,
North Tower, 1 Harbour Street,
Sydney NSW 2000

STOCK EXCHANGE LISTING
Mosaic Brands Limited shares are listed on the Australian Securities Exchange
ASX Code: MOZ

WEBSITE
www.mosaicbrandslimited.com.au

CORPORATE GOVERNANCE STATEMENT
www.mosaicbrandslimited.com.au

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Consolidated Entity consisting of Mosaic Brands Limited and the entities it controlled at the end of, or during, the year ended 2 July 2023.

GENERAL INFORMATION

DIRECTORS

The following persons were Directors of Mosaic Brands Limited during the financial year and up to the date of this report, unless otherwise stated:

Richard Facioni	Non-Executive Director
Scott Evans	Chief Executive Officer and Managing Director
David Wilshire	Non-Executive Director
Jacqueline Frank	Non-Executive Director
Quentin Gracanin	Non-Executive Director (appointed 22 February 2023)

PRINCIPAL ACTIVITIES

Mosaic Brands Limited owns and operates nine retail clothing brands, predominately within women's apparel and accessories within Australia and New Zealand, sold through its network of approximately 804 stores and its online digital department platforms.

DIVIDENDS PAID, DECLARED OR RECOMMENDED

There were no dividends paid, recommended or declared with respect to the current financial period from the dividend profit reserve. There were no dividends paid, recommended or declared with respect to the previous corresponding financial period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

EziBuy voluntary administration

On 3 April 2023, the Group announced that its EziBuy operations which is based in New Zealand went into voluntary administration. This resulted in the Group losing control which represented a gain of $971,000 in discontinued operations. Refer to note 26 for further details.

Convertible notes

In the 2022 financial year the Group completed a capital raising of $32,017,808 by issuing 32,017,808 in secured convertible notes at a value of $1.00 per note with a cash bearing interest rate of 8% per annum (payable quarterly in arrears). For the financial year ended 2 July 2023, 17,427,494 notes were converted resulting in the issuance of 71,284,803 ordinary shares. The debt component of the convertible notes is measured at amortised cost. The equity conversion feature of the convertible notes is measured at fair value through profit or loss as set out in note 21 and note 25.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Group's investment into re-platforming our Digital powerhouse will provide a far superior customer experience and better insight into behaviour. Whilst we expect short term impacts as we transition sites throughout the first quarter of FY24 the long-term benefits of using the Salesforce platform, a global leader in the digital economy, is expected to deliver sustainable growth both domestically and internationally to support our BIG digital strategy. Aligned with our customers expectation FY24 will see a continued focus on adapting our collections to ensure they are aligned with changing behaviours, and we continue to improve our in-store experience. These changes should allow the Group to navigate through an uncertain inflationary environment and deliver earnings growth for FY24. Post year-end, Mosaic has made an offer to the liquidator for EziBuy assets including brand names and intellectual property.

Apart from the above, no other matter or circumstances has arisen since 2 July 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the state of affairs in future financial years.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The Group aims to continue its focus on its 'Big Growth Strategy' which centres on 'Big Stores' and 'Big Digital'.

'Big Stores' is focused on larger formatted stores predominately in the Rivers brand which provide a bigger offering and better experience for the customer and delivers better financial metrics for the Group.

'Big Digital' strategy is focused on two key pillars, firstly continuing to gain share of wallet through wider offering with a wider category and greater SKU available on its sites and secondly expanding the Groups presence overseas digitally. The Group is currently transitioning its online platform to Salesforce, a world class platform and innovator in this space and are excited by the opportunities to improve customer experience and gaining access to the embedded artificial intelligence.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental obligations or regulations under Australian Commonwealth or State Law.

OPERATING AND FINANCIAL REVIEW

The operating and financial review has been designed to enhance the periodic financial reporting and provide shareholders and other stakeholders with additional information regarding the Group's operations, financial position, business strategies and key business risks. The review complements the financial report and has been prepared in accordance with the guidance set out in ASIC Regulatory Guide 247.

Review of operations

Mosaic Brands Limited operates within the women's fashion and retail sector in Australia and New Zealand through brands such as Noni B, Millers, W.Lane, Rockmans, Katies, Crossroads, Autograph, beme and Rivers.

The Group operates a business structure with two operating business segments being Australia and New Zealand with both a store and online presence. At the end of the financial year the operating segments ended with 786 stores in Australia and 18 stores in New Zealand. The Group revenue and other income for both operating segments showed an improvement on the prior year with Australia increasing by $17,208,000 and New Zealand increasing by $740,000

As the Group entered a post-COVID period, the impact continued as supply-chain costs remained higher than usual which was seen in the first-half of the financial year. In order to be reactive to the market conditions the Group focused on key areas:

- enact the cost out program in order to reduce the costs of doing business (CODB)
- close unprofitable stores unless favourable commercial terms could be agreed with landlords.
- Focus on the 'BIG' growth strategy on 'BIG digital' for SKU and category expansion and 'BIG stores' which are larger in format that provides big brands with an improvement in customer experience

During the second half of the financial year, the Group announced that its EziBuy operations which is based in New Zealand went into voluntary administration. This is a major step forwards within the Groups operations as it looks to restructure the Company in realising future positive operating cash flows.

Review of financial performance

Group revenue for the 2023 financial year (after adjusting for the derecognition of EziBuy) improved by $28,698,000 ending on $495,286,000 (2022: $466,588,000) with a gross margin improvement of 4% ending on 57% (2022: 53%). Costs for the year ended $12,310,000 above last year which was driven from occupancy costs for the reversal of right-of-use assets impairment which was $9,874,000 more in the prior period.

The Group's underlying EBITDA improved by $33,564,000 ending on $17,146,000 against last year's loss of ($16,418,000). Profit before income tax ended on $3,948,000 (2022: loss of $11,645,000) with an improvement in the earnings per share for the year ended at a profit of 0.82 cents (2022: loss per share of 11.13 cents).

Non-AASB financial measures are financial measures other than those defined or specified under all relevant accounting standards. The Consolidated Entity uses non-AASB financial measures to monitor and report on the performance of the business on an ongoing basis. In particular, the Consolidated Entity reports on Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Underlying EBITDA, as the Board and management of the Consolidated Entity believe that these are the best measures of the underlying performance of the business. These measures are in common and widespread use across the sectors in which the business operates.

Directors' Report (continued)

A reconciliation of operating profit before income tax to underlying EBITDA is provided as follows:

	2023 $'000	2022 $'000
Underlying EBITDA from continuing operations	**17,146**	(16,418)
Transaction and restructuring costs*	(2,151)	(960)
Interest (finance costs)	(10,187)	(8,040)
Interest received	117	28
Fair value on convertible notes	(1,267)	6,828
Depreciation and amortisation:		
- Plant and equipment	(6,154)	(8,988)
- Right-of-use assets	(55,781)	(58,672)
- AASB 16 rent amortisation	57,351	65,554
- Amortisation (non-AASB 16)	(1,320)	(1,192)
(Impairment) / reversal:		
- Non-current assets	25	(62)
- Right-of-use assets and plant and equipment	6,155	16,029
- Brand names	(2,880)	(5,813)
Other items**	2,894	(1,825)
COVID-19 rent concessions from prior period***	-	1,886
Profit / (loss) before income tax from continuing operations	**3,948**	**(11,645)**

*Transaction costs of $524,000 (2022: $960,000) and restructuring costs of $1,627,000 (2022: nil) were recognised throughout the year and are included in the consolidated statement of profit or loss and other comprehensive income.
** Other items include share based payment expense of $536,000 (2022: $568,000) and unrealised foreign exchange gain of $3,430,000 (2022: loss $1,257,000)
*** These relate to the extinguishment of lease payable liabilities in FY21 which were agreed during FY22.

Review of financial position

The financial position for the year ended recognises the derecognition of EziBuy. This resulted in a significant change in the financial position of the Group against the prior year.

Cash and cash equivalents ended on $11,821,000 (2022: $42,763,000) with cash from operating activities resulting in an inflow of $37,833,000 (2022: $44,574,000). The Group inventory balance ended at $131,684,000 in line with its normal historic balances against last year (2022: $116,714,000) with the FY23 being the first operational year since COVID in which there were no Governmental forced closures to the retail network.

Payables ended $24,070,000 lower than the prior year end which is driven from both the derecognition of EziBuy and reduction in supplier chain. Total lease liabilities decreased on the prior year by $5,431,000 which is driven from the Groups strategy to close non-performing stores which ended at a total store network of the year of 804 (2022: 952).

Total Borrowings for the Group ended $6,211,000 higher than last year which is through the current facility held with the Commonwealth Bank with a term ending on August 2024 and the Group commencing the refinancing process. The financial report has been prepared on a going concern basis as management conclude that the Group will be able to pay its debts as and when they fall due. Management continue to monitor working capital and if needed can follow the below strategies:

- Review inventory orders.
- Continuing to pursue operating efficiencies across the entire Group, spanning wages to logistics and other below the line operational costs.
- Re-negotiating and extending payment terms with key suppliers.
- Negotiating rental concessions and modified rental agreements with landlords.

MATERIAL BUSINESS RISKS

The Group considers the following to be business risks that are likely to have a material effect on its operating and financial performance. An overview of these risks is set out below:

Competition & Innovation

The Group operates in a retail environment in both Australia and New Zealand which remains highly competitive. The retail fashion market also continues to consolidate and feel the effects of globalisation. The Group will continue providing better customer service and improve product value to the customer. To deliver on this commitment the Brands share successes and failures both within their team and with the broader business and run an investment thesis to challenge the current thinking and plan for the future.

Ethical Sourcing & Sustainability

The Group is committed to sustainability and to reducing the risk of slavery, servitude, forced or compulsory labour within its business and supply chain. The Group considers modern slavery to be a significant risk within the global garment and textile sector and is committed to preventing and addressing modern slavery in line with the UN Guiding Principles on Business and Human Rights. The Group holds regular training of all brand teams, reviews updates and publishes compliance requirements to vendors and factories. Mosaic is also committed to continuing its work with NGO's for continuous compliance as well as removing any identified high-risk countries from its sourcing lists.

Directors’ Report (continued)

Exchange Rates

The Group has exposure to exchange rate movements due to relying significantly on imported products and operating in New Zealand with the majority of exposure embedded in movements in the USD. The Group manages this risk by maintaining a hedging policy and can mitigate impacts through the use of forward hedging.

Workplace Health and Safety (WHS) injuries

Team members and customers who visit physical stores across Australia and New Zealand may face the risk of physical injuries. We care about the physical and psychological safety and health of our customers, team and business partners. We are committed to creating a safe work environment, where people arrive home from work and shopping free from injuries and illness. The Group analyses any injury to determine focus areas to improve as well as running training for personnel covering areas including proactive warm up exercises and injury management actives. The Group also maintains public liability insurance and Workers’ Compensation insurance to protect both team members and customers.

Cybersecurity

The Group takes cybersecurity extremely seriously as we all live in a connected environment where malicious software can impact individuals and the broader operation of the business including website and credit card security. To endeavour to provide a secure, safe platform from which to conduct online transactions the Group uses the industry standard Transport Layer Security (TLS) protocol, which encrypts information as it is transmitted over the internet. This encryption scrambles details such as credit card numbers, billing details and delivery addresses so that other computers are unable to decipher the information, ensuring privacy and security. The Group engages third party professionals to conduct penetration testing to identify weaknesses and hosts training for team members on the dangers of scams and phishing.

Human Resources

The Group understands the importance of its people and the need to ensure team members have the appropriate levels of competency to perform their roles efficiently, be engaged with the business and add value. Team members are provided with a Group-wide training framework which ensures a minimum level of knowledge across all brands and exit interviews are used to identify opportunities for the business to continually improve.

Outlook

As noted in the Company’s market update dated 21 July 2023 the Group expects a slowdown in consumer spending. It has not provided formal guidance for FY24. Along with the Mother’s Day period, Christmas trading is a key component in shaping the Group’s overall financial results. It is not possible nor sensible to anticipate whether consumer confidence will remain cautious, darken or improve by late in the first-half, given the large number of variables that may shape that. Instead, the Group has focused on what it can control in significantly reducing costs across the business to pre-COVID levels. Given it purchases products in US dollars, unfavourable currency swings could also impact the Group’s overall profitability as was the case in FY23.

Directors' Report (continued)

DIRECTORS QUALIFICATIONS, EXPERIENCE AND OTHER RESPONSIBILITIES

The details of the Company Directors in office until the date of this report are as follows:

Richard Facioni
Chairman, Non-Executive Director

Joined the Board in November 2014

Background: Richard is an experienced investment professional with over 25 years' experience in private equity, principal investment, mergers and acquisitions and restructurings. Richard is founder & CEO of ACTA Capital, a boutique private equity firm that specialises in retail and consumer investments. Richard previously led the private equity practice of Alceon Group. He is also Executive Chairman of Alquemie Group, a retail and consumer brands investment and growth company. Previous roles include Managing Director of Silverfern Group, a global private equity origination and co-investment firm where he co-led the group's activities in Australasia, Co-founder of Shearwater Capital Group, a private credit opportunities investment firm, and various roles at Macquarie Group over a career spanning 15 years, including Head of Acquisition Finance and Head of Principal Transactions Group.

Qualifications: Bachelor of Engineering (Honours I) from the University of Sydney; Master of Business Administration from the Wharton School at the University of Pennsylvania; Graduate Member of the Australian Institute of Company Directors; Fellow of the Financial Services Institute of Australasia (FINSIA).

Special responsibilities: Chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.

Scott Evans
Chief Executive Officer, Managing Director

Joined the Board in November 2014

Background: Scott has a wealth of experience in international retailing, having led both private and public companies for nearly 30 years. He is highly regarded as a "turnaround specialist" and has successfully transformed several prominent brands from loss-making to profitable. Scott began his career in the United Kingdom with Mark's & Spencer and later became the Managing Director of Greenwoods Menswear, where he facilitated the sale of the business to Chinese brand Bosideng. He then relocated to Australia and joined Specialty Fashion Group, where he held leadership positions at Millers and Crossroads, two significant retail chains at the time. Scott subsequently became the CEO of Bras N Things under the BBRC Group. In 2014, he assumed the role of Chief Executive Officer at Noni B, overseeing a chain of 220 stores. Under his leadership, Noni B acquired the Pretty Girl Fashion Group in 2016, which included brands such as Rockmans, W.Lane, and beme. In 2018, Scott orchestrated the acquisition of several brands, including Millers, Autograph, Rivers, Crossroads, and Katies, from the Speciality Fashion Group, resulting in the formation of Mosaic Brands, a conglomerate of nine brands and one of the largest specialty retailers in Australia.

Qualifications: Scott holds a BTEC National Diploma in Business and Finance.

David Wilshire
Non-Executive Director

Joined the Board in November 2014

Background: David has over 20 years' experience in principal investment, mergers and acquisitions and capital markets. He is co-head of Alceon's Private Equity business and has been a member of the Alceon investment team since the firm was founded in 2010. David sits on the board of Cheap as Chips Discount Stores, one of Alceon's other retail sector portfolio investments. Prior to Alceon, David held roles within the corporate finance group of Babcock & Brown and the investment banking divisions of Goldman Sachs and Macquarie Group.

Qualifications: David holds a Bachelor of Commerce from Monash University and is a Member of the Australian Institute of Company Directors.

Special responsibilities: Member of the Remuneration and Nomination Committee and Chair of the Audit and Risk Committee.

Directors' Report (continued)

Jacqueline Frank
Non-Executive Director

Joined the Board in May 2019

Background: Jackie is one of Australia's most successful and highly regarded media executives with over 30 years' experience in publishing, management and marketing, brand innovation and retail consulting. From 2014 to 2018, Jackie was General Manager of the health, fashion, beauty and lifestyle group at Pacific Magazines and successfully led the brand's multi-platform transformation, and new online-only brand launches.
In 2018, Jackie started her own company, Be Frank Group, helping brands engage with the female economy and to date has consulted to Hearst US, Bumble Australia, SEED Heritage, SCCI, Westfield, EziBuy, French Connection, Sapphire Group, Brandbank Group and McCann Agency Australia.

Special responsibilities: Member of the Remuneration and Nomination Committee.

Quentin Gracanin
Non-Executive Director

Joined the Board in February 2023

Background: Quentin has over 30 years' experience in the retail sector with extensive skills and knowledge of retail operations, business planning, management and strategic planning. With a proven track record in creating and building business strategies to meet brand, sales, profit and ROI targets, Quentin has the ability to coach, mentor and lead individuals and teams to greater success.

Quentin has been the CEO of Spotlight Pty Ltd for 12 years, a fabrics, craft and home furnishings chain store with 145 stores and 8,000 employees. Prior to that he was the CEO of Pretty Girl Fashion Group from (2005 – 2011) which gives Quentin intimate first-hand knowledge of some of the Mosaic Group brands.

Special responsibilities: Member of the Remuneration and Audit & Risk Committee.

COMPANY SECRETARY

Luke Softa
Chief Financial Officer, Company Secretary

Joined the Company in March 2015

Background: Luke has over 18 years' experience as a Chief Financial Officer within the Asian, American and Australian markets. Luke has spent 20 years in the service industry and held a number of roles within the Millward Brown Group, including regional Chief Financial Officer for Africa Asia Pacific, before transitioning to Michael Page International as their Asia Pacific Chief Financial Officer. Luke then moved into the retail industry as the Chief Financial Officer at Bras N Things before taking on the opportunity at Noni B in March 2015.

Qualifications: Luke holds a Bachelor of Commerce, Graduate Member of the Australian Institute of Company Directors and is a Fellow Certified Practising Accountant.

Special responsibilities: Secretary to the Remuneration and Nomination Committee and Audit and Risk Committee.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 2 July 2023, and the number of meetings attended by each Director were:

	Board Meeting		Audit and risk management committee		Remuneration and nomination committee	
	Held	Attended	Held	Attended	Held	Attended
Richard Facioni	11	11	3	3	3	3
Scott Evans	11	11	3	3	3	3
David Wilshire	11	10	3	3	3	3
Jacqueline Frank	11	10	3	3	3	3
Quentin Gracanin	4	4	1	1	1	1

Held: Represents the number of meetings held during the time the Directors held office.

Directors' Report (continued)

INDEPENDENT DIRECTORS

The Directors considered by the Board to be independent is Jacqueline Frank.

In determining whether a Non-Executive Director is considered by the Board to be independent, the following relationships affecting independence will be taken into account:

(1) whether the Director is a substantial shareholder of the Group or an officer of, or otherwise associated directly with a substantial shareholder of the Group (as defined in section 9 of the *Corporations Act);*
(2) whether the Director is employed or has been employed in an Executive capacity by the Group or another group member and there has not been a period of at least three years between ceasing such employment and serving on the Board;
(3) whether the Director is or has been a principal of a material professional adviser or a material consultant to the Group or another group member, or an employee materially associated with the service provided;
(4) whether the Director is or has been employed by, or a partner in, any firm that has been the Group's external auditors;
(5) whether the Director is a material supplier or customer of the Group or any other group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
(6) whether the Director has a material contractual relationship with the Group or another group member other than as a Director of the Group; and,
(7) whether the Director is free from any interest and any business or other relationship which could materially interfere with the Director's ability to act in the best interests of the Group.

REMUNERATION REPORT [AUDITED]

The remuneration report, which has been audited as required by section 308 (3C) of the *Corporations Act 2001*, outlines the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations. The Directors (Executive and Non-Executive) and the Senior Executives received the amounts set out in the table of benefits and payments and explained in this section of the report as compensation for their services as Directors and/or Executives of the Group during the financial year ended 2 July 2023.

Specific matters included in this Report are set out below under separate headings, as follows:

1. **Details of remuneration**
2. **Remuneration policy**
3. **Service Agreements**
4. **Additional information**

1. DETAILS OF REMUNERATION

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

The key management personnel of the Group consisted of the following Directors of Mosaic Brands Limited:

Richard Facioni	Chairman
Scott Evans	Chief Executive Officer and Managing Director
David Wilshire	Non-Executive Director
Jacqueline Frank	Non-Executive Director
Quentin Gracanin	Non-Executive Director (appointed 22 February 2023)

And the following Senior Executives:

Luke Softa	Chief Financial Officer and Company Secretary

Directors' Report (continued)

Remuneration of Key Management Personnel

Details of the nature and amount of each element of compensation for services for key management personnel of the Group paid in the financial year are as follows:

	Short term benefits				Post employment benefits		Long term benefits	Share based payments	
2023	Cash salary and fees $	Cash bonuses STI $	Cash bonuses LTI $	Non-monetary benefits	Super-annuation	Termination benefits	Long service leave	Equity settled	Total
Directors									
Exeutive Directors									
Scott Evans	1,024,987	-	-	9,646	27,316	-	16,995	390,611	**1,469,555**
Non-exeutive Directors									
Richard Facioni	185,000	-	-	-	-	-	-	110,693	**295,693**
David Wilshire	100,000	-	-	-	-	-	-	-	**100,000**
Jacqueline Frank	100,000	-	-	-	10,542	-	351	-	**110,893**
Quentin Gracanin*	41,250	-	-	-	-	-	-	-	**41,250**
Other key management personnel									
Luke Softa	610,642	-	-	3,535	27,316	-	9,445	108,647	**759,585**
Total	**2,061,879**	**-**	**-**	**13,181**	**65,174**	**-**	**26,791**	**609,951**	**2,776,976**

*Quentin Gracanin appointed as Non-executive Director on 22 February 2023.

	Short term benefits				Post employment benefits		Long term benefits	Share based payments	
2022	Cash salary and fees $	Cash bonuses STI $	Cash bonuses LTI $	Non-monetary benefits	Super-annuation	Termination benefits	Long service leave	Equity settled	Total
Directors									
Exeutive Directors									
Scott Evans*	1,121,153	712,500	-	14,129	27,356	-	18,412	260,407	**2,153,957**
Non-exeutive Directors									
Richard Facioni	185,000	-	-	-	-	-	-	86,594	**271,594**
David Wilshire	100,000	-	-	-	-	-	-	-	**100,000**
Jacqueline Frank	100,000	-	-	-	10,000	-	321	-	**110,321**
Other key management personnel									
Luke Softa*	587,637	412,500	-	-	27,356	-	9,445	74,366	**1,111,304**
Stephen Gosney**	172,107	-	-	-	5,892	-			**177,999**
Total	**2,265,897**	**1,125,000**	**-**	**14,129**	**70,604**	**-**	**28,178**	**421,367**	**3,925,175**

* The bonus paid during the financial year related to prior year performance. It is based on the achievement of a predetermined EBITDA target and represents the maximum amount payable.
** Stephen Gosney resigned as Director and Chief Executive Officer of EziBuy on 1 October 2021.

2. REMUNERATION POLICY

Non-Executive Directors

Non-Executive Director remuneration is set by the Board's Remuneration and Nomination Committee and is subject to shareholder approval as detailed below based on independent external advice with regard to market practice, relativities, and Director duties and accountability. Company policy is designed to attract and retain competent and suitably qualified Non-Executive Directors, to motivate these Non-Executive Directors to achieve Mosaic Brands' long term strategic objectives and to protect the long term interests of shareholders.

Fee Pool

Non-Executive Directors' fees are set by resolution of shareholders at the annual general meeting. It is currently set at $750,000 per annum in aggregate. The remuneration does not include any participation by Independent Directors in Company Share schemes which is separately approved by the Board and ratified by shareholders at the annual general meeting.

Fees

The Non-Executive Directors' base fee is set at $100,000 per annum and the Chairman's fee is set at $185,000 per annum. During the financial year ended 2 July 2023 the Group held a total of 17 formal meetings, including committee, Board and shareholder meetings.

Directors’ Report (continued)

Equity participation

Non-Executive Directors may receive rights, options or shares as part of their remuneration, subject only to shareholder approval. As referenced below, no rights, options or shares have been issued to any of the Non-Executive Directors during the financial year.

Retiring Allowance

No retiring allowances are paid to Non-Executive Directors.

Executive Directors and Senior Executives

Mosaic Brands’ overall Group remuneration policy is set by the Board’s Remuneration and Nomination Committee. The policy is reviewed on a regular basis to ensure it remains contemporary and competitive.

For the specified Executives, the policy is intended to be consistent with the remuneration recommendations and guidelines set down in *Principle 8* of the Australian Security Exchange’s “best practice” corporate governance guidelines. Broadly, Mosaic Brands’ policy is intended to ensure:

- for each role, that the balance between fixed and variable (performance) components is appropriate having regard to both internal and external factors;
- that individual set objectives will result in sustainable beneficial outcomes;
- that all performance remuneration components are appropriately linked to measurable personal, business unit or Group performance; and
- that total remuneration (that is the sum of fixed plus variable components of the remuneration) for each Executive is fair, reasonable and market competitive.

Mosaic Brands’ achievement of these objectives is checked on a regular basis using independent external remuneration consultants.

Components of Executive remuneration

Generally, Mosaic Brands’ provides selected Senior Executives with three components of remuneration, as follows:

- fixed remuneration is made up of basic salary, benefits, superannuation and other salary sacrifices. This is reflective of their roles, experience and level of responsibility and is reviewed annually against market data for comparable positions. Benefits may include car allowances;
- short term incentives (STI) – paid in cash / options, directly earned upon the successful achievement of specific financial and operational targets. A portion of this STI may be provided in Mosaic Brand’s shares subject to service and/or performance conditions. All STI awards are based on performance measures which are set and reviewed by the Remuneration and Nomination Committee annually;
- long term incentives (LTI) – provides selected and invited Senior Executives with the right to acquire shares, only where specific future service requirements and future financial and operational targets that improve shareholder returns have been exceeded. Performance measures are set and reviewed by the Remuneration and Nomination Committee annually.

The objective of the reward schemes (STI and LTI) is to both reinforce the key financial goals of the Group and to provide a common interest between management and shareholders.

The fair value at grant date of share plan and performance share rights are independently determined using a Binomial Approximation Option Valuation Model and the Black Scholes Valuation Model that takes into account the exercise price, the term of the rights over shares, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the rights over shares.

Details of rights over ordinary shares in the Group provided as remuneration to each of the key management personnel of the Company and the Group are set out below.

Directors' Report (continued)

Offer for performance share rights

Performance Share Rights

These have a variety of market conditions (volume weighted average price) and non-market conditions being qualifying and non-qualifying leaver provisions.

Richard Facioni

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
19/11/2021	18/11/2026	$0.44	$0.78	$0.52	50%	1.73%	750,000	250,000
19/11/2021	18/11/2026	$0.16	$0.78	$2.00	50%	1.73%	750,000	250,000
19/11/2021	18/11/2026	$0.21	$0.78	$1.50	50%	1.73%	500,000	166,667

Scott Evans

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
19/11/2021	18/11/2026	$0.44	$0.78	$0.52	50%	1.73%	3,000,000	1,000,000
19/11/2021	18/11/2026	$0.16	$0.78	$2.00	50%	1.73%	2,000,000	666,667
19/11/2021	18/11/2026	$0.21	$0.78	$1.50	50%	1.73%	1,500,000	500,000

Luke Softa

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
22/11/2021	21/11/2026	$0.17	$0.81	$2.00	50%	1.73%	750,000	250,000
22/11/2021	21/11/2026	$0.47	$0.81	$0.52	50%	1.73%	650,000	216,667
22/11/2021	21/11/2026	$0.22	$0.81	$1.50	50%	1.73%	500,000	166,667

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		Short term incentive		Long term incentive	
Name	2023	2022	2023	2022	2023	2022
Non-Executive Directors						
Richard Facioni	63%	68%	-	-	37%	32%
David Wilshire	100%	100%	-	-	-	-
Jacqueline Frank	100%	100%	-	-	-	-
Quentin Gracanin*	100%	-	-	-	-	-
Executive Directors						
Scott Evans	73%	55%	-	33%	27%	12%
Other key management personnel						
Luke Softa	85%	56%	-	37%	15%	7%
Stephen Gosney**	-	100%	-	-	-	-

*Quentin Gracanin appointed as Non-executive Director on 22 February 2023.
**Stephen Gosney resigned 1 October 2021

3. SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	**Scott Evans**
Title:	Chief Executive Officer
Duration of agreement:	Employment agreement for Chief Executive Officer operative until terminated by either party.
Termination payment:	Maximum payment to be made to Chief Executive Officer on termination is 3 months. Total Remuneration (being Total Fixed Remuneration plus Short Term Incentives, Long Term Incentives and benefits). To be paid in the following circumstances: 1) Redundancy; or 2) Fundamental Change.
Notice of termination:	On termination by Mosaic Brands or the Executive – 3 months' notice. Payment in lieu of notice can be made by Mosaic Brands in all circumstances, if Mosaic Brands so chooses
Restraint Conditions:	Restraint period of 6 months

Name:	**Luke Softa**
Title:	Chief Financial Officer and Company Secretary
Duration of agreement:	Employment agreement for Chief Financial Officer operative until terminated by either party.
Termination payment:	Maximum payment to be made to the Chief Financial Officer on termination is 3 months. Total Remuneration (being Total Fixed Remuneration plus Short Term Incentives, Long Term Incentives and benefits). To be paid in the following circumstances: 1) Redundancy; or 2) Fundamental Change.
Notice of termination:	On termination by Mosaic Brands or the Executive – 3 months' notice. Payment in lieu of notice can be made by Mosaic Brands in all circumstances, if Mosaic Brands so chooses.
Restraint Conditions:	Restraint period of 6 months

4. ADDITIONAL INFORMATION

The earnings of the Group for the five years to 2 July 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Revenue including discontinued operations	566,885	619,651	708,766	736,777	881,920
Profit / (loss) attributed to members of the parent entity	1,237	(11,456)	2,715	(170,485)	8,130

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end ($)	0.16	0.19	0.63	0.71	2.72
Basic earnings / (loss) per share (cents per share)	0.82	(11.13)	2.81	(176.00)	8.40
Basic earnings / (loss) per share (cents per share) from continuing operation	0.18	(7.71)	2.81	(176.00)	8.40
Total dividends (cents)	-	-	-	5.50	13.00

* 2019-2021 includes EziBuy

Options held by Directors and key management personnel

There are options outstanding at end of the financial year ended 2 July 2023.

Directors' Report (continued)

Relevant interest in shares by Directors and key management personnel

The number of shares and convertible notes in the parent entity held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below.

Ordinary shares

Directors and key management personnel	Shareholding at 3 July 2022 No	Shares purchased or (sold) ordinary No	Shares acquired under performance rights plan ordinary No	Convertible note conversion No	Shareholding at 2 July 2023 No
Richard Facioni	3,800,000	-	-	**146,692**	**3,946,692**
Scott Evans	12,273,797	-	-	**880,369**	**13,154,166**
David Wilshire	-	-	-	**-**	**-**
Jacqueline Frank	-	-	-	**-**	**-**
Quentin Gracanin*	-	-	-	**-**	**-**
Luke Softa	2,845,029	(150,770)	-	**308,541**	**3,002,800**
TOTAL	**18,918,826**	**(150,770)**	**-**	**1,335,602**	**20,103,658**

Convertible notes

Directors and key management personnel	Convertible notes at 3 July 2022 No	Convertible note conversion No	Convertible notes at 2 July 2023 No
Richard Facioni	35,658	(35,658)	**-**
Scott Evans	214,000	(214,000)	**-**
David Wilshire	-	-	**-**
Jacqueline Frank	-	-	**-**
Quentin Gracanin	-	-	**-**
Luke Softa	75,000	(75,000)	**-**
TOTAL	**324,658**	**(324,658)**	**-**

*Quentin Gracanin appointed as Non-executive Director on 22 February 2023.

Note
David Wilshire is the Managing Director of Alceon Group Pty Limited which holds 34,674,472 shares in Mosaic Brands Limited as at 2 July 2023.
Quentin Gracanin is the Chief Executive Officer of Spotlight Pty Ltd which holds 35,070,332 shares and 3,600,000 convertible notes which remain outstanding as at 2 July 2023

This concludes the remuneration report which has been audited.

SHARES UNDER OPTION AND ISSUED ON THE EXERCISE OF OPTIONS

Details of the shares issued under the exercise of options and unissued ordinary shares under option at the date of this report can be found in the remuneration report.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's Constitution requires the Company to indemnify current and former Directors, alternate Directors, executive officers and officers of the Company on a full indemnity basis and to the full extent permitted by the law against all liabilities incurred as an officer of the Group, except to the extent covered by insurance. Further, the Company's Constitution permits the Company to maintain and pay insurance premiums for director and officer liability insurance, to the extent permitted by law. Consistent with (and in addition to) the provisions in the Company's Constitution outlined above, the Company has also entered into deeds of access, indemnity and insurance with all directors of the Company which provide indemnities against losses incurred in their role as directors, subject to certain exclusions, including to the extent that such indemnity is prohibited by the *Corporations Act 2001* (Cth) or any other applicable law. The deeds stipulate that the Company will meet the full amount of any such liabilities, costs and expenses (including legal fees).

INDEMNITY AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Directors' Report (continued)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

NON-AUDIT SERVICES

The details of amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Director's report.

ROUNDING OF AMOUNTS

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

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) (a) of the *Corporations Act 2001*.

On behalf of the Directors

Richard Facioni Chairman	Scott Evans Managing Director

Sydney 30 August 2023

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Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF MOSAIC BRANDS LIMITED

As lead auditor of Mosaic Brands Limited for the year ended 2 July 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mosaic Brands Limited and the entities it controlled during the year.

John Bresolin
Director

BDO Audit Pty Ltd

Sydney

30 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 2 JULY 2023 (PRIOR YEAR 53 WEEKS)

	Note	2023 $'000	2022 $'000
Continuing operations			
Revenue	3	495,286	466,588
Other income	3	28,789	39,539
Cost of goods sold		(227,630)	(237,990)
Expenses (excluding finance costs)	4	(277,279)	(264,969)
Transaction and restructuring costs		(2,151)	(960)
Finance costs	4	(10,187)	(8,040)
Impairment of brand names	13	(2,880)	(5,813)
Profit / (loss) before income tax		**3,948**	**(11,645)**
Income tax (expense) / benefit	5	(3,682)	3,714
Profit / (loss) for the year from continuing operations		**266**	**(7,931)**
Discontinued operations			
Profit / (loss) for the year from discontinued operation, net of tax	26	971	(3,525)
Profit / (loss) attributed to members of the parent entity		**1,237**	**(11,456)**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(357)	302
Other comprehensive income, net of tax		**(357)**	**302**
Total comprehensive income / (loss) for the year attributed to members of the parent entity, net of tax		**880**	**(11,154)**
Profit / (Loss) for the year attributed to members of the parent entity			
Profit / (Loss) from continuing operations		266	(7,931)
Profit / (Loss) from discontinued operations		971	(3,525)
		1,237	**(11,456)**
Earnings / (Loss) per share attributed to members of the parent entity			
Basic (loss) / earnings per share (cents)	34	0.82	(11.13)
Diluted (loss) / earnings per share (cents)	34	1.40	(11.13)
Earnings / (Loss) per share attributed to members of the parent entity from continuing operations			
Basic (loss) / earnings per share (cents)	34	0.18	(7.71)
Diluted (loss) / earnings per share (cents)	34	0.91	(7.71)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 2 JULY 2023

	Note	2023 $'000	2022 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**6**	11,821	42,763
Other receivables	**7**	3,596	2,483
Inventories	**8**	131,684	116,714
Derivative financial instruments	**9**	-	947
Other current assets	**10**	2,411	3,334
Income tax receivable	**5**	1	117
TOTAL CURRENT ASSETS		**149,513**	**166,358**
NON-CURRENT ASSETS			
Plant and equipment	**11**	10,113	10,837
Right-of-use assets	**12**	78,691	71,974
Intangible assets	**13**	9,810	13,262
Deferred tax assets	**5**	68,963	80,035
TOTAL NON-CURRENT ASSETS		**167,577**	**176,108**
TOTAL ASSETS		**317,090**	**342,466**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**14**	177,676	201,746
Borrowings	**15**	39,072	32,861
Provisions	**16**	20,256	23,592
Derivative financial instruments	**17**	771	1,970
Lease liabilities	**18**	45,989	47,627
Other current liabilities	**19**	179	193
Contract liabilities	**20**	8,444	12,015
TOTAL CURRENT LIABILITIES		**292,387**	**320,004**
NON-CURRENT LIABILITIES			
Provisions	**16**	1,552	1,821
Lease liabilities	**18**	48,377	52,170
Other non-current liabilities	**19**	531	560
Financial liabilities	**21**	13,992	25,069
Deferred tax liabilities	**5**	26,336	27,629
TOTAL NON-CURRENT LIABILITIES		**90,788**	**107,249**
TOTAL LIABILITIES		**383,175**	**427,253**
NET ASSETS		**(66,085)**	**(84,787)**
EQUITY			
Issued capital	**22**	125,320	108,034
Reserves	**23**	50,274	46,502
Accumulated losses		(241,679)	(239,323)
TOTAL EQUITY		**(66,085)**	**(84,787)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 2 JULY 2023

	Note	Issued capital $'000	Equity reserve $'000	Foreign currency translation reserve $'000	Dividend profit reserve $'000	Accumulated losses $'000	Total $'000
Balance at 27 June 2021		**108,034**	**4,432**	**220**	**26,640**	**(213,527)**	**(74,201)**
Loss after income tax for the year		-	-	-	-	(11,456)	**(11,456)**
Transfer profit after income tax for the half-year	***23***	-	-	-	14,340	(14,340)	**-**
Other comprehensive income for the year, net of tax		-	-	302	-	-	**302**
Total comprehensive income for the year		**-**	**-**	**302**	**14,340**	**(25,796)**	**(11,154)**
Transactions with owners in their capacity as owners:							
Share based payment expense	***35***	-	568	-	-	-	**568**
Balance at 3 July 2022	***22,23***	**108,034**	**5,000**	**522**	**40,980**	**(239,323)**	**(84,787)**
Profit after income tax for the year		-	-	-	-	1,237	**1,237**
Transfer profit after income tax for the half-year*	***23***	-	-	-	3,912	(3,912)	**-**
Reclassification of foreign currency translation reserve		-	-	(319)	-	319	**-**
Other comprehensive income for the year, net of tax		-	-	(357)	-	-	**(357)**
Total comprehensive income for the year		**-**	**-**	**(676)**	**3,912**	**(2,356)**	**880**
Transactions with owners in their capacity as owners:							
Share based payment expense	***35***	-	536	-	-	-	**536**
Issue of shares on conversion of convertible notes		17,286	-	-	-	-	**17,286**
Balance at 2 July 2023	***22,23***	**125,320**	**5,536**	**(154)**	**44,892**	**(241,679)**	**(66,085)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
*The transfer into the dividend profit reserve was recorded based on the profit recognised for the half-year ended 1 January 2023.
No dividend has been declared or paid during the 2023 financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 2 JULY 2023 (PRIOR YEAR 53 WEEKS)

	Note	2023 $'000	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		626,280	677,064
Payments to suppliers and employees (inclusive of GST)		(584,457)	(633,720)
Receipts from Government grants		503	637
Transaction and restructuring costs paid		(2,151)	(2,684)
Interest received		146	28
Interest and other finance costs paid		(2,606)	(1,631)
Income taxes received		118	4,880
Net cash provided by operating activities	**33**	**37,833**	**44,574**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for the purchase of business, net of cash acquired		-	(11,000)
Disposal of discontinued operation, net of cash disposed of		(1,251)	-
Payment for plant and equipment		(6,147)	(4,101)
Payment for software assets		(1,311)	(1,312)
Proceeds from the sale of plant and equipment		5	5
Net cash (used in) investing activities		**(8,704)**	**(16,408)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		130,049	135,387
Repayment of borrowings		(124,027)	(132,251)
Proceeds from issue of convertible notes		-	32,018
Payment for cost of fund raising		-	(1,071)
Payment for borrowing costs		-	(541)
Payment of lease liabilities		(66,093)	(76,776)
Net cash (used in) financing activities		**(60,071)**	**(43,234)**
Net (decrease) in cash and cash equivalents		**(30,942)**	**(15,068)**
Cash and cash equivalents at the beginning of the financial year		42,763	57,831
Cash and cash equivalents at the end of the financial year	**6**	**11,821**	**42,763**

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

Notes to the financial statements

Note 1. SIGNIFICANT ACCOUNTING POLICIES

The financial report of Mosaic Brands Limited for the year ended 2 July 2023 was authorised for issue in accordance with a resolution of the Directors on 30 August 2023.

Mosaic Brands is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: MOZ). The Consolidated Entity owns and operates nine retail clothing brands predominantly within the women's apparel and accessories within Australia and New Zealand sold through its store network and online digital department platforms.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern evaluation

During the course of the 2023 financial year, Mosaic Brands and the broader retail industry continued to experience the economic consequences of market uncertainty. In addition to the shipping delays which happened at the early stages of the current reporting period, the frequent rising of interest rates, inflationary pressure and a weaker AUD impacted the customer sentiment during the period. These unfavourable market conditions are the key drivers of a net liability position in the balance sheet of $66,085,000 as at 2 July 2023 (June 2022: $84,787,000). Based on factoring in these conditions and overlaying a sensitivity analysis could lead to potential future covenant breaches which gives rise to the existence of a material uncertainty and may cast significant doubt on the Group's ability to continue as a going concern to realise its assets and discharge its liabilities in the normal course of business. Current liabilities include $45,989,000 in current lease liabilities (June 2022: $47,627,000), $39,302,000 in bank loans which is used from a $25,000,000 revolving 'Trade Finance Facility' and $20,000,000 'Working Capital Facility' with a term ending August 2024 (refer to note 15), contract liabilities $8,444,000 which is a decrease of $3,571,000 from last year (June 2022: $12,015,000), derivative financial instruments of $771,000 (June 2022: $1,970,000) and current employee benefit provisions of $15,637,000 (June 2022: $16,806,000) which include a non-cash component of $5,956,000 (June 2022: $6,402,000).

The Directors believe it is appropriate to prepare the financial report on a going concern basis after considering the following factors:

1. Management successfully managed working capital both during and post the coronavirus (COVID-19) pandemic stemming back from 2020. During this period, management were able to follow the below strategies:
    a) Re-phasing inventory orders.
    b) Continuing to pursue operating efficiencies across the entire Group, spanning wages to logistics and other below the line operational costs.
    c) Re-negotiating and extending payment terms with key suppliers.
    d) Negotiating rental concessions and modified rental agreements with landlords.

2. On the 3 April 2023, the Group announced that its EziBuy operations which is based in New Zealand went into voluntary administration. This is a major step within the Groups operations as it looks to recapitalise the Company in realising positive operating cash flows.

3. For the 2023 financial year, Mosaic posted positive EBITDA from continuing operations of $17,146,000 which is a $33,564,000 improvement on the prior period (June 2022: EBITDA loss of $16,418,000). In addition, Mosaic generated positive operating cash flows of $37,833,000 (June 2022: $44,574,000).

4. The Group has access to a finance facility with the Commonwealth Bank with a total of $49,000,000 in available funding and a term ending August 2024. The terms of the facility include a 'Trade Finance Facility' of $25,000,000, a 'Working Capital Facility' of $20,000,000 and a 'Guarantee and credit facility' of $4,000,000.

Should the cash flow forecast and a deterioration of market forces eventuate, the Group in all events, retains the ability to take alternative measures, which may include capital raisings, renegotiation of financing covenants and facilities, additional debt financing or further cost curtailment, which the Group has a history of achieving. The financial statements do not include any adjustment relating to the recoverability and classification of assets carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debt as and when they fall due.

The Directors have concluded that, given the above, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due. On this basis the financial report has been prepared on a going concern basis.

Notes to the financial statements (continued)

(b) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, specifically:

- **AASB 2020-3** *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

The application of these new interpretations and amendments did not have a material impact on the financial statements. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mosaic Brands Limited as at 2 July 2023. Mosaic Brands Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(c) Fair value measurement

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial instruments at fair value through profit or loss.

Financial assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset. The consolidated entity's cash and cash equivalents and other receivables are classified as at amortised cost.

Certain investments qualify to be recognised and measured subsequently at fair value through other comprehensive income ('OCI') on exercise of an irrevocable election at the time of initial recognition, otherwise they are recognised at fair value through profit or loss.

Financial liabilities are subsequently measured at amortised cost. Derivatives are recognised at fair value through profit or loss.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The consolidated entity recognises a loss allowance for expected credit losses on debt instruments which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

As described in note 21 and note 25, the Group issued convertible notes during the 2022 financial year which were subject to independent expert valuation.

The Group has classified the convertible notes as financial liabilities. At the date of issue, the equity conversion feature of the convertible notes was classified as an embedded derivative measured at fair value through profit or loss (refer to note 25). The debt component was classified as a financial liability measured at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Transaction costs that relate to the issue of the convertible notes are allocated to the debt and embedded derivative (equity conversion option) components in proportion to the allocation of the gross proceeds. Transaction costs relating to equity conversion option are recognised directly in profit or loss. Transaction costs relating to the debt component are included in the carrying amount of the debt component and are amortised over the life of the convertible notes using the effective interest method.

(e) Foreign currency translation

The financial statements are presented in Australian dollars, which is the functional and presentation currency for Mosaic Brands Limited.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(f) Employee benefits

Employees of the Group receive defined contribution superannuation entitlements for which the Group pays the fixed superannuation guarantee contribution (2024: 11% of the employee's average ordinary salary, 11.5% from 1st July 2024) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) and New Zealand Inland Revenue Department (IRD).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in Trade and other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Period

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The current reporting period, 4 July 2022 to 2 July 2023, represents 52 weeks and the comparative reporting period is from 28 June 2021 to 3 July 2022 which represents 53 weeks.

Notes to the financial statements (continued)

(i) Rounding of amounts

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

(j) Critical accounting estimates and judgments

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The key estimates and judgements have been included within the notes to the financial report including going concern in note 1(a).

(k) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

(l) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 2 July 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(m) Leases

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurements of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

During the prior year, certain lease agreements were varied or lease obligations relieved due to COVID-19. Where a lease agreement is amended prospectively, the consolidated entity recognises the amendment as a modification and remeasures the lease liability and right-of-use asset accordingly. Where the consolidated entity enters into an agreement which relieves the consolidated entity from existing lease payable obligations, this is recognised as an extinguishment of the rent payable liability and recognised immediately in profit or loss.

(n) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(o) Government grants

Government Grants are recognised on the Consolidated Statement of Profit or Loss and Other Comprehensive Income when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grant will be received. Such grants are presented on a net basis on the Statement of Profit or Loss and Other Comprehensive Income within employee benefits expense.

(p) Reclassification

Certain amounts in the financial report have been reclassified to conform to current year presentation.

Note 2. OPERATING SEGMENT

Management has determined the operating segments based on internal reports reviewed and used by the Chief Executive Officer (CEO) in assessing performance and in determining the allocation of resources.

Fashion retail (Australia and New Zealand)

The fashion retail segment in Australia and New Zealand share similarities in its offering (fashion clothing) with the same customer demographic across different brands and are supported by one integrated support function.

The integrated support functions for the fashion retail segment include finance, information technology, marketing (both in the processes and the target customer) as well as the production and distribution processes.

The information reported to the CEO is on at least a monthly basis, including weekly reporting on key revenue metrics. The accounting policies adopted for internal reporting to the CEO are consistent with those adopted in the financial statements.

At the end of the reporting period the Groups geographic areas of operation consisted of Australia and New Zealand:

	Fashion Retail					
	Australia		New Zealand		Total	
	2023	2022*	2023	2022*	2023	2022*
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and other income:						
Revenue	487,849	459,880	7,437	6,708	**495,286**	**466,588**
Other income	28,641	39,402	148	137	**28,789**	**39,539**
Total revenue and other income	**516,490**	**499,282**	**7,585**	**6,845**	**524,075**	**506,127**
Total revenue and other income per the statement of profit or loss and other comprehensive income					**524,075**	**506,127**
Results:						
Cost of sales	(225,970)	(234,765)	(1,660)	(3,225)	**(227,630)**	**(237,990)**
Employee benefits expense	(115,437)	(113,596)	(1,622)	(1,561)	**(117,059)**	**(115,157)**
Depreciation	(61,514)	(67,164)	(421)	(496)	**(61,935)**	**(67,660)**
Amortisation	(1,320)	(1,192)	-	-	**(1,320)**	**(1,192)**
Impairment of brand names	(2,880)	(5,813)	-	-	**(2,880)**	**(5,813)**
Impairment reversal of right-of-use assets and PPE	6,155	16,036	-	(7)	**6,155**	**16,029**
Finance costs	(10,170)	(8,015)	(17)	(25)	**(10,187)**	**(8,040)**
Profit / (loss) before tax expense from continuing operations	4,153	11,517	22	3,653	**3,948**	**(11,645)**
Tax (expense) / benefit	(3,545)	3,783	(137)	(69)	**(3,682)**	**3,714**

* 2022 has been restated to present the results of EziBuy within discontinued operations. This has no impact on overall results for the period.

	Fashion Retail					
	Australia		New Zealand		Total	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities:						
Segment assets	316,359	298,171	731	44,295	**317,090**	**342,466**
Segment liabilities	380,870	372,806	2,305	54,447	**383,175**	**427,253**

Note 3. REVENUE AND OTHER INCOME

	Consolidated Group	
	2023	2022
	$'000	$'000
Revenue:		
Sale of goods	**495,286**	**466,588**
Other income:		
Interest	117	28
Jewellery commission	10,414	9,415
Fair value changes through profit or loss – convertible notes	-	6,828
Postage	10,198	9,694
Drop ship commission	3,740	5,616
Other	4,320	7,958
Total other income	**28,789**	**39,539**

Recognition and measurement

Revenue arising from sales of goods is recognised at the point in time when the customer has obtained control of the goods which is considered to be fulfilment of the performance obligation. Revenue is measured with consideration to any trade discounts and volume rebates.

i. Retail sales revenue is recognised at the point of sale, which is where the customer has obtained control of the goods.

   Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used to estimate such returns at the time of sale based on an expected value methodology.

ii. Jewellery commission revenue is recognised at the point of sale when the customer has obtained control of the goods.

iii. Fair value changes on the convertible note is recognised through the Monte Carlo modelling refer to note 25.

iv. Other income is mainly comprised of dropship and postage income which is in the ordinary course of our online business.

v. Revenue from the sale of gift cards is recognised upon redemption of the gift card. The amount of gift cards which expire unredeemed is not significant.

vi. The Group operates a customer loyalty scheme which provides rebate vouchers to be issued to customers twice yearly, based on customer's purchases during the loyalty period. The vouchers have expiry dates six weeks after issue. The Group defers this revenue until such point at which the sale of goods is made. The deferred portion is included in sundry payables as a contract liability and is recognised as revenue only after all the rebate obligations have been fulfilled.

vii. Interest revenue is recognised when it is earned.

Notes to the financial statements (continued)

Note 4. EXPENSES

	Consolidated Group	
	2023	2022
	$'000	$'000
a) Expenses (excluding finance costs)		
Marketing and selling expenses	131,820	133,854
Occupancy expenses	46,425	30,857
Administrative expenses	98,536	99,653
Other expenses	498	605
Total expenses (excluding finance costs)	**277,279**	**264,969**

	Consolidated Group	
	2023	2022
	$'000	$'000
b) (Loss) / profit before income tax from continuing operations includes the following specific expenses:		
Expenses		
Finance costs comprising interest attributed to:		
- interest and borrow ing expense	2,482	1,033
- interest expense on lease liabilities	3,962	3,448
- Convertible Notes Interest - Coupon	1,663	1,204
Underlying finance costs	**8,107**	**5,685**
Convertivle Notes Interest - amortisation from discount value to par using effecive interest rate method	2,080	2,355
Total finance costs	**10,187**	**8,040**
All finance costs are expensed in the period in w hich they are incurred.		
Fair value changes through profit or loss - convertible notes	-	6,828
Depreciation – plant and equipment	6,154	8,988
Depreciation – right-of-use assets	55,781	58,672
Amortisation	1,320	1,192
(Reversal) / impairment and w rite-off of non-current assets	(25)	62
Reversal of right-of-use assets impairment	(6,155)	(16,029)
Impairment of Brand Names and Goodw ill	2,880	5,813
(Reversal) / w rite-off of obsolete stock and inventory	(9,087)	8,818
Rental expenses attributed to:		
- low value assets	-	29
- variable lease payments – outgoings	14,924	14,737
- short term lease payments – other property costs	22,528	19,970
Total rental expenses	**37,452**	**34,736**
Employee benefits expense	117,059	115,157
Superannuation expense	11,047	10,758
Share based payment expense	536	568
Unrealised foreign exchange (loss) / gain	(3,430)	1,257

Notes to the financial statements (continued)

Note 5. INCOME TAX

	Consolidated Group 2023 $'000	Consolidated Group 2022 $'000
Major components of income tax expense / (benefit)		
Current tax	251	(12,579)
Deferred tax	3,431	8,865
Income tax (benefit) / expense	**3,682**	**(3,714)**
Reconciliation between income tax expense / (benefit) and prima facie tax on accounting profit		
Accounting profit / (loss)	3,948	(11,645)
Tax at 30% (2022: 30%)	1,184	(3,494)
Tax effect on non-deductible expenses / (non-assessable items):		
Share based payment expense	161	170
Permanent differences	2,575	(324)
Impact of AASB 16	(21)	-
Tax rate difference	35	3
Tax losses not booked	(246)	56
Under / over from prior year	2	(140)
Other	(8)	15
Income tax expense / (benefit)	**3,682**	**(3,714)**
Income tax		
Income tax receivable	1	117

	Consolidated Group 2023 $'000	Consolidated Group 2022 $'000
Applicable tax rate		
The applicable tax rate is the national corporate tax rate in Australia of 30%		
Analysis of deferred tax assets:		
Employee entitlements	5,157	5,552
Lessors fit out contribution	213	226
Accruals	2,134	2,936
Inventory temporary differences	3,562	11,606
Depreciation temporary differences	3,430	6,033
Provision for customer loyalty	-	313
Contract liabilities	720	1,215
Future tax benefit of tax losses	21,948	17,979
Business capital expenditure	7	9
Other provisions	1,742	2,000
Right-of-use asset impairment (business combination)	2	5,457
Lease liabilities	28,141	25,367
Other temporary differences	1,907	1,342
Total deferred tax assets	**68,963**	**80,035**
Analysis of deferred tax liabilities:		
Depreciation and amortisation temporary differences	-	262
Brand names	2,285	3,149
Trademarks	28	18
Foreign currency balances	396	1,103
Right-of-use assets	23,597	22,499
Lease incentive	-	569
Other temporary differences	30	29
Total deferred tax liabilities	**26,336**	**27,629**

Notes to the financial statements (continued)

Recognition and measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of recognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Deferred tax assets are recognised for deductible temporary differences and losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Recoverability of deferred tax assets

The Group has recorded a deferred tax asset relating to the future benefit of tax losses of $21,929,000 (2022: $17,979,000). The Group assesses the impairment of deferred tax assets by taking into account its projected profitability over the foreseeable future and hence its ability to recover the value of the deferred tax asset by reducing future liabilities for income tax. Management's forecasts project that the deferred tax asset is fully recoverable based on the below:

- Growth in sales and margin in the 2024 and future financial years
- Continuation of the tight cost management and inventory intake strategies which has proven to be successful over the past 8 years
- Continued availability of the Group's financing facilities

The following sensitivities have been modelled to demonstrate the impact changes in the management's forecasts on the recoverability of deferred tax assets:

- A 2% change in gross margin
- A 2% change in the indirect operating cost

Where actual results are lower than expectations as described above a proportion of the deferred tax asset may not be used, and a write-off of the deferred tax asset may be required.

Tax consolidation

Mosaic Brands Limited (the 'head entity') and its wholly-owned Australian controlled entities formed an income tax consolidated group under the tax consolidation regime as of 1 July 2005. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. In addition to its own current and deferred amount, the head entity also recognises the current tax assets/liabilities of each subsidiary in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mosaic Brands Limited for any current tax payable and are compensated by Mosaic Brands Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

Notes to the financial statements (continued)

Note 6. CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2023	2022
	$'000	$'000
Cash at bank and on hand	11,821	42,763

Recognition and measurement

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

Note 7. OTHER RECEIVABLES

	Consolidated Group	
	2023	2022
	$'000	$'000
Sundry debtors	3,596	2,483

Recognition and measurement

Sundry debtors are non-interest bearing and are generally on 30 to 60 day terms which include amounts from repeat customers, suppliers and landlord contributions. An allowance for credit losses is recognised based on the expected credit loss from the time the financial asset is initially recognised. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets and are subsequently measured at amortised cost which have not been discounted.

Note 8. INVENTORIES

	Consolidated Group	
	2023	2022
	$'000	$'000
Finished goods at cost, net of obsolescence and shrinkage	131,684	116,714

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted average cost basis. Cost comprises all costs of purchase and conversion and an appropriate proportion of fixed and variable overheads, net of settlement discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stock in transit is stated at the lower of cost and net realisable value. Costs comprise of purchase and delivery costs, net of rebates and discounts received or receivable.

Key estimate and judgement

The provision for obsolescence and shrinkage of inventories assessment requires a significant degree of estimation and judgement. The level of the provision is assessed by taking into account the sales experience, the classification and ageing of inventories and other factors that affect inventory obsolescence. Management's provision for obsolescence is based on three key assessments: (i) the assessment of the aged inventory, (ii) the sell-through test for the seasonal inventory, (iii) management's assessment on the judgment of sales.

Note 9. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Group	
	2023	2022
	$'000	$'000
Forward exchange contracts	-	947

Refer to note 25 for further information on financial instruments.

Notes to the financial statements (continued)

Note 10. OTHER CURRENT ASSETS

	Consolidated Group	
	2023	2022
	$'000	$'000
Prepayments	1,454	883
Right of return assets	957	2,451
	2,411	**3,334**

Recognition and measurement

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Note 11. PLANT AND EQUIPMENT

	Consolidated Group	
	2023	2022
	$'000	$'000
a) Plant and Equipment		
Plant and equipment:		
At cost	86,979	121,966
Accumulated depreciation and impairment	(76,866)	(111,129)
	10,113	**10,837**

	Plant and Equipment	Total
	$'000	$'000
b) Movements in carrying amounts		
Consolidated Group:		
Balance at 27 June 2021	**15,865**	**15,865**
Additions	4,409	**4,409**
Disposals	(457)	**(457)**
Depreciation and impairment expense	(8,980)	**(8,980)**
Balance at 3 July 2022	**10,837**	**10,837**
Additions	5,768	**5,768**
Derecognition of EziBuy	(376)	**(376)**
Disposals	(374)	**(374)**
Depreciation and impairment expense	(5,742)	**(5,742)**
Balance at 2 July 2023	**10,113**	**10,113**

Recognition and measurement

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives covering a period of three to six years. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Key estimate and judgement

The carrying values of store assets include plant and equipment and right-of-use assets are reviewed for impairment annually for events or changes in circumstances that may indicate the carrying value may not be recoverable. If an indication of impairment exists, and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment indicators are assessed at the store level.

The Group determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned, sold, written off or written down.

Notes to the financial statements (continued)

Note 12. RIGHT-OF-USE ASSETS

	Consolidated Group 2023 $'000	Consolidated Group 2022 $'000
Lease rights - property	371,349	333,385
Less: Accumulated depreciation and impairment	(292,658)	(261,411)
Total right-of-use assets	**78,691**	**71,974**

The Group leases buildings for its offices and retail outlets under agreements of between 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. During the year the Group had an additional $12,979,000 of new leases (2022: $22,539,000 additional new leases).

Key estimate and judgement

The carrying values of store assets include plant and equipment and right-of-use assets are reviewed for impairment annually for events or changes in circumstances that may indicate the carrying value may not be recoverable. If an indication of impairment exists, and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. An impairment loss recognised in prior periods shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount as measured by AASB 16. That increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. Impairment indicators are assessed at the store level, which includes a review of a store's performance over the past 3 years and management's estimate on the likelihood of the stores closure. For the period ended 2 July 2023 the right-of-use assessment, after considering the market outlook which included stores previously earmarked for closure which were not closed due to more certainty and favourable rent negotiations resulted in a Group impairment loss reversal of $6,155,000 (2022: impairment loss reversal of $16,029,000).

Note 13. INTANGIBLE ASSETS

	Consolidated Group 2023 $'000	Consolidated Group 2022 $'000
Brand names – at cost	58,090	58,090
Less: accumulated impairment losses	(50,476)	(47,596)
Net carrying value	**7,614**	**10,494**
Other intangible assets – at cost	14,813	42,956
Less: accumulated amortisation	(12,617)	(40,188)
Net carrying value	**2,196**	**2,768**
Total intangibles	**9,810**	**13,262**

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

	Consolidated Group Brand names $'000	Consolidated Group Other* $'000	Consolidated Group Total $'000
Balance at 27 June 2021	**16,307**	**3,671**	**19,978**
Additions	-	1,314	**1,314**
Amortisation expense	-	(2,217)	**(2,217)**
Impairment	(5,813)	-	**(5,813)**
Balance at 3 July 2022	**10,494**	**2,768**	**13,262**
Additions	-	1,309	**1,309**
Derecognition of EziBuy	-	(561)	**(561)**
Amortisation expense	-	(1,320)	**(1,320)**
Impairment	(2,880)	-	**(2,880)**
Balance at 2 July 2023	**7,614**	**2,196**	**9,810**

* Includes software, development costs and trademarks.

Notes to the financial statements (continued)

Brand names

Recognition and measurement

Brand names acquired in a business combination are initially measured at cost. Brand names on acquisition are included in intangible assets and are allocated to cash generating units (CGUs) for the purposes of impairment testing. Brand names are assessed as having an indefinite useful life and are tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Brand names are carried at cost less accumulated impairment losses. Impairment losses are taken to the profit or loss and are not subsequently reversed.

Impairment of brand names is determined comparing the recoverable amount of brand calculated using the relief from royalty method to the carrying value of the brand. The relief from royalty method is a calculation of the amount of the hypothetical royalty that would be paid if the brands were licensed from an independent third party. When the recoverable amount of the brand is less than the carrying amount, an impairment loss is recognised.

Trademarks were acquired through the acquisition of the Millers, Autograph, Katies, Crossroads and Rivers brands. These trademarks are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years, and are tested annually for impairment.

Costs associated with software and development cost are amortised on a straight-line basis over the period of their expected benefit being their finite life of 2-5 years and is tested annually for impairment.

Key estimates and judgements to account for business combinations

On 5 September 2016, the Group acquired 100% of the shares of the Pretty Girl Fashion Group (PGFG). The brands within the Pretty Girl Fashion Group include Rockmans, W. Lane and beme. An independent valuation of the brand names acquired as part of the transaction resulted in a total brand valuation of $36,300,000.

On 2 July 2018, the Group acquired the Millers, Autograph, Rivers, Crossroads and Katies brands from the Specialty Fashion Group through a business combination (collectively known as MARCK). An independent valuation of the brand names acquired as part of the transaction resulted in a total brand valuation of $20,900,000 with value attributable to all brands except Crossroads.

The fair value of the acquired Brands was determined based upon the relief from royalty method at acquisition date. The royalty rates used in the valuation were based on rates observed in the market. Brand names are assessed as having an indefinite useful life. The indefinite useful life reflects management's intention to continue to operate these brands to generate net cash inflows into the foreseeable future.

Impairment indicators

During the 2022 financial year and subsequently the first half of the 2023 financial year, the omicron variant from the coronavirus (COVID-19) pandemic continued to have economic consequences and market uncertainty within the retail industry. The issues caused whilst being more in the rear-view mirror does have a tail which has flowed through the business, included delays in logistics for sourcing from container shortages. In addition to this, the second half of the year saw a continuing rise in interest rates, inflationary pressure and uncertainty in the AUD further impacting customer sentiment for the full year period. Due to these factors, management determined that impairment losses should be recognised totalling $2,880,000 for brand names (2022: $5,813,000). More detail on the calculation of these impairment losses is included below.

Determination of key assumptions and inputs

Forecasts

Management has prepared forecasts for a four-year period derived from the approved budget for FY2024. These forecasts include assumptions around sales prices and volumes, operating costs and working capital movements. Management assesses the reasonableness of its forecasting by reviewing historical projections as well as future growth objectives.

Risk adjusted discount rates

The discount rates are derived from the Group's weighted average cost of capital as adjusted for the specific risks related to each brand.

Long-term growth rate

To forecast into perpetuity beyond the discrete forecast period, a long-term growth rate is used. To establish an appropriate rate, management considers long-term inflation and GDP forecasts and adjusts for industry specific impacts.

Royalty rate

Royalty rates have been reviewed by management with reference to the rates which were determined on initial recognition of the brands. Where considered necessary these rates have been revised to factor in subsequent changes in the economic environment that impact the ability of a market participant to derive the same level of royalties.

Notes to the financial statements (continued)

Sensitivity analysis

The results of the Group's impairment tests are dependent upon estimates and judgements made by management, particularly in relation to the key assumptions described above. A reasonably possible change in key assumptions could lead to a change of the amount of impairment recognised by the Group. The Group has therefore conducted an analysis of the sensitivity of the impairment conclusions to changes in the key assumptions used to determine the recoverable amount for each brand name. This is included below.

Impairment of brand names

The relief from royalty calculation is based on the discrete cash flow projections as at June 2023 for a period of four years, and a terminal value. The key assumptions utilised within the model are:

- Projections based on the FY2024 budget approved by the board and projected for a further three years based on a growth rate estimated by management of 3.0% in FY2025 (2022: 5.5% to 10.6% in FY2025), 3.0% in FY2026 (2022: 3.8% to 10.2% in FY2026) and 3.0% in FY2027 (2022: 3.8% to 10.2% in FY2027).
- A terminal growth rate of 1.0% (2022: 1.0%)
- A tax rate applied of 30% is based on the corporate tax rate in Australia (2022: 30%)

Royalty rates and post-tax discount rates are included within the table below:

	Royalty rate		Post-tax discount rate	
	2023	2022	2023	2022
Rockmans	0.75%	0.75%	16.75%	16.50%
Millers	0.25%	0.25%	16.75%	17.00%
Autograph	0.75%	0.75%	16.75%	17.00%
Rivers	0.25%	0.25%	16.75%	18.00%
Katies	0.25%	0.25%	16.75%	17.00%

The reconciliation of the carrying values of the brands at the beginning and end of the current and previous financial year is set out below:

	Rockmans	Millers	Autograph	Rivers	Katies	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 28 June 2021	**5,948**	**3,459**	**1,950**	**3,336**	**1,614**	**16,307**
Impairment expense	(1,506)	(1,720)	(385)	(1,424)	(778)	(5,813)
Balance at 3 July 2022	**4,442**	**1,739**	**1,565**	**1,912**	**836**	**10,494**
Impairment expense	(1,635)	(219)	(534)	(360)	**(132)**	(2,880)
Balance at 2 July 2023	**2,807**	**1,520**	**1,031**	**1,552**	**704**	**7,614**
Impact on recoverable amount of the following changes in assumptions:						
- 1% increase in discount rate	(158)	(86)	(58)	87	(40)	
- 1% decrease in discount rate	180	97	66	99	45	
- 0.5% (PGFG)/ 0.25% (MARCK) increase in royalty rate	1,870	1,520	344	1,552	704	
- 0.5% (PGFG)/ 0.25% (MARCK) decrease in royalty rate	(1,870)	(1,520)	(344)	(1,552)	(704)	

Note 14. TRADE AND OTHER PAYABLES

	Consolidated Group	
	2023	2022
	$'000	$'000
Trade payables	120,604	123,686
Accruals	12,422	22,198
Stock in transit	7,701	12,672
Sundry payables	36,949	43,190
	177,676	**201,746**

Recognition and measurement

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 - 90 days of recognition of the liability. Due to the short-term nature they are measured at amortised cost and are not discounted.

Notes to the financial statements (continued)

Note 15. BORROWINGS

	Consolidated Group	
	2023	2022
	$'000	$'000
CURRENT		
Secured liabilities:		
Commercial hire purchase liabilities	-	8
Bank loans	39,072	32,853
Total current borrowings	**39,072**	**32,861**

Bank loans are recognised at the fair value of the consideration less directly attributable transaction costs. Fees paid on establishment of loan facilities are amortised over the term of the facility. The Group's current finance facility is with the Commonwealth Bank. At the reporting date, loans and borrowings of $39,072,000 (2022: $32,861,000) included $19,502,000 from the bank 'Trade Finance Facility' and $19,800,000 from the bank 'Working Capital Facility' (2022: $20,780,000 from the bank 'Trade Finance Facility' and $12,500,000 from the bank 'Working Capital Facility) with $541,000 paid in establishment fees being amortised over the term of the facility. Bank loans have been classified as current liabilities due to repayment conditions over the facility term ending August 2024.

The total bank loan facilities available to the Group was $45,000,000 (2022: $45,000,000) which includes a 'Trade Finance Facility' of $25,000,000 and a 'Working Capital Facility' of $20,000,000. Of these facilities, $5,698,000 was unused at the period ended 2 July 2023. Bank loans are secured by both the warehouse and store inventory and a general security deed which is a fixed and floating charge over the business. Interest of 6.06% (2022: 3.04%) is charged on the loans. The carrying amount of bank loans approximates their fair value.

Recognition and measurement

Borrowing costs are directly attributable to the loan. They are subsequently measured at amortised costs using the effective interest method.

Finance facilities

The following lines of credit were available at reporting date:

	Consolidated Group	
	2023	2022
	$'000	$'000
Amount of credit facilities available		
Bank card	350	350
Market rate facility	45,000	45,000
Bank guarantees and lines of credit	3,650	3,650
Total	**49,000**	**49,000**
Amount of credit facilities unused		
Bank card	350	350
Market rate facility	5,698	11,720
Bank guarantees and lines of credit	147	1,594
Total	**6,195**	**13,664**

The bank loans and finance facilities available contain specific financial covenants which the Group is required to meet. Due to the impact of the COVID-19 pandemic and subsequently the Omicron variant, the Group is currently finalising amendments with a non-test of its covenants through to the 31st January 2024.

Notes to the financial statements (continued)

Note 16. PROVISIONS

	Consolidated Group	
	2023	2022
	$'000	$'000
CURRENT		
Employee benefits	15,637	16,806
Other provisions	4,619	6,786
Total current provisions	**20,256**	**23,592**
NON-CURRENT		
Employee benefits	1,552	1,821
Total non-current provisions	**1,552**	**1,821**

Movements in provisions during the current financial year, other than employee benefits, are set out below:

	Consolidated Group		
	Lease make good	Bonus	Total
	$'000	$'000	$'000
Balance at 4 July 2022	**6,676**	**110**	**6,786**
Amounts utilised	(8,216)	(110)	(8,326)
Additional provisions recognised	6,523	110	6,633
Derecognition of EziBuy	(474)	-	(474)
Balance at 2 July 2023	**4,509**	**110**	**4,619**

Other long-term employee benefits

Recognition and measurement

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement. The amount that is not expected to be taken within the next twelve months including on costs is $5,956,000 (2022: $6,402,000).

Long-term benefits are benefits (other than termination benefits) that are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur. The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Key estimate and judgement

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using the current pre-tax rate specific to the liability.

Other provisions include:

Lease make good

At the end of the reporting period management reviews the exposure for store closures after assessing factors such as customer demographic, landlord portfolio, lease status tenure and its commercial terms, internal rebranding opportunities and store performance (profit or loss-making). Based on this information, the Group then assess the closure risk rating of every store such as 'low', 'medium', 'high', 'definite closure' or 'rebranding'. An assessment is then made of the make good liability in accordance with the requirements of AASB 137. This assessment includes the existence of a present obligation, the probability that an outflow will be required and reliable estimation of the make good obligation.

Note 17. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Group	
	2023	2022
	$'000	$'000
Financial liabilities – convertible note (equity conversion feature)	771	1,970
	771	**1,970**

Refer to note 25 for further information on financial instruments.

Note 18. LEASE LIABILITIES

	Consolidated Group	
	2023	2022
	$'000	$'000
CURRENT		
Lease liability	45,989	47,627
NON-CURRENT		
Lease liability	48,377	52,170
Total lease liabilities	**94,366**	99,797

The following table reflects the Group's lease liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Consolidated Group	
	2023	2022
	$'000	$'000
Maturity < 1 month	4,998	5,479
Maturity 1 – 3 months	8,866	9,861
Maturity 3 – 12 months	32,125	32,287
Maturity > 1 year	48,377	52,170
Total lease liabilities	**94,366**	99,797

Key estimates and judgements

Lease term

Determining the lease term of contracts with renewal options

The Consolidated Entity determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease or the ability of staying on past lease expiry date (in holdover) if it is reasonably certain to be exercised. The Consolidated Entity has historically always had several lease contracts in holdover. The Consolidated Entity applies judgment in evaluating whether it is reasonably certain whether leases will be extended beyond the contracted period.

Holdover leases

The Consolidated Entity has historically always had several lease contracts in holdover. The Consolidated Entity applies judgment in evaluating whether it is reasonably certain whether leases will be extended beyond the contracted period. Given the current economic environment the Consolidated Entity does not consider the extension of the lease term beyond 12 months to be reasonably certain and therefore recognises these leases as short term. A range of one to ten years' extension is estimated based on average lease terms.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Notes to the financial statements (continued)

Note 19. OTHER LIABILITIES

	Consolidated Group	
	2023	2022
	$'000	$'000
CURRENT		
Fitout contributions and lease incentives	179	193
NON-CURRENT		
Fitout contributions and lease incentives	531	560
Total fitout contributions and lease incentives	**710**	753

Deferred lease incentives

The liability represents lease incentives received relating to variable leases. The incentives are allocated to the profit and loss on a straight-line basis over the lease term.

Note 20. CONTRACT LIABILITIES

	Consolidated Group	
	2023	2022
	$'000	$'000
Contract and customer liabilities	8,444	12,015

Recognition and measurement

Contract liabilities represent managements' best estimate of the future outflow of economic benefits in respect of products sold. The refund liability is estimated based on historical sales claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Key estimate and judgement

Contract liabilities are calculated based on historical sales claim information, sales levels and any trends that may suggest future liabilities could differ from historical amounts.

The Group operates a loyalty program. This is recognised as a customer loyalty provision within sundry payables and is based on (i) loyalty events and (ii) an estimate of the loyalty redemption by the loyalty customers. The estimate considers historical experience and other factors relevant to customer spending.

Note 21. FINANCIAL LIABILITIES

	Consolidated Group	
	2023	2022
	$'000	$'000
Opening balance	25,069	-
Proceeds of the convertible notes	-	32,018
Equity conversion feature on issuance date	-	(8,797)
Transaction costs	-	(1,071)
Debt component on issuance date	25,069	22,150
Interest paid	-	(640)
Interest expense accrued	3,743	3,559
Conversion notes	(14,820)	-
Financial liabilities (non-current)	13,992	25,069

Convertible Notes

On 13 October 2021, Mosaic Brands Limited issued 25,642,668 in secured convertible notes, and a further 6,375,140 notes on 22 November 2021. The convertible notes are subject to the below terms:

- Each convertible note has an initial face value of $1.00.
- The convertible notes will be secured by second-ranking security behind the security granted in respect of the Senior Debt Obligations.
- The convertible notes are convertible by the Noteholders in whole or in part into ordinary Mosaic shares at any time from 30 September 2022 until maturity on 30 September 2024 (refer to Note 16 for conversion feature).
- The convertible notes bear a cash interest rate of 8% per annum payable quarterly in arrears.
- If on any interest payment date the Group is not permitted to make a payment under the terms of the intercreditor deed, any part of the cash interest amount not paid will be capitalised on the relevant interest payment date and added as principal to the convertible note principal amount.
- The conversion price of the convertible notes is subject to a minimum price of AUD 0.25, and is determined as the lower of:

- AUD 0.515
- A 15% discount to the 30-day VWAP or Mosaic shares prior to the date of conversion
- A 15% discount to the price of any equity capital raising by the Group that occurred in the 30-day period prior to conversion

As described above, on any interest payment date, the Group can elect to either pay the interest amount in cash, or capitalise part or all of the interest amount and add this amount to the principal of the convertible notes. It is the Group's intention to capitalise interest subject to future business and market conditions.

Four interest payments dates occurred during the period:

Interest payment date	Interest payment
30 September 2022	Capitalised
31 December 2022	Capitalised
31 March 2023	Capitalised
30 June 2023	Capitalised

For the financial year ended 2 July 2023, 17,427,494 notes were converted which had an amortised cost of $14,819,630 on conversion, resulting in the issuance of 71,284,803 ordinary shares and a convertible note balance of 14,590,314 notes.

Key estimate and judgement

The debt component of the convertible notes is measured at amortised cost. The equity conversion feature of the convertible notes is measured at fair value through profit or loss (refer to note 17 and note 25 for the equity conversion feature). The exercise condition of the conversion option embedded in the convertible notes is contingent on the future path of Mosaic's share price. A Monte Carlo model was used to project a number of different scenarios of the Mosaic share price and therefore the conversion price of the convertible notes. This methodology incorporates the probability of exercising the conversion option after the restriction period has finished on 30 September 2022 and key inputs into the valuation include Mosaic's share price, price volatility and discount factors.

Note 22. ISSUED CAPITAL

	Consolidated Group	
	2023	2022
	$'000	$'000
Balance at the beginning of the financial year	108,034	108,034
Issue of shares during the period due to converting Convertible Notes	17,286	-
Balance at the end of the financial period	125,320	108,034

	NO	NO
Balance at the beginning of the financial year	107,562,930	96,662,930
Issue of shares during the period (i)	-	10,900,000
Issue of shares during the period due to converting Convertible Notes	71,284,803	-
Share buy-back (ii)	(500,000)	-
Balance at the end of the financial period	178,347,733	107,562,930

(i) In FY 2022, 10,900,000 shares were issued in relation to performance shares under limited recourse loans to Directors and Senior Management.
(ii) 500,000 shares were issued to Senior Management however they were cancelled by the Company during the year.

Ordinary shares

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

NOTE 23. RESERVES

	Consolidated Group	
	2023	2022
	$'000	$'000
Reserves comprise:		
Equity reserve	5,536	5,000
Foreign currency translation reserve	(154)	522
Dividend profit reserve	44,892	40,980
Total reserves	**50,274**	**46,502**

Equity reserve

The equity reserve is used to record the value of the share based payments provided to employees. In accordance to the Rules of the Director and Senior Management Share Plan, dividends paid on the Plan Shares will be applied to the value of shares. As no dividends were paid during the 2023 financial year no dividends were applied to the Plan Shares (2022: nil).

Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Dividend profit reserve

To the extent that any current year profits are not distributed as dividends, the Group may set aside some or all of the undistributed profits to a separate dividend profit reserve to facilitate the payment of future dividends, rather than maintaining these profits within accumulated losses. During the year the Directors decided to transfer the profit for the period ended 1 January 2023 of $3,912,000 (2022: $14,340,000) to the dividend profit reserve which will enable the declaration of a future dividend. The transfer into the dividend profit reserve was recorded based on the profit recognised for the period ended 1 January 2023. No dividends were declared or paid during the 2023 financial year. The Directors consider the requirements of s254T of the Corporations Act in the declaration of dividends.

Note 24. DIVIDENDS

Dividends

There were no dividends paid, recommended or declared with respect to the current financial period from the dividend profit reserve. There were no dividends paid, recommended or declared with respect to the previous corresponding financial period.

Franking credits

	Consolidated Group	
	2023	2022
	$'000	$'000
Franking credits available for future financial years (tax paid basis, 30% tax rate)	**7,267**	7,267

The above amount represents the balance of the franking account as at the end of the financial year, adjusted for:

- Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 25. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include monitoring interest rates, foreign exchange rates and ageing analysis for credit risk. Risk management is carried out by senior finance executives under policies approved by the Board which includes identification and analysis of the risk exposure.

Capital Risk Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Notes to the financial statements (continued)

Total debt of $39,072,000 (2022: $32,861,000) predominately consists of the trade financial facility of $19,502,000 (2022: $20,780,000) and the working capital facility of $19,800,000 (2022: $12,500,000) (refer to note 15).

Financial Risk Management Policies

The Board monitors the Group’s financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk, and interest rate risk.

The Boards overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board’s objectives, policies and processes for managing or measuring the risks from the previous period.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks. As sales to retail customers are settled in cash or using major credit cards within 24 hours, the Group is mitigated from any material credit risk exposure to any single debtor or group of debtors. Current trade account receivables are non-interest bearing loans and are generally on 45 day terms.

Market Risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Due to the uncertainty within the current market the Group has decided not to enter into any forward foreign exchange contracts.

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell AUD dollars		Average exchange rate	
	2023	2022	2023	2022
Buy US dollars	$'000	$'000	$	$
Maturity				
Less than 1 year	-	47,444	-	0.7020

Derivatives are measured at fair value through profit or loss.

Price risk

Fair value changes relating to equity risk associated with the equity conversion feature of the convertible notes are recognised in profit or loss. In addition, the agreed classification of the equity conversion feature is a Level 2 financial instrument (and therefore no sensitivity analysis is required to be disclosed on unobservable inputs used in the fair value measurement).

Interest Rate Risk

The Group’s main interest rate risk arises from loans and borrowings. Borrowings with variable rates expose the Group to interest rate risk with borrowings issued at fixed rates exposing the Group to fair value interest risk.

Based on the assumption that the liabilities outstanding at the balance sheet date were outstanding for the whole year, if interest rates had been 0.5% higher/ lower and all other variables were held constant, the group's profit and equity for the year would decrease/ increase by $124,000 (2022: $52,000).

Notes to the financial statements (continued)

As at the reporting date, the Group had the following interest rate borrowings outstanding:

	Loan Balance		Average Interest Rate	
	2023	2022	2023	2022
	$'000	$'000	%	%
Commercial hire purchase	-	8	-	6.21%
Bank loans	39,302	33,280	6.06%	3.04%
Financial liability – convertible note	13,992	25,069	8.00%	8.00%

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows. At reporting date, bank loan facilities of $45,000,000 were available to the Group (2022: $45,000,000). Of this facility, $39,302,000 was used (2022: $33,280,000).

The following table reflects the Groups financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The tables include both principal and interest cash flows disclosed as remaining contractual maturities and therefore the totals may differ from their carrying amount in the statement of financial position.

	Consolidated Group	
	2023	2022
	$'000	$'000
Maturity < 1 month	**67,607**	119,183
Maturity 1 – 3 months	**52,744**	59,769
Maturity 3 – 12 months	**144,330**	107,742
Maturity > 1 year	**64,532**	86,859
	329,213	**373,553**

Fair Value of financial instruments

AASB 13: Fair Value Measurement requires the disclosure of fair value of financial instruments according to the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level input that is significant to the entire measurement. The fair value hierarchy is as follows:

- Level 1 – the fair value is calculated using quoted prices in active markets for identical assets or liabilities.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate for the circumstances. The fair value of the equity conversion feature of the convertible notes is performed by an independent expert using a Monte Carlo model. The exercise condition of the conversion option embedded in the convertible notes is contingent on the future path of Mosaic's share price. A Monte Carlo model was used to project a number of different scenarios of the Mosaic share price and therefore the conversion price of the convertible notes. This methodology incorporates the probability of exercising the conversion option after the restriction period has finished on 30 September 2022, and any note exercises that have occurred already as of the valuation date.

The instruments are not quoted in an active market. The significant inputs used to determine the fair value of the equity conversion feature are derived from market observable prices, and therefore the instruments are classified as Level 2.

The following table provides the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Notes to the financial statements (continued)

	Level 1		Level 2		Level 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Recurring fair value measurements								
Derivatives Asset / (Liability) held for hedging:								
- Forward exchange forward contracts	-	-	-	947	-	-	-	947
- Equity conversion feature of convertible note	-	-	(771)	(1,970)	-	-	(771)	(1,970)
Total liabilities recognised at fair value	**-**	**-**	**(771)**	**(1,023)**	**-**	**-**	**(771)**	**(1,023)**

The movement in fair value of the equity conversion feature of the convertible notes during the reporting period is set out below:

	Consolidated Group	
	2023	2022
	$'000	$'000
Opening balance	1,970	-
Derivative financial liability (Equity conversion feature)	-	8,797
Fair value (gain) / loss through profit or loss	1,267	(6,827)
De-recognition of converted notes	(2,466)	-
Closing balance (liability)	771	1,970

Note 26. DISCONTINUED OPERATIONS

On 3 April 2023, the Group announced that its EziBuy operations which is based in New Zealand went into voluntary administration. The decision was made following a decline in the EziBuys sales, particularly in the context of the Group's wider positive portfolio of online performance. This led to the Group conducting a review of its operating and cost structure. The Board believed the process to restructure EziBuy is in the best interests of the Group's shareholders.

The EziBuy operations was not previously classified as a discontinued operation. The comparative consolidated statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

Subsequent to the EziBuy operations going into voluntary administration, the Group entered into a licence agreement with the administrator to operate the online website. Although intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation before going into voluntary administration. This assists by reflecting the continuance of these transactions subsequent to this event as management believes this is useful to the users of the financial statements.

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales (and costs thereof, less unrealised profits) made before going into voluntary administration.

The financial results and cash flow information presented below are for the period ended 2 April 2023 (2023) and the prior year ended 3 July 2022 (2022).

Results of discontinued operations

	2023	2022
	$'000	$'000
Revenue	42,810	113,517
Expenses other than finance costs	(41,947)	(116,317)
Finance costs	(1,347)	(1,653)
Impairment	(23,217)	-
Loss before tax	(23,701)	(4,453)
Tax (expense) / benefit	(2,705)	928
Loss after tax of discontinued operation	(26,406)	(3,525)
Gain on disposal of discontinued operations, net of tax	27,377	-
Profit / (loss) on discontinued operations, net of tax	**971**	**(3,525)**

	2023	2022
	cents	cents
Basic earnings / (Loss) per share	0.64	(3.42)
Diluted earnings / (Loss) per share	0.49	(3.42)

Notes to the financial statements (continued)

Cash flow provided by / (used in) discontinued operations

	2023 $'000	2022 $'000
Net cash (used in) / provided by operating activities	(2,545)	1,794
Net cash (used in) investing activities	(1,630)	(65)
Net cash (used in) financing activities	(3,972)	(1,078)
Net (decrease) / increase in cash and cash equivalents	**(8,147)**	**651**

Effects of disposal on the financial position of the Group

The carrying amounts of assets and liabilities as at the date of disposal (2 April 2023) were:

	2023 $'000
Cash	(1,251)
Inventories	(13,740)
Other current assets	(706)
Trade and other payables	26,502
Borrow ings	4
Lease liabilities	14,598
Provisions	1,179
Other non-current liabilities	791
Carrying amount of net assets and liabilities disposed	**27,377**
Consideration received, satisfied in cash	-
Gain on disposal of discontinued operations	**27,377**

Note 27. KEY MANAGEMENT PERSONNEL

Information regarding individual key management personnel (KMP), shareholdings of key management personnel, as well as other transactions and balances with key management personnel and their related parties, as required by Regulation 2M.3.03 of the *Corporations Regulations 2001* is provided in the Remuneration Report section of the Directors' Report.

Directors

The following persons were Directors of Mosaic Brands Limited during the financial year

- Richard Facioni Chairman
- Scott Evans Chief Executive Officer
- David Wilshire Non-Executive Director
- Jacqueline Frank Non-Executive Director
- Quentin Gracanin Non-Executive Director (appointed 22 February 2023)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group directly or indirectly, during the financial year:

- Luke Softa Chief Financial Officer

Compensation

The aggregate remuneration of the Directors and other key management personnel of the Group are as follows:

	Consolidated Group 2023 $	Consolidated Group 2022 $
Short-term employee benefits	2,075,060	3,405,026
Post-employment benefits	65,174	70,604
Other long-term benefits	26,791	28,178
Share based payments	609,951	421,367
Total benefits	**2,776,976**	**3,925,175**

Short-term employee benefits

These amounts include fees and benefits paid as well all salary, paid leave benefits, fringe benefits and cash bonuses.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of the key management personnel in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Note 28. AUDITORS REMUNERATION

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the Group and its network firms.

	Consolidated Group	
	2023	2022
	$	$
Audit services - BDO		
- Audit and review of the financial statements	579,000	629,500
	579,000	**629,500**

Note 29. RELATED PARTY TRANSACTIONS

Parent entity

Mosaic Brands Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the Remuneration report is included in the Directors' report.

Transactions with related parties

The Group paid rent to four Alceon-owned property trusts amounting to $245,000 (2022: $290,000) in relation to stores in Orange and Sale. The rental paid was at normal commercial terms and conditions.

A total of $100,000 was paid in management fees to a related party of the Non-Executive Directors during the financial period (2022: $120,000).

Relatives of key management personnel were employed throughout the year with a total salary and wages being paid of $173,870 (2022: $91,000). These were paid in line with the union based awards.

Receivables from and payable to related parties

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

Loans to/from related parties

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

Notes to the financial statements (continued)

Note 30. PARENT ENTITY INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2023 $'000	2022 $'000
Statement of profit or loss and other comprehensive income		
Net (Loss) after income tax expense	**(23,375)**	**(24,017)**
Total comprehensive (loss) for the year	**(23,375)**	**(24,017)**
Statement of financial position		
ASSETS		
Current assets	29,715	48,224
Non-current assets	54,464	56,596
TOTAL ASSETS	**84,179**	**104,820**
LIABILITIES		
Current liabilities	127,416	134,229
Non-current liabilities	45,505	53,780
TOTAL LIABILITIES	**172,921**	**188,009**
EQUITY		
Issued capital	125,320	108,035
Reserves	24,402	23,865
Accumulated losses	(238,464)	(215,089)
TOTAL EQUITY	**(88,742)**	**(83,189)**

As at 2 July 2023, the parent entity had an excess of current liabilities over current assets of $97,701,000 (2022: net current liability position of $86,005,000)

Contingent liabilities

The parent company had total bank guarantees of $3,503,000 (2022: $2,056,000).

Apart from the above, there were no other contingent liabilities for the period ended 2 July 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Contractual commitments

As at 2 July 2023, the parent entity had no contractual commitments apart from lease liabilities (note 18).

Notes to the financial statements (continued)

Note 31. INTERESTS IN SUBSIDIARIES

Information about the Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Country of Incorporation	Ownership Interest 2023	2022
Noni B Holdings Pty Limited	Australia	100%	100%
Pretty Girl Fashion Group Holdings Pty Ltd	Australia	100%	100%
Pretty Girl Fashion Group Pty Ltd	Australia	100%	100%
W.Lane Pty Ltd	Australia	100%	100%
Noni B Holdings 2 Pty Ltd	Australia	100%	100%
Millers Retail Pty Ltd	Australia	100%	100%
Autograph Retail Pty Ltd	Australia	100%	100%
Rivers Retail Holdings Pty Ltd	Australia	100%	100%
Crossroads Retail Pty Ltd	Australia	100%	100%
Katies Retail Pty Ltd	Australia	100%	100%
Noni B Holdco Pty Ltd	Australia	100%	100%
EziBuy Pty Ltd	Australia	100%	100%
Noni B NZ Limited	New Zealand	100%	100%
Noni B Holdings NZ Limited	New Zealand	100%	100%
New EziBuy Ltd *	New Zealand	-	100%
EziBuy Holdings Ltd *	New Zealand	-	100%
EziBuy Ltd *	New Zealand	-	100%
EziBuy Operations Ltd *	New Zealand	-	100%
Sara Apparel Ltd *	New Zealand	-	100%
Last Stop Shop Ltd *	New Zealand	-	100%
EziBuy Custodian Ltd *	New Zealand	-	100%

* On 3 April 2023, the EziBuy operations based in New Zealand went into voluntary administration resulting in a loss of control to the Group

Note 32. DEED OF CROSS GUARANTEE

The following entities are party to a deed of cross guarantee under which each party guarantees the debts of the others:

- Mosaic Brands Limited
- Noni B Holdings Pty Limited
- Noni B Holdings 2 Pty Ltd
- Noni B Holdings NZ Limited
- Millers Retail Pty Ltd
- Autograph Retail Pty Ltd
- Pretty Girl Fashion Group Holdings Pty Ltd
- Pretty Girl Fashion Group Pty Ltd
- Crossroads Retail Pty Ltd
- Katies Retail Pty Ltd
- Rivers Retail Holdings Pty Ltd
- W.Lane Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under ASIC Legislative Instrument 2016/785.

The above companies (including Mosaic Brands Limited as parent entity) represent a 'Closed Group' for the purposes of the legislative instrument. The financial information pertaining to the Closed Group is the consolidated financial information in the report less the information of the parent entity as disclosed in note 30.

Notes to the financial statements (continued)

Consolidated statement of profit or loss and other comprehensive income

	Closed Group	
	2023	2022
	$'000	$'000
Continuing operations		
Revenue	495,286	466,588
Other income	28,789	39,545
Cost of goods sold	(227,630)	(237,990)
Expenses (excluding finance costs)	(277,279)	(264,976)
Transaction and restructuring costs	(2,151)	(960)
Finance costs	(10,187)	(8,040)
Impairment of brand names	(2,880)	(5,813)
Impairment of goodwill	-	-
Profit / (loss) before income tax	**3,948**	**(11,646)**
Income tax (expense) / benefit	(3,682)	3,714
Profit / (loss) from continuing operation	**266**	**(7,932)**
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(357)	(147)
Other comprehensive (loss), net of tax	**(357)**	**(147)**
Total comprehensive (loss) for the year	**(91)**	**(8,079)**

Notes to the financial statements (continued)

Consolidated statement of financial position

	Closed Group	
	2023	2022
	$'000	$'000
CURRENT ASSETS		
Cash and cash equivalents	11,821	34,632
Other receivables	3,596	2,483
Inventories	131,684	100,795
Derivative financial instruments	-	947
Other current assets	2,411	2,112
Income tax receivable	1	116
Intercompany receivable	-	3,636
TOTAL CURRENT ASSETS	**149,513**	**144,721**
NON-CURRENT ASSETS		
Plant and equipment	10,113	10,461
Right-of-use assets	78,691	62,662
Intangible assets	9,810	12,702
Deferred tax assets	68,963	69,398
TOTAL NON-CURRENT ASSETS	**167,577**	**155,223**
TOTAL ASSETS	**317,090**	**299,944**
CURRENT LIABILITIES		
Trade and other payables	178,647	171,746
Borrow ings	39,072	32,854
Provisions	20,256	22,305
Derivative financial instruments	771	1,970
Lease liabilities	45,989	43,769
Other current liabilities	179	193
Contract liabilities	8,444	9,979
TOTAL CURRENT LIABILITIES	**293,358**	**282,816**
NON-CURRENT LIABILITIES		
Provisions	1,552	1,819
Lease liabilities	48,377	40,919
Other non-current liabilities	531	25,069
Financial liabilities	13,992	23,096
Deferred tax liabilities	26,336	560
TOTAL NON-CURRENT LIABILITIES	**90,788**	**91,463**
TOTAL LIABILITIES	**384,146**	**374,279**
NET ASSETS	**(67,056)**	**(74,335)**
EQUITY		
Issued capital	125,320	108,035
Reserves	50,274	49,266
Accumulated losses	(242,650)	(231,636)
TOTAL EQUITY	**(67,056)**	**(74,335)**

Notes to the financial statements (continued)

Note 33. CASH FLOW INFORMATION

	Consolidated Group	
	2023	2022
	$'000	$'000
Reconciliation of Cash Flows from Operating Activities with Profit after income tax		
Profit / (loss) after income tax	1,237	(11,456)
Non-cash flows in (loss) / profit:		
- depreciation	61,935	72,216
- amortisation	1,320	2,350
- Reversal of impairment of right-of-use asset	(6,155)	(16,676)
- write-off and write down of obsolete stock	(9,087)	7,025
- impairment and write-off of non-current assets	(25)	161
- sales return provision	(2,903)	(3,567)
- impairment of Brand Names and Goodwill	2,880	5,813
- net gain on disposal of plant and equipment	(5)	(5)
- unrealised foreign exchange loss	(3,430)	3,462
- share based payment expense	536	568
- fair value gain on convertible notes	1,267	(6,827)
Change in assets and liabilities:		
- (increase) in trade and other receivables	(524)	(37)
- (increase) in inventories	(19,018)	(6,631)
- decrease / (increase) in deferred tax assets	3,264	(31)
- increase / (decrease) in deferred tax liabilities	3,393	(4,539)
- increase in trade and other payables	5,710	6,204
- (increase) / decrease in financial instruments	(252)	1,491
- decrease in tax receivable	116	4,983
- (decrease) in provisions	(2,426)	(9,930)
Net cash flow from operating activities	**37,833**	**44,574**

Note 34. EARNINGS / (LOSS) PER SHARE

Basic earnings per share

	Consolidated Group	
	2023	2022
	Cents	Cents
From continuing operations attributed to members of the parent entity	0.18	(7.71)
From discontinued operations	0.64	(3.42)
Total basic earnings / (loss) per share attributed to members of the parent entity	**0.82**	**(11.13)**

Basic earnings per share is calculated by dividing the profit attributable to the owners of Mosaic Brands Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

	Consolidated Group	
	2023	2022
	Cents	Cents
From continuing operations attributed to members of the parent entity	0.91	(7.71)
From discontinued operations	0.49	(3.42)
Total diluted earnings / (loss) per share attributed to members of the parent entity	**1.40**	**(11.13)**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the financial statements (continued)

Reconciliation of earnings / (loss) used in calculating earnings / (loss) per share

	Consolidated Group 2023 $'000	Consolidated Group 2022 $'000
Basic earnings / (loss) per share		
Profit / (loss) for the year from continuing operations	266	(7,931)
Profit / (loss) for the year from discontinued operation	971	(3,525)
Profit / (loss) attributed to members of the parent entity used in calculating basic earnings / (loss) per share	**1,237**	**(11,456)**

	Consolidated Group 2023 $'000	Consolidated Group 2022 $'000
Diluted earnings / (loss) per share		
Profit / (loss) for the year from continuing operations:		
Used in calculating basic earnings / (loss) per share	266	(7,931)
Add: interest savings on convertible notes, net of tax	1,506	-
Used in calculating diluted earnings / (loss) per share	1,772	(7,931)
Profit / (loss) for the year from discontinued operation	971	(3,525)
Profit / (loss) attributed to members of the parent entity used in calculating diluted earnings / (loss) per share	**2,743**	**(11,456)**

Weighted average number of shares used as the denominator

	Consolidated Group 2023 Number	Consolidated Group 2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings / (loss) per share	150,876,606	102,920,881
Adjustments for calculation of diluted earnings / (loss) per share		
Convertible notes	44,752,982	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings / (loss) per share	195,629,588	102,920,881

Information concerning the classification of securities

Options
Options granted to the key management personnel of the Company and the Group are not included in the calculation of basic and diluted earnings / (loss) per share. Further information about the rights is provided in note 35 and the Remuneration Report section of the Directors' Report.

Convertible notes
Convertible notes issued during FY22 have been included in the determination of diluted earnings / (loss) per share. The notes have not been included in the determination of basic earnings / (loss) per share. Details relating to the notes are set out in note 21.

Note 35. SHARE BASED PAYMENTS

The fair value at grant date is independently determined using a Binomial Approximation Option Valuation Model and the Black Scholes Valuation model that takes into account the exercise price, the term of the rights over shares, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the rights over shares. The volatility calculation is based on historical share prices. These have a variety of market and non-market conditions based on the volume weighted average price (VWAP). The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Notes to the financial statements (continued)

A summary of the movement of all rights over share grants during the year ended 2 July 2023 include:

Performance Share Rights

Performance share rights which were outstanding as at 2 July 2023 were as follows:

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Interest rate	Number of rights available
8/08/2016	7/08/2021	$0.44	$1.33	$1.33	35%	1.54%	100,000
19/08/2016	18/08/2021	$0.47	$1.33	$1.25	35%	1.54%	1,450,000
19/08/2016	18/08/2021	$0.39	$1.33	$1.50	35%	1.54%	300,000
19/08/2016	18/08/2021	$0.32	$1.33	$1.75	35%	1.54%	300,000
24/05/2017	23/05/2022	$0.54	$1.63	$1.64	35%	1.54%	50,000
12/01/2018	11/01/2023	$0.45	$2.09	$1.93	24%	1.55%	25,000
24/09/2018	23/09/2023	$1.31	$3.58	$3.42	54%	1.55%	400,000
21/12/2018	20/12/2023	$0.63	$2.68	$3.42	49%	1.55%	20,000
19/11/2021	18/11/2026	$0.44	$0.78	$0.52	50%	1.73%	3,750,000
19/11/2021	18/11/2026	$0.21	$0.78	$1.50	50%	1.73%	2,000,000
19/11/2021	18/11/2026	$0.16	$0.78	$2.00	50%	1.73%	2,750,000
22/11/2021	21/11/2026	$0.47	$0.81	$0.52	50%	1.73%	650,000
22/11/2021	21/11/2026	$0.22	$0.81	$1.50	50%	1.73%	500,000
22/11/2021	21/11/2026	$0.17	$0.81	$2.00	50%	1.73%	750,000
23/11/2021	1/07/2026	$0.29	$0.78	$1.00	50%	1.73%	200,000
23/11/2021	1/07/2024	$0.21	$0.78	$1.00	50%	1.73%	100,000

The weighted average price for the above performance share rights was $1.33.

During the financial period the number of share rights that were exercised was 25,000 (2022: 2,200,000), the number of performance share rights which were forfeited was 500,000 (2022: nil).

The total charge arising from share based payment transactions during the year as part of employee benefit expense was $536,000 (2022: $568,000).

Recognition and measurement

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the equity reserve. The fair value is determined using the Black-Scholes pricing model. The number of shares expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Note 36. COMMITMENTS AND CONTINGENT LIABILITIES

Contractual commitments

As at 2 July 2023, the Group had no contractual commitments apart from lease liabilities (note 18).

Contingent liabilities

Mosaic Brands Limited is a party to various legal proceedings incidental to its business. The Group faces exposure from actual or potential claims and legal proceedings. Although the ultimate result of the legal proceedings cannot be predicted due to the uncertainty, it is the opinion of the Groups management that the outcome of any claim which is pending, either individually or on a combined basis, will not have a material effect on the financial position of the Group, its cash flows and result of operations. Accordingly, no settlement provision has been provided within these financial statements.

At the end of the reporting period the Group had total bank guarantees of $3,503,000 (2022: $2,056,000).

Apart from the above, there were no other contingent liabilities for the period ended 2 July 2023.

Note 37. EVENTS AFTER THE REPORTING DATE

The Group's investment into re-platforming our Digital powerhouse will provide a far superior customer experience and better insight into behaviour. Whilst we expect short term impacts as we transition sites throughout the first quarter of FY24 the long-term benefits of using the Salesforce platform, a global leader in the digital economy, is expected to deliver sustainable growth both domestically and internationally to support our BIG digital strategy. Aligned with our customers expectation FY24 will see a continued focus on adapting our collections to ensure they are aligned with changing behaviours, and we continue to improve our in-store experience. These changes should allow the Group to navigate through an uncertain inflationary environment and deliver earnings growth for FY24. Post year-end Mosaic has made an offer to the liquidator for EziBuy assets including brand names and intellectual property.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with *the Corporations Act 2001*, Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 2 July 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32 to the financial statements.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Richard Facioni	Scott Evans
Chairman	Managing Director
30 August 2023	30 August 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Mosaic Brands Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mosaic Brands Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 2 July 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 2 July 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Discontinued Operations

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 26 of the financial report, the Group disposed of New EziBuy Pty Ltd ("EziBuy", an entity incorporated in New Zealand). Following the group's announcement of the planned restructure of Ezibuy through placing the business under voluntary administration (as announced to the ASX on 3 April 2023), the group lost control of the subsidiary and the business was classified as a discontinued operation. As a result, the associated assets and liabilities were derecognised as at 3 April 2023 (the date on which the Group lost control) and the results for this business have been presented as discontinued operations. The disposal of Ezibuy is considered to be a key audit matter as the impact of presenting Ezibuy as a Discontinued operations has a pervasive impact across the annual report and accounts, both in recognising the derecognition of the subsidiary and associated accounting gain or loss on disposal.	Our audit procedures included, amongst others: • Evaluating the substance of the disposal using the terms and conditions of the underlying arrangements against the criteria for discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*; • Assessing whether the operating results of Ezibuy up to the date of disposal were correctly recorded and appropriately separated from continuing operations; • Challenging whether the group accurately determined the carrying amounts of assets and liabilities derecognised as at disposal date; • Checking the accuracy of the gain on disposal of Ezibuy by reviewing management's analysis; • Assessing the accounting adjustments processed in respect of the derecognition of Ezibuy in the group financial statements; and • Reviewing the accuracy and completeness of the disclosures made in the financial statements in relation to EziBuy disposal to ensure compliance with the requirements of relevant Australian Accounting Standards.

Determining the accounting gain or loss on disposal requires management judgment as to the carrying amount of the assets and liabilities of Ezibuy at the date of disposal. Given the size and importance of the disposal of Ezibuy, as well as the resulting financial impact of the transaction, this was therefore an area of focus for our audit.	

Valuation of inventory

Key audit matter	*How the matter was addressed in our audit*
The carrying value of inventory as at 2 July 2023 is $131.7m (2022: $116.7m) as disclosed in Note 8 of the financial report. Inventory is one of the most significant items on the Group's balance sheet and is stated at the lower of cost and net realisable value. As the Group operates in the retail sector where branded products are subject to frequent changes in fashion/season, the assessment of net realisable value involves significant judgments and estimates. Significant management judgements include categorisation of inventories, fragmentation and sell through rates and shrinkage, which form the basis of management's calculation to determine the net realisable value of inventory. The valuation of inventory is a key audit matter due to the judgements and estimates required in calculating the provision for obsolescence and shrinkage, and the material nature of the inventory balance.	Our audit procedures included, amongst others: • Obtaining an understanding of relevant controls relating to inventory management including the review of the inventory provisions; • Challenging and validating the key assumptions applied by management in estimating the obsolescence and shrinkage provisions considering the Group's current performance and future strategies and ranging plans; • Assessing the arithmetical accuracy and logic of the models underpinning the inventory obsolescence and shrinkage provisions as well as the completeness of the information used by management; • Challenging management's assumptions by testing the classifications of the underlying data used within the calculation, performing inventory turnover analysis and analysing the accuracy of historical obsolescence provisions; • Attending selected stocktakes at the Group's stores and warehouses to ensure accuracy of stock quantities and inspecting the quality of a sample of physical inventory for potential obsolescence indicators; • Agreeing a sample of inventory items on hand at year-end to initial purchase invoices and subsequent sales invoices and comparing the carrying amount to the net realisable value; and • Assessing the completeness and adequacy of the disclosures in the financial report around the key judgements and estimates in relation to inventory.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 2 July 2023, but does not include the financial report and the auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor’s report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 2 July 2023.

In our opinion, the Remuneration Report of Mosaic Brands Limited, for the year ended 2 July 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

J Bresolin

John Bresolin
Director

Sydney, 30 August 2023

ADDITIONAL INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 1 August 2023 (Reporting date).

CORPORATE GOVERNANCE STATEMENT

The Company's Directors and management are committed to conducting the business of the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations* (Fourth Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (https://mosaicbrandslimited.com.au), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on its website https://mosaicbrandslimited.com.au.

NUMBER OF HOLDERS

As at the Reporting Date, the number of holders in each class of equity securities:

Class of Equity Securities	Number of holders	Number of shares on issue
Fully paid ordinary shares	1,730	178,347,733

VOTING RIGHTS OR EQUITY SECURITIES

The only class of equity securities on issue in the Company are ordinary shares.

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and, in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

The distribution of holders of equity securities on issue in the Company as at the Reporting date is as follows:

Distribution of ordinary shareholdings			Holders	Total units	%
Size of Holding					
1	-	1,000	347	169,051	0.09
1,001	-	5,000	552	1,556,009	0.87
5,001	-	10,000	266	2,131,721	1.20
10,001	-	100,000	440	14,935,644	8.37
100,001 and over			125	159,555,308	89.47
Total Number of Shares			**1,730**	**178,347,733**	**100.00**

LESS THAN MARKETABLE PARCELS OF ORDINARY SHARES (UMP SHARES)

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting date is as follows:

Total shares	UMP shares	UMP Holders	% of issued shares held by UMP holders
178,347,733	689,517	632	0.003866%

SUBSTANTIAL HOLDERS

As at the Reporting Date, the names of the substantial holders of the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, are as follows:

Holder of equity securities	Number of equity securities held	% of total issued securities
Alceon Group Pty Limited	34,674,472	19.44
Danfin	35,070,332	19.66

TWENTY LARGEST SHAREHOLDERS

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

	Ordinary Shares	
Holder name	**Number held**	**% of total shares issued**
DANFIN PTY LTD <DANFIN A/C>	27,022,031	15.15
ALCEON GROUP PTY LTD <NB NO 1 A/C>	12,353,308	6.93
ALCEON GROUP PTY LIMITED <NB NO.3 A/C>	11,571,543	6.49
ARMADA INVESTMENTS PTY LTD	10,605,248	5.95
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,981,339	5.60
SIMONE ROBYN EVANS	8,564,682	4.80
ALCEON GROUP PTY LTD <NB NO 2 A/C>	8,262,366	4.63
VALAMOON PTY LIMITED <VALAMOON PTY LTD S/F A/C>	4,098,657	2.30
VACUNA NOMINEES PTY LTD <THE VACUNA A/C>	3,833,816	2.15
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,447,234	1.93
SCOTT GRAHAM EVANS	3,418,862	1.92
UBS NOMINEES PTY LTD	3,150,000	1.77
J K M SECURITIES PTY LIMITED <LJK NOMS P/L PEN FUND A/C>	3,100,000	1.74
BODYELECTRIC PTY LTD <THE MYERS FAMILY NO 2 A/C>	2,800,000	1.57
MORPHET INVESTMENTS PTY LTD <MORPHET INVESTMENT A/C>	2,661,364	1.49
MS ELLEN OI WAH SO	2,502,800	1.40
ALCEON GROUP PTY LTD <NB NO 4 A/C>	2,487,255	1.39
MR TRAVIS WADE MISKIEWICZ	2,300,000	1.29
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,032,673	1.14
MR PETER JOHN STIRLING + MRS ROSALIND VERENA STIRLING	2,000,000	1.12
Total	**126,193,178**	**70.76**

OTHER INFORMATION

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.