



GROUND FLOOR
61 DUNNING AVENUE
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ASX Release

7 May 2020

MARKET UPDATE

Mosaic Brands digital sales boost and progressive re-opening of stores from mid-May

On 25th March 2020, Mosaic Brands Limited (ASX:MOZ) announced the temporary closure of its circa 1,400 stores from 26th March 2020, as a precautionary measure in response to the Government's public health guidelines regarding the COVID-19 global pandemic, and to ensure the safety of its 6,800 team members and its customers.

Today the Company provides a further update highlighting developments over the past six-week period and its planned re-opening of stores.

Store Re-openings

As a result of trial openings over the past week, Mosaic is pleased to announce a progressive re-opening of its retail fashion stores over the coming months, commencing 11th May 2020.

As each store opens, it will adopt the Company's enhanced strict safety protocols that comply with all Government directives, prioritising the health and safety of all team members, customers and the broader community.

The trial openings have allowed the Company to gain valuable insights into changes in customer shopping habits, store revenues and centre foot-traffic. Mosaic is discussing these insights with its landlords to ensure that, as stores re-open, appropriate commercial terms are agreed, consistent with the spirit and intention of the Government's mandatory code of conduct for commercial leasing arrangements and to ensure an appropriate sharing of risk and financial impact. Stores will only be re-opened where satisfactory commercial terms are agreed with the landlord.

Mosaic is committed to working with its landlords to resume normal trading as soon as it is viable to do so and to provide a safe and improved shopping experience for customers.



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Online Sales and Digital Strategy

The strength of the Company's nine brands and increased investment in its digital strategy have resulted in a substantial increase in online sales of over 80% during the past six weeks, compared with the equivalent period in the prior year.

This performance reflects substantial work during this challenging time to accelerate the Company's strategy to expand the range of products offered and grow customer acquisition. Twenty categories and over 100,000 SKUs, reflecting each brand's unique customer proposition, have been added during this period to the Company's websites.

FY2020 Earnings Update

As a result of the material decline in foot traffic through March due to the impact of COVID-19 and the subsequent six-week closure of the Company's stores, coupled with their progressive re-opening and the anticipated gradual recovery in customer demand, Mosaic expects to report an EBITDA loss for the year to 30 June 2020, with the second half loss exceeding first half EBITDA of \$32.7 million. However, management anticipates the pandemic's impact on its performance to be short-term and expects a return to profit in FY2021.

The Board will not declare an interim dividend for the half year to 29 December 2019 following its earlier deferral, which was pending clarification of the impact of COVID-19.

The Company is very supportive of the Government's JobKeeper program, which has allowed it to retain its store and support office team members, and recognises the support of ANZ in facilitating Mosaic's access to the program and assisting it to navigate through this period.

Management wishes to thank team members for their continued dedication, commitment and resilience, as well as expressing its sincere thanks to its suppliers and partners for their ongoing support during this difficult time.

Management's thoughts are with everyone affected by COVID-19.

Enquiries:

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