



Mosaic Brands Limited

ABN 96 003 321 579

**Appendix 4D – Results for announcement to the market
and
Interim Financial Report
Half-year ended 1 January 2023**

Lodged with the ASX under Listing Rule 4.2A

Appendix 4D – Mosaic Brands Limited
Results for announcement to the market – 1 January 2023

MOSAIC BRANDS LIMITED (ABN: 96 003 321 579)
Results for announcement to the market
For the half-year ended 1 January 2023
(Comparative information is for the half-year ended 26 December 2021)

Financial Results

				\$'000
Revenue from ordinary activities	Increased	7%	to	318,251
Profit from ordinary activities after tax attributable to the owners of Mosaic Brands Limited	Decreased	83%	to	2,437

Dividends

No interim dividend has been declared or proposed for the half-year reporting period ended 1 January 2023

Net Tangible Assets (NTA)	Dec 2022	Dec 2021
Net tangible asset backing per ordinary security	(1.28) dollars	(1.87) dollars

Commentary on results

The commentary on the results for the half-year is contained in the interim financial report attached to this results announcement.

Control gained over entities Not applicable

Loss of control over entities Not applicable

Details of associates and joint venture entities Not applicable


Foreign entities

The results of all foreign entities have been compiled using the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

Audit qualification or review

The financial statements were subject to a review by the auditors and the unmodified review report is attached as part of the interim report.

Attachments Half-Year Financial Report

Signed 
Scott Evans
Managing Director and Chief Executive Officer
Sydney

28 February 2023

Mosaic Brands Limited

ABN 96 003 321 579

Interim Financial Report For the half-year ended 1 January 2023

The interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the 2022 annual report and any public announcements made by Mosaic Brands Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 half-year ended 1 January 2023.

Directors

The following persons were Directors of Mosaic Brands Limited during the whole of the half-year and up to the date of the report:

Richard Facioni	Chairman and Non-Executive Director
Scott Evans	Managing Director and Chief Executive Officer
David Wilshire	Non-Executive Director
Jaqueline Frank	Non-Executive Director
Quentin Gracani	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 911 stores and its online digital department platforms. Mosaic also owns and operates EziBuy, a New Zealand Online digital apparel brand.

Review of operations

Mosaic Brands Limited (ASX: MOZ) announces its financial results for the half-year ended 1 January 2023:

Results for the six months to	1 January 2023 (\$'000)	26 December 2021 (\$'000)	% change
Revenue and other income	318,251	297,745	7%
Gross Margin	168,209	150,070	12%
Profit before tax	10,558	21,404	(51%)
Earnings per share – basic (cents)	1.94	14.62	(87%)
Earnings per share – diluted (cents)	1.85	14.62	(87%)
Cash and cash equivalents*	50,406	65,872	(23%)
Net cash*	11,239	38,050	(70%)

* December 2021 (previous corresponding period) included \$32,018,000 which was the proceeds from issue of convertible notes
Note: Net cash defined as cash and cash equivalents less current and non-current borrowings from bank facilities

2023 Full Year Outlook

Given the uncertain trading conditions in the retail sector, the Group has not provided guidance for FY23.

Mosaic Brands Chief Executive Officer (CEO) Scott Evans told shareholders that rising interest rates and inflationary forces would not hit the Group's customers as hard as COVID-19.

Interest rate rises benefited many customers who had savings rather than mortgage repayments, while banking data provided to the Group showed its customer set was likely to be the least impacted by inflation.

Mosaic (excluding EziBuy) plans to open up to 130 more stores in the next 12 months, with its online offering expected to hit eight million SKU's. The Group's only pure-play online retailer, EziBuy saw sales, fall -51% in the first half of FY23, with operational and trading improvements for that brand expected late in the second half of the year.

DIRECTORS' REPORT (continued)

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

	1 January 2023 (\$'000)	26 December 2021 (\$'000)
Underlying EBITDA	15,767	8,081
Transaction and restructuring costs*	(715)	(1,950)
Interest (finance costs)	(5,699)	(4,238)
Interest received	(67)	(11)
Fair value through profit or loss	(2,440)	(834)
Depreciation and amortisation:		
- Plant and equipment	(3,409)	(4,647)
- Right-of-use assets	(29,822)	(33,489)
- AASB 16 rent amortisation	31,036	41,215
- Amortisation (non-AASB 16)	(941)	(1,070)
Impairment:		
- Right-of-use assets and plant and equipment - reversal	1,740	20,066
- Brand names	(1,362)	(377)
Other items**	6,470	(1,342)
Profit before income tax	10,558	21,404

*Transaction costs of \$447,000 (Dec-21: \$710,000) and restructuring costs of \$268,000 (Dec-21: \$1,240,000) 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 \$177,000 (Dec-21: \$132,000) and unrealised foreign exchange gain/(losses) of \$6,647,000 (Dec-21: -\$1,210,000).

Review of financial position

The Group ended the half-year ended 1 January 2023 with a cash and cash equivalent balance of \$50,406,000 (June 2022: \$42,763,000) and a net cash position after loans and borrowings of \$11,239,000 (June 2022: \$9,902,000). The Group's net liability position of \$67,442,000 as at 1 January 2023 has improved by \$17,345,000 since the last reporting date (June 2022: \$84,787,000). Supplementary information on lease liabilities and bank loans is described in the section of 'Going Concern evaluation', refer to Note 1 in the financial statements for the going concern evaluation. Group cash from operating activities resulted in an inflow of \$38,727,000 (December 2021: \$25,443,000).

Significant changes in the state of affairs

Convertible notes

During the 2022 financial year the Group completed the capital raising of \$32,018,000 by issuing 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 half-year ended 1 January 2023, 15,290,733 units were converted resulting in the issuance of 62,032,175 ordinary shares. The debt component of the convertible notes is measured at amortised cost.

Apart from the above there were no other significant changes in the state of affairs.

Subsequent events

Operational update

On 25th January 2023, the Group provided a Trading Update via an ASX Announcement. In that announcement Mosaic Brands detailed its first-half financials and announced:

- Targeting up to 130 new stores rollout over the next 12 months (subject to commercials).
- The Appointment of Spotlight Retail CEO Quentin Gracanic to the Mosaic Brands Board as a Non-Executive Director.

Appointment of Non-Executive Director

Mr Gracanic has been the Chief Executive Officer (CEO) and Board member at the privately-owned Spotlight Retail for 12 of his 30 years in the retail sector. He formally joined the Mosaic Brands Board as a Non- Executive Director on the 22nd of February 2023. Spotlight is a major shareholder of the Group.

Convertible notes

Since the reporting date an additional 106,415 convertible notes (94,669 convertible notes on 17 January 2023 and 11,746 convertible notes on 31 January 2023) have been converted to 459,627 ordinary shares (408,894 ordinary shares on 17 January 2023 and 50,733 ordinary shares on 31 January 2023).

Other than the above, no other matters or circumstance has arisen since 1 January 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' REPORT (continued)

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the Directors



Richard Facioni
Chairman



Scott Evans
Managing Director and Chief Executive Officer

Dated this 28 February 2023

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

As lead auditor for the review of Mosaic Brands Limited for the half-year ended 1 January 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



John Bresolin
Director

BDO Audit Pty Ltd

Sydney, 28 February 2023

MOSAIC BRANDS LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 1 January 2023

		1 January 2023	26 December 2021
	Note	\$'000	\$'000
Continuing Operations			
Revenue	3	298,372	277,643
Other income	3	19,879	20,102
Cost of goods sold		(130,163)	(127,573)
Expenses (excluding finance costs)	4	(169,754)	(142,203)
Transaction and restructuring costs		(715)	(1,950)
Finance costs	4	(5,699)	(4,238)
Impairment of brand names	12	(1,362)	(377)
Profit before income tax		10,558	21,404
Income tax expense		(8,121)	(7,064)
Profit attributed to members of the parent entity		2,437	14,340
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(398)	(229)
Other comprehensive income, net of tax		(398)	(229)
Total comprehensive income for the half-year attributed to members of the parent entity, net of tax		2,039	14,111
Earnings per share			
Basic earnings per share (cents)	22	1.94	14.62
Diluted earnings per share (cents)	22	1.85	14.62

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

MOSAIC BRANDS LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 1 January 2023

		1 January 2023	3 July 2022
	Note	\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	50,406	42,763
Other receivables	6	2,421	2,483
Inventories	7	157,517	116,714
Derivative financial instruments	8	-	947
Other current assets	9	3,277	3,334
Income tax receivable		121	117
TOTAL CURRENT ASSETS		213,742	166,358
NON-CURRENT ASSETS			
Plant and equipment	10	10,807	10,837
Right-of-use assets	11	93,101	71,974
Intangible assets	12	11,902	13,262
Deferred tax assets	23	77,402	80,035
TOTAL NON-CURRENT ASSETS		193,212	176,108
TOTAL ASSETS		406,954	342,466
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	228,329	201,746
Borrowings	14	39,167	32,861
Provisions	15	23,031	23,592
Derivative financial instruments	16	2,742	1,970
Lease liabilities	17	54,048	47,627
Contract liabilities	18	11,646	12,015
Other current liabilities		186	193
TOTAL CURRENT LIABILITIES		359,149	320,004
NON-CURRENT LIABILITIES			
Provisions	15	1,817	1,821
Lease liabilities	17	65,724	52,170
Financial liabilities	19	14,486	25,069
Deferred tax liabilities	23	32,900	27,629
Other non-current liabilities		320	560
TOTAL NON-CURRENT LIABILITIES		115,247	107,249
TOTAL LIABILITIES		474,396	427,253
NET ASSETS		(67,442)	(84,787)
EQUITY			
Issued capital	20	123,163	108,034
Reserves		48,718	46,502
Accumulated losses		(239,323)	(239,323)
TOTAL EQUITY		(67,442)	(84,787)

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

MOSAIC BRANDS LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 1 January 2023

	Issued capital	Equity reserve	Foreign currency translation reserve	Dividend profit reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 28 June 2021	108,034	4,432	220	26,640	(213,527)	(74,201)
Profit after income tax for the half-year	-	-	-	-	14,340	14,340
Transfer to dividend profit reserve	-	-	-	14,340	(14,340)	-
Other comprehensive income for the half-year net of tax	-	-	(229)	-	-	(229)
Total comprehensive income for the half-year	-	-	(229)	14,340	-	14,111
<i>Transactions with owners in their capacity as owners:</i>						
Share based payment expense	-	132	-	-	-	132
Balance at 26 December 2021	108,034	4,564	(9)	40,980	(213,527)	(59,958)
Balance at 4 July 2022	108,034	5,000	522	40,980	(239,323)	(84,787)
Profit after income tax for the half-year	-	-	-	-	2,437	2,437
Transfer to dividend profit reserve	-	-	-	2,437	(2,437)	-
Other comprehensive income for the half-year net of tax	-	-	(398)	-	-	(398)
Total comprehensive income for the half-year	-	-	(398)	2,437	-	2,039
<i>Transactions with owners in their capacity as owners:</i>						
Share based payment expense	-	177	-	-	-	177
Issue of shares on conversion of convertible notes	15,129	-	-	-	-	15,129
Balance at 1 January 2023	123,163	5,177	124	43,417	(239,323)	(67,442)

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

MOSAIC BRANDS LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 1 January 2023

	1 January 2023	26 December 2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	351,931	330,487
Payments to suppliers and employees (inclusive of GST)	(312,133)	(307,953)
Receipts from Government grants	256	525
Transaction and restructuring costs paid	(715)	(1,950)
Interest received	67	11
Interest and other finance costs paid	(682)	(624)
Income taxes received	3	4,947
Net cash provided by operating activities	38,727	25,443
Cash flows from investing activities		
Payment for plant and equipment	(2,840)	(3,149)
Payment for software assets	(939)	(660)
Proceeds from the sale of plant and equipment	5	-
Net cash (used in) investing activities	(3,774)	(3,809)
Cash flows from financing activities		
Proceeds from borrowings	71,315	24,541
Repayment of borrowings	(65,105)	(27,756)
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	(33,520)	(40,784)
Net cash (used in) financing activities	(27,310)	(13,593)
Net increase in cash and cash equivalents	7,643	8,041
Cash and cash equivalents at the beginning of the half-year	42,763	57,831
Cash and cash equivalents at the end of the half-year	50,406	65,872

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

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 1 January 2023

Note 1. Significant accounting policies

Reporting entity

Mosaic Brands Limited is a for-profit company incorporated and domiciled in Australia. The consolidated interim financial statements, as at and for the half-year ended 1 January 2023, comprise the company and its subsidiaries (together referred to as the 'Consolidated Entity' or 'Group'). 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.

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 1 January 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 3 July 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Going Concern evaluation

During the course of the 2022 financial year, the Omicron variant from the coronavirus (COVID-19) pandemic continued to have economic consequences and market uncertainty for Mosaic Brands and the broader retail industry. In addition to the shipping delays which happened at the early stages of the current reporting period, the rising interest rate, inflationary pressure and a weaker AUD further impacted customer sentiment during the first half of FY23. These unfavourable market conditions are the key drivers of a net liability position in the balance sheet of \$67,422,000 as at 1 January 2023 (June 2022: \$84,787,000). Based on sensitivity analysis if a significant deterioration in market conditions occurs it could potentially lead to 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. Current liabilities include \$54,048,000 in current lease liabilities (June 2022: \$47,627,000), \$39,490,000 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 14), contract liabilities \$11,646,000 (June 2022: \$12,015,000), derivative financial instruments of \$2,742,000 (June 2022: \$1,970,000) and employee benefit provisions which may not be settled in cash over the next twelve months of \$6,569,000 (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. Updated forecasting indicates that the Group will continue to meet its reset covenants and have access to the current 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.
2. Management successfully managed working capital both during and post the COVID-19 pandemic stemming back from 2020. During this period, management were able to follow the below strategies:
 1. Re-phasing inventory orders.
 2. Continuing to pursue operating efficiencies across the entire group, spanning wages to logistics and other below the line operational costs.
 3. Re-negotiating and extending payment terms with key suppliers.
 4. Negotiating rental concessions and modified rental agreements with landlords.
3. For the first-half of the 2023 financial year, the Group posted positive EBITDA of \$15,767,000 (December 2021: \$8,081,000) and generated positive operating cash flows of \$38,727,000 (2021: \$25,443,000).

Should the cash flow forecast not proceed as planned, 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.

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 1 January 2023

Note 1. Significant accounting policies (continued)

Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial period.

Currency

The interim financial statements are presented in Australian dollars.

Registered office and principal place of business

Ground Floor, 61 Dunning Avenue, Rosebery
NSW 2018, Australia

Note 2. Operating segments

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 shares similarities in its offering (fashion clothing) with the same customer demographic across different brands and are supported by one integrated support function.

The fashion retail segment in New Zealand predominantly consists of EziBuy which is based in New Zealand and services customers across both Australia and New Zealand. The New Zealand retail segment sells various products targeting a variety of customers.

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:

GEOGRAPHIC SEGMENTS

	<u>Fashion retail</u>				<u>Total</u>	
	<u>Australia</u>		<u>New Zealand</u>		<u>Dec-22</u>	<u>Dec-21</u>
	<u>Dec-22</u>	<u>Dec-21</u>	<u>Dec-22</u>	<u>Dec-21</u>		
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Revenue and other income:						
Revenue	263,627	213,515	34,745	64,128	298,372	277,643
Other income	14,135	15,282	5,744	4,820	19,879	20,102
Total revenue and other income	277,762	228,797	40,489	68,948	318,251	297,745
Total revenue and other income per the consolidated statement of profit or loss and other comprehensive income					318,251	297,745
Results:						
Cost of sales	114,624	91,989	15,539	35,584	130,163	127,573
Employee benefits expense	60,716	51,466	5,283	9,309	65,999	60,775
Depreciation	30,814	35,787	2,417	2,349	33,231	38,136
Amortisation	672	406	269	664	941	1,070
Impairment of brand names	1,362	377	-	-	1,362	377
Impairment expense / (reversal of) right-of-use assets and PPE	81	(20,073)	(1,821)	7	(1,740)	(20,066)
Interest	5,058	2,902	641	945	5,699	3,847
Profit before tax expense	8,659	20,107	1,899	1,297	10,558	21,404
Tax expense	4,661	7,001	3,460	63	8,121	7,064

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 1 January 2023

Note 2. Operating segments (continued)

GEOGRAPHIC SEGMENTS

	<u>Fashion retail</u>				<u>Total</u>	
	<u>Australia</u>		<u>New Zealand</u>			
	<u>Dec-22</u>	<u>Jun-22</u>	<u>Dec-22</u>	<u>Jun-22</u>	<u>Dec-22</u>	<u>Jun-22</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Assets and liabilities:						
Segment assets	367,309	298,171	39,645	44,295	406,954	342,466
Segment liabilities	422,641	372,806	51,755	54,447	474,396	427,253

Note 3. Revenue and other income

	<u>Consolidated</u>	
	<u>1 January 2023</u>	<u>26 December 2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Revenue		
Sale of goods	298,372	277,643
Other income		
Jewellery commission	6,360	4,617
Interest	67	11
Postage	7,607	9,459
Drop ship commission	2,013	3,230
Other	3,832	2,785
Total other income	19,879	20,102

Note 4. Expenses

	<u>Consolidated</u>	
	<u>1 January 2023</u>	<u>26 December 2021</u>
	<u>\$'000</u>	<u>\$'000</u>
a) Expenses (excluding finance costs)		
Marketing and selling expenses	82,879	79,259
Occupancy expenses	27,136	4,144
Administrative expenses	59,443	58,454
Other expenses	296	346
Total expenses (excluding finance costs)	169,754	142,203
b) Expenses		
Rental expenses attributed to:		
- low value assets	-	29
- variable lease payments – outgoings	8,266	7,162
- short term lease payments – other property costs	12,268	7,944
Total rental expenses	20,534	15,135
Fair value changes through profit or loss – convertible notes	2,440	834
Right-of-use assets (impairment reversal)	(1,740)	(20,066)
Finance costs comprising interest attributed to:		
- interest and borrowing expense	3,345	1,378
- interest expense on lease liabilities	2,354	2,860
Total finance costs	5,699	4,238

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 1 January 2023

Note 5. Cash and cash equivalents

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Cash at bank and on hand	50,406	42,763

Note 6. Other receivables

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Other receivables	2,421	2,483

Note 7. Inventories

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Finished goods at cost, net of obsolescence and shrinkage	157,517	116,714

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 8. Derivative financial instruments

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Forward exchange contracts	-	947

Refer to Note 16 for further information on financial instruments.

Note 9. Other current assets

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Prepayments	1,228	883
Right of return assets	2,049	2,451
Total other current assets	3,277	3,334

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 1 January 2023

Note 10. Plant and equipment

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
a) Plant and equipment		
At cost	121,291	121,966
Accumulated depreciation and impairment	(110,484)	(111,129)
Total property, plant and equipment	10,807	10,837

b) Movements in carrying amounts

	Plant and equipment
	\$'000
Balance at 28 June 2021	15,865
Additions	4,409
Disposals	(457)
Depreciation and impairment expense	(8,980)
Balance at 4 July 2022	10,837
Additions	2,840
Disposals	(131)
Depreciation and impairment expense	(2,739)
Balance at 1 January 2023	10,807

Note 11. Right-of-use assets

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Lease rights – property	381,143	333,385
Less: Accumulated depreciation and impairment	(288,042)	(261,411)
Total right-of-use assets	93,101	71,974

The Group leases buildings for its offices and retail outlets under agreements of between one to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. Right-of-use assets included impairment reversal of \$1,740,000 (December 2021: \$20,066,000) during period ended 1 January 2023.

Note 12. Intangible assets

	Consolidated		
	Brand names	Other*	Total
	\$'000	\$'000	\$'000
Opening net carrying value at 4 July 2022	10,494	2,768	13,262
Additions	-	939	939
Amortisation expense	-	(937)	(937)
Impairment	(1,362)	-	(1,362)
Closing net carrying value at 1 January 2023	9,132	2,770	11,902
Historical cost			
Cost	58,090	46,022	104,112
Accumulated amortisation and impairment	(48,958)	(43,252)	(92,210)
Net carrying value	9,132	2,770	11,902

* Includes software, development costs and trademarks

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 1 January 2023

Note 12. Intangible assets (continued)

Brand names

Key estimates and judgements to account for business combinations

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 course of 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 in the half, included delays in logistics for sourcing from container shortages. On the basis of these factors management determined that impairment losses should be recognised totalling \$1,362,000 for brand names to reflect the lagged effects (June 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 to the end of FY2026 derived from the approved budget. These forecasts include assumptions around sales prices and volumes, operating costs and working capital management. 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.

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 1 January 2023 or a period of three and a half years (FY2026), and a terminal value. The key assumptions utilised within the model are:

- Projections based on the H2 FY2023 budget approved by the Board and projected for a further three years based on growth rates estimated by management of 5.5% to 10.6% in FY2024 (June 2022: 5.5% to 10.6%), 3.8% to 10.2% in FY2025 (June 2022: 3.8% to 10.2%) and 3.8% to 10.2% in FY2026 (June 2022: 3.8% to 10.2%).
- A terminal growth rate of 1% (June 2022: 1%).
- A tax rate applied of 30% is based on the corporate tax rate in Australia (June 2022: 30%).

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

	Royalty rate		Post-tax discount rate	
	Dec-2022	Jun-2022	Dec-2022	Jun-2022
Rockmans	0.75%	0.75%	16.25%	16.5%
Millers	0.25%	0.25%	16.75%	17%
Autograph	0.75%	0.75%	16.75%	17%
Rivers	0.25%	0.25%	17.75%	18%
Katies	0.25%	0.25%	16.75%	17%

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 1 January 2023

Note 12. Intangible assets (continued)

The reconciliation of the carrying values of the brands at the beginning of the current financial period is set out below:

	Rockmans \$'000	Millers \$'000	Autograph \$'000	Rivers \$'000	Katies \$'000	Total \$'000
Balance at 4 July 2022	4,442	1,739	1,565	1,912	836	10,494
Impairment expense	(1,095)	(42)	(150)	(75)	-	(1,362)
Balance at 1 January 2023	3,347	1,697	1,415	1,837	836	9,132

Impact on recoverable amount of the following changes in assumptions:

- 1% increase in discount rate	(196)	(96)	(80)	(100)	(49)
- 1% decrease in discount rate	223	109	90	113	55
- 0.5% (PGFG)/ 0.25% (MARCK) increase in royalty rate	2,232	1,696	472	1,836	865
- 0.5% (PGFG)/ 0.25% (MARCK) decrease in royalty rate	(2,232)	(1,696)	(472)	(1,836)	(865)

Note 13. Trade and other payables

	Consolidated	
	1 January 2023 \$'000	3 July 2022 \$'000
Trade payable	147,258	123,686
Accruals	19,230	22,198
Stock in transit	8,987	12,672
Sundry payables	52,854	43,190
Total trade and other payables	228,329	201,746

Note 14. Borrowings

	Consolidated	
	1 January 2023 \$'000	3 July 2022 \$'000
CURRENT		
Secured liabilities:		
Commercial hire purchase liabilities	5	8
Bank loans	39,162	32,853
Total current borrowings	39,167	32,861

Loans

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. At the reporting date, loans and borrowings of \$39,167,000 (June 2022: \$32,861,000) included \$19,690,000 from the bank 'Trade Finance Facility' (June 2022: \$20,780,000) and \$19,800,000 from the bank 'Working Capital Facility' (June 2022: \$12,500,000) with \$525,000 paid in establishment fees being amortised for the new facility (closing balance: \$323,000). 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 (June 2022: \$45,000,000) which includes a 'Trade Finance Facility' (revolving facility) of \$25,000,000 and a 'Working Capital Facility' of \$20,000,000. Of these facilities \$3,270,000 was unused with the facility term ending August 2024. 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 4.91% is charged on the loans. The carrying amount of bank loans approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 1 January 2023

Note 15. Provisions

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
CURRENT		
Employee benefits	17,246	16,806
Other provisions	5,785	6,786
Total current provisions	23,031	23,592
NON-CURRENT		
Employee benefits	1,817	1,821
Total non-current provisions	1,817	1,821

	1 January 2023
	\$'000
Other provisions	
Opening net carrying amount at 4 July 2022	6,786
Additional provisions recognised	1,201
Amounts used for leases make good provision	(2,202)
Closing net carrying value at 1 January 2023	5,785

Note 16. Derivative financial instruments

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Financial liabilities – convertible note (equity conversion feature)	2,193	1,970
Forward exchange contracts	549	-
Total derivative financial instruments	2,742	1,970

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 1 January 2023

Note 16. Derivative financial instruments (continued)

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:

	Level 1		Level 2		Level 3		Total	
	Dec-22	Jun-22	Dec-22	Jun-22	Dec-22	Jun-22	Dec-22	Jun-22
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Recurring fair value measurements								
Derivatives Asset / (Liability) held for hedging:								
- Forward exchange forward contracts	-	-	(549)	947	-	-	(549)	947
- Equity conversion feature of convertible note	-	-	(2,193)	(1,970)	-	-	(2,193)	(1,970)
Total liabilities recognised at fair value	-	-	(2,742)	(1,023)	-	-	(2,742)	(1,023)

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

	1 January 2023	3 July 2022
Opening balance	1,970	-
Derivative financial liability (Equity conversion feature)	-	8,797
Fair value loss / (gain) through profit or loss	2,440	(6,827)
De-recognition of converted notes	(2,217)	-
Closing balance (liability)	2,193	1,970

Note 17. Lease liabilities

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
CURRENT		
Lease liability	54,048	47,627
NON-CURRENT		
Lease liability	65,724	52,170
Total lease liabilities	119,772	99,797

Note 18. Contract liabilities

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Contract liabilities	11,646	12,015

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 1 January 2023

Note 19. Financial liabilities

	1 January 2023 \$'000	3 July 2022 \$'000
Balance at the beginning of the period (non-current)	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	-	22,150
Interest paid	-	(640)
Interest expense accrued	2,328	3,559
Conversion of Convertible Notes	(12,911)	-
Balance at the end of the period (non-current)	14,486	25,069

* Total transaction costs for the convertible note were \$1,524,000 with the debt component \$1,071,000.

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 pay interest payments in cash, subject to future business and market conditions.

Two interest payment dates occurred during the half-year period:

Interest payment date	Interest payment
30 September 2022	Capitalised
31 December 2022	Capitalised

For the half-year ended 1 January 2023, 15,290,733 units were converted at a value of \$12,910,941 resulting in the issuance of 62,032,175 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 1 January 2023

Note 20. Issued capital

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Fully paid ordinary shares		
Balance at the beginning of the period	108,034	108,034
Issue of shares during the period (i)	-	-
Shares issued from exercise of convertible notes	15,129	-
Balance at the end of the period	123,163	108,034

	Number	Number
Fully paid ordinary shares		
Balance at the beginning of the period	107,562,930	96,662,930
Issue of shares during the period (i)	-	10,900,000
Shares issued from exercise of convertible notes	62,032,175	-
Balance at the end of the period	169,595,105	107,562,930

(i) In FY22, 10,900,000 shares were issued under limited recourse loans to Directors and Senior Management.

Note 21. Dividends paid

No dividends were provided for or paid during the half-year to 1 January 2023, and no dividends were provided for during the preceding half-year to 26 December 2021.

Note 22. Earnings per share

	Consolidated	
	1 January 2023	26 December 2021
	\$'000	\$'000
Earnings per share for profit		
Profit after income tax attributable to the owners, used in the calculation of basic earnings per share	2,437	14,340
Profit after income tax attributable to the owners, used in the calculation of diluted earnings per share	2,965	14,340
	Number	Number
	'000	'000
Weighted average number of ordinary shares used in calculating		
- basic earnings per share	125,796	98,100
- diluted earnings per share	160,498	98,100
Basic earnings per share (cents per share)	1.94	14.62
Diluted earnings per share (cents per share)	1.85	14.62

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 1 January 2023

Note 23. Deferred tax assets and liabilities

	Consolidated	
	1 January 2023	3 July 2022
	\$'000	\$'000
Analysis of deferred tax assets:		
Employee entitlements	5,700	5,552
Lessors fit out contribution	152	226
Accruals	2,291	2,936
Inventory temporary differences	6,078	11,606
Depreciation temporary differences	5,425	6,033
Provision for customer loyalty	-	313
Contract liabilities	1,273	1,215
Future tax benefit of tax losses	16,088	17,979
Business capital expenditure	8	9
Other provisions	2,018	2,000
Right-of-use assets impairment (business combination)	622	5,457
Lease liabilities	35,631	25,367
Other temporary differences	2,116	1,342
Total deferred tax assets	77,402	80,035
Analysis of deferred tax liabilities:		
Depreciation and amortisation temporary differences	360	262
Brand names	2,740	3,149
Trademarks	21	18
Foreign currency balances	921	1,103
Right-of-use asset	28,315	22,499
Lease incentive	513	569
Other temporary differences	30	29
Total deferred tax liabilities	32,900	27,629

Note 24. Commitments and contingent liabilities

Contractual commitments

As at 1 January 2023, the Group had no contractual commitments apart from lease liabilities (Note 17).

Contingent liabilities

There were no contingent liabilities for the period ended 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 1 January 2023

Note 25. Related party transactions

Transactions with related parties

The Group paid rent to four Alceon-controlled property trusts amounting to \$129,000 (Dec 2021: \$208,000) in relation to stores in Orange and Sale. The rental paid was at normal commercial terms and conditions.

A total of \$60,000 in management fees to related party of the Non-Executive Directors during the financial period (Dec 2021: \$60,000).

Relatives of key management personnel were employed throughout the year with a total salary and wages being paid of \$103,768 (Dec 2021: \$24,579). These were paid in line with the relevant awards.

EziBuy paid a total of \$15,000 to SurfStitch (Dec 2021: \$147,000) which relates to the final use of the distribution centre. SurfStitch is indirectly controlled by the Group's Chairman, Richard Facioni.

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 reporting period (Dec 2021: \$3,796,000).

Note 26. Events after the reporting date

Operational update

On 25th January 2023, the Group provided a Trading Update via a ASX Announcement. In that announcement Mosaic Brands detailed its first-half financials and announced:

- Targeting 130 new stores rollout over the next 12 months (subject to commercials).
- The Appointment of Spotlight Retail CEO Quentin Gracanin to Mosaic Brands Board as a Non-Executive Director.

Appointment of Non-Executive Director

Mr Gracanin has been the Chief Executive Officer (CEO) and Board member at the privately-owned Spotlight Retail for 12 of his 30 years in the retail sector. He formally joined the Mosaic Brands Board as a Non- Executive Director on the 22nd of February 2023. Spotlight is a major shareholder of the Group.

Convertible notes

Since the reporting date an additional 106,415 convertible notes (94,669 convertible notes on 17 January 2023 and 11,746 convertible notes on 31 January 2023) have been converted to 459,627 ordinary shares (408,894 ordinary shares on 17 January 2023 and 50,733 ordinary shares on 31 January 2023).

Other than the above, no other matters or circumstance has arisen since 1 January 2023 that has significantly affected, or may significantly affect the Groups' operations, the results of those operations, or the Groups' state of affairs in future financial years.

DIRECTORS' DECLARATION

1 January 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 1 January 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Richard Facioni
Chairman



Scott Evans
Managing Director and Chief Executive Officer

Declaration made 28 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mosaic Brands Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mosaic Brands Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 1 January 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 1 January 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the half-year 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 1 January 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd

BDO


John Bresolin
Director

Sydney, 28 February 2023