

**ASX Announcement - Mosaic Brands Limited (MOZ)**

31 July 2024

**Quarterly Activities Report – Q4 FY2024**

**Principal activities**

Mosaic Brands (Mosaic Brands or the Group) owns and operates nine retail clothing brands, predominately within women's apparel and accessories across Australia and New Zealand. It operates a network of circa 700 stores and a number of online digital department platforms.

**Commentary and Update**

Net Cash inflows of circa \$6.6 million this quarter compared to approximately \$19.8m outflows in the previous quarter.

It should be noted that the seasonality of fashion purchasing in retail, typically the end of each of the March and September quarters deliver net cash outflows and the December and June quarters deliver net cash inflows.

**Trading Update**

Mosaic refers to the Trading Update it issued on 21 June 2024.

The operational issues discussed in that announcement continued to impact the Group for the balance of FY2024. The resulting working capital pressures caused by these operational issues, and their consequential impact on stock intake and trade, are being actively managed by Mosaic, working closely with the support of its major lenders.

While the FY2024 accounts continue to be finalised in advance of the full-year announcement later next month, the Group confirms it will report a trading and statutory loss for FY2024. At this stage, subject to finalisation and review by the Group's auditors, Mosaic anticipates an Operating EBITDA\* Loss in the range \$5 million to \$10 million and an EBIT\* Loss in the range \$15 million to \$20 million.

The Group continues to anticipate a recovery in the first half of FY2025 as it works through and resolves the above issues.

**Related party payments made during the quarter.**

During the quarter MOZ made rental payments of \$120,000, Board Fees of \$15,000 and salaries to related parties of \$33,000. Rental costs paid were at normal commercial terms and conditions.

**Use of Funds Statement**

The Company confirms that the quarter is not included in a period covered by a "use of funds" statement or expenditure program in a prospectus, PDS or information memorandum previously lodged under ASX Listing Rule 1.1.

All financial figures in this release are preliminary in nature and are subject to finalisation and review by the company's auditors.

– END –

**For further information, please contact:**

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Notes:

\* EBIT refers to Earnings before Interest and Tax.

\* Operating EBITDA is a non-AASB financial measure, defined for the purposes of this document as earnings before interest, tax, depreciation, amortisation, non-recurring income/expenditure and certain non-cash items such as share based payments and unrealised foreign exchange gains/losses and excludes non-operational costs, restructure & acquisition costs and has been adjusted to normalise the impact of AASB16 accounting treatment.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Mosaic Brands Limited

**ABN**

96 003 321 579

**Quarter ended ("current quarter")**

June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	122,806	506,311
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(28,286)	(134,035)
(c) advertising and marketing	(2,154)	(9,797)
(d) leased assets	(20,136)	(88,027)
(e) staff costs	(31,614)	(127,006)
(f) administration and corporate costs	(27,526)	(88,460)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	69	229
1.5 Interest and other costs of finance paid	(255)	(1,960)
1.6 Income taxes (paid) / received	-	(1)
1.7 Government grants and tax incentives	30	30
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>12,934</b>	<b>57,284</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,441)	(4,983)
(d) investments	-	-
(e) intellectual property	(428)	(2,769)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	85	85
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,784)</b>	<b>(7,667)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	49,072	119,402
3.6	Repayment of borrowings	(40,208)	(116,090)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(13,415)	(53,270)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(4,551)</b>	<b>(49,958)</b>
Detail: Other outflow consist of the payments of lease liabilities			

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,881	11,821
4.2	Net cash from / (used in) operating activities (item 1.9 above)	12,934	57,284
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,784)	(7,667)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,551)	(49,958)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>11,480</b>	<b>11,480</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,174	1,261
5.2	Call deposits	312	313
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	2,994	3,307
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11,480</b>	<b>4,881</b>
Detail: Other consist of cash floats and cash in transit.			

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	135
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Detail: Rental payments - \$120,000, Board Fees - \$15,000. Rental paid was on normal commercial terms and conditions. Note: Salaries paid to related parties for the quarter was \$33,000 (full year \$237,000).</p>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	45,000	42,614
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	45,000	42,614
7.5	<b>Unused financing facilities available at quarter end</b>		2,386
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<u>Facility Hilco:</u> The Hilco Capital loan is a secured asset backed lend consisting of a draw down limit of up to \$45,000,000 until May 2025 and up to \$35,000,000 until March 2026 (9.25% for drawn / 3.5% undrawn rate above BBSY).		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	12,934
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,480
8.3	Unused finance facilities available at quarter end (item 7.5)	2,386
8.4	Total available funding (item 8.2 + item 8.3)	13,866
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024

Authorised by: David Clarke, Chief Financial Officer and Company Secretary  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.