

ASX Announcement

31 January 2022

Mosaic Brands Limited Quarterly Activities Report – Q2 FY2022

The Board of Directors of Mosaic Brands Limited (ASX: MOZ) releases its cash flow report (Appendix 4C) for the quarter ending 26 December 2021 (“the quarter”) and provides an update during the quarter.

Summary

- Group achieves record FY2022 H1 of \$119 million of online sales (Mosaic online sales up 21% against prior corresponding period (PCP). EziBuy up 10.6%)
- The Group delivered its second successive half of comparable store growth with FY2022 H1 achieving +1% (PCP) and total Group revenues of \$298 million.
- Despite 49,489 store trading days lost FY2022 H1 EBITDA* expected to be approximately \$8 million, in the half, 16% above broker estimates and up \$9 million from the PCP (excluding JobKeeper benefits).
- Mosaic completes \$59 million credit facility with Commonwealth Bank.
- Cash inflow from operating activities for FY2022 Q2 ended at \$40 million
- Cash inflow from capital raising via convertible note ended at \$32 million

Principal activities

Mosaic Brands owns and operates nine retail clothing brands, predominately within women's apparel and accessories within Australia and New Zealand, sold through its network of circa 1,030 stores and its online digital department platforms.

FY22 Quarter 2 Commentary and Update

Quarter 2 performance led to online delivering 40% of Group revenue in the first-half. Consistent with our trading update of 20th January 2022, this result highlights the global trend of the over-50's consumer embracing the online channel, with sales for the first half of FY2022 up 21% for Mosaic Brands and 10.6% for EziBuy* which included a record Black Friday sales period.

Underpinning the online growth is the increasing number of SKU's offered on our sites, which has grown in two years from 200,000 to over 3.5 million covering 30 categories. The Group remains on track to achieve the goal to offer over 8 million SKU's by mid-2025.

For the half stores were closed for 49,489 trading days. Notwithstanding that immense challenge, in quarter 2 Mosaic's comparable store sales rebounded throughout the key November and December Christmas trading period as the lockdowns ended. Mosaic finished the half at +1%, resulting in the Group now delivering two successive halves of comparable growth.

The Group expects EBITDA for the first half to be in the order of \$8 million, 16% above broker estimates and an increase of \$9 million on the PCP (excluding JobKeeper), with net cash ending at \$38 million.

Mosaic has now completed its new facility with the Commonwealth Bank for \$59 million of funds. This more than doubles the Group's previous arrangements and sees it fully funded.

The Group will provide a full update when it posts its first half FY2022 audited financial results in February.

Related party payments made during the quarter

During the quarter MOZ made rental payments of \$65,000, Board Fees of \$30,000. EziBuy incurred 3PL distribution costs of \$52,000 and interest payments of \$85,000. Rental and 3PL distribution 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.

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

The release of this announcement was authorised by Luke Softa, Chief Financial Officer and Company Secretary

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***Notes:**

1. 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.
2. ASX has asked that the shareholder approval for the EziBuy acquisition be refreshed. Further details will be set out in the notice of meeting to be distributed in the coming weeks