

ASX Announcement

29 April 2022

Mosaic Brands Limited Quarterly Activities Report – Q3 FY2022

The Board of Directors of Mosaic Brands Limited (ASX: MOZ) releases its cash flow report (Appendix 4C) for the quarter ending 27 March 2022 (“the quarter”) and provides an update during the quarter.

Summary

- Operating cash outflow for the quarter \$37.8m, improvement on pcp by \$20.8m (\$58.7m outflow excl JobKeeper).
- Year-to-date cash outflow improvement of \$8m on last year (excl JobKeeper).
- Mosaic online (excluding EziBuy) grew by +40% in the 3rd quarter and is +24% up YTD.
- Group cost management and cost-conscious customers mean it is well positioned in an inflationary environment.

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 1,000 stores and its online digital department platforms including the newly acquired EziBuy Online digital apparel brand.

FY22 Quarter 2 Commentary and Update

Notwithstanding the ongoing impact Omicron and inflationary pressures seen during the last quarter, the Group’s recovery from two years of restricted trading conditions continues.

Cashflow for the period increased by \$20.8 million on a normalised basis against the previous corresponding period (PCP) and lifted \$8 million year to date (YTD) with comparable store sales also remaining consistent at +0.2% against PCP.

Online sales continue to deliver strong growth ending the period at +40% for Q3 and +24% YTD (excl. EziBuy). SKU offering also grew to over 4,300,000 during the quarter.

EziBuy continues on its restructure and turnaround and despite the ongoing delivery challenges experienced in New Zealand the brand delivered a YTD comparative store +2.8% on PCP. Shareholder approval to take full control of EziBuy in the quarter will see the continued restructuring and turnaround of the business accelerate.

To date Mosaic Brands has successfully managed to navigate the strong inflationary forces seen throughout the retail sector this financial year. This has been delivered with the ongoing execution of the Group’s reset strategy, resulting in the Cost of Doing Business YTD being in line with last year when Jobkeeper payments were available contributing \$48.6m to the prior year.

During the past quarter, the Group has had an average 40 stores closed per week due to team member absenteeism following Government mandated Covid isolation rules.

The Group expects the final quarter to continue to improve as COVID-19 impacts and restrictions ease and customers regain confidence.

A combination of online and in-store trading unimpeded for the first time since a brief period in Q4 last year sees the Group well positioned in what is traditionally one of its strongest trading periods. The Group is well

stocked with new winter collections to maximise this opportunity as an increasing number of customers return to in-store shopping.

The Group is also well-placed for the second half of the financial year to deliver an EBITDA in line with Half 2 FY21, subject to important trading periods, including Mothers' Day.

With its long track record of managing costs while serving one of the largest cost-conscious customer demographics in Australia, Mosaic Brands believes that in an inflationary environment it is strongly positioned to achieve growth and accelerate its recovery.

Related party payments made during the quarter

During the quarter MOZ made rental payments of \$42,000, Board Fees of \$30,000 with EziBuy incurring 3PL distribution costs of \$50,000. 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.

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

– END –

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

For further information, please contact:

Chris Fogarty
FMC
+61 420 928 824
Chris@fmcchange.com

***Notes:**

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.