MOSAIC
BRANDS LTD

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Mosaic boosts balance sheet as in-store shoppers return.

- Mosaic agrees a $59 million credit facility with Commonwealth Bank
- Mosaic online sales for FY22 up +25% year to date (YTD)
- EziBuy online sales for FY22 up +19% YTD
- Group is well stocked for peak Christmas trade and expects a strong second half as in-store shoppers return and online growth continues

Mosaic Brands (Mosaic or the Group) today provides shareholders at its Annual General Meeting with an update on new funding arrangements and trading post COVID related lockdowns.

"Having completed a $32 million capital raise in October, the Group today announces it has a credit approved term sheet for $59 million of funds with the Commonwealth Bank, which will more than double our existing arrangements," said Mosaic Chairman Richard Facioni.

"This strengthening of our balance sheet is the final piece in our reset of the Group which has seen us navigate our toughest ever trading period while focusing on delivering a strong post-lockdown rebound in profitability.

With customers returning in-store and online continuing its strong growth, Management and the Board expects a strong second half in FY22," said Mr Facioni.

Trading update.

Mosaic CEO Scott Evans today provided a trading update following the reopening of the Group's COVID-impacted store portfolio last month.

October delivered a positive step forward in comparable store sales on the prior period, resulting in the Group now -6.6% year to date (YTD) up from the -10% YTD announced in September's trading update.

Digital sales continued its positive trend up +25% YTD at the end of October, with EziBuy online sales also jumping +19% for the same period.

The Group is well stocked as it enters the Christmas period to take full advantage of a rebound in customer sentiment, with 90.87% in its target demographic fully vaccinated.

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"Although the first four months were exceptionally challenging due to the significant store closures we incurred and the impact this had on customer sentiment, post opening the Group has regained positive momentum as customers return from hibernation," said Mr Evans. "Although this momentum will not offset the losses incurred from COVID lockdowns which impacted up to 65% of our stores, the Group expects a positive EBITDA for the first half.

However if we continue to trade unimpeded, we expect that EBITDA growth will accelerate for the second half driven by the changes we've made across the Group to adapt to a post-COVID retail environment," said Mr Evans.

Ends

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*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 restructure and acquisition costs and has been adjusted to normalise the impact of AASB16 accounting treatment