MOSAIC BRANDS LTD

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

ASX Announcement 29 July 2022

Mosaic Brands Limited
Quarterly Activities Report – Q4 FY2022

The Board of Directors of Mosaic Brands Limited (ASX: MOZ) releases its cash flow report (Appendix 4C) for the quarter ending 3 July 2022 ("the quarter") and provides an update during the quarter.

Summary

- Operating cash inflow for the quarter $57 million, improvement on pcp by $4 million ($53 million inflow).
- Year-to-date cash inflow of $44.6 million (no JobKeeper).
- Mosaic online turnover contributes 39% of the Groups sales and grew to $223 million (7% up on pcp).
- As previously outlined, the Group has reset its cost base and continues to focus closely on cost and stock management across the business.
- Trading improves week on week in the quarter with the Group expecting to return to profitability in FY23.

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.

FY22 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.

Consistent with that update, trading has improved week on week after the Group experienced adverse trading conditions early in Q3 and during the Mother's Day period stemming from the ongoing impacts of the Omicron COVID-19 variant.

The Group now expects the EBITDA to be in the order of a $16 million loss for FY22 and cash ended at a positive $9.5 million net cash position in line with the ordinary cash inflow cycles. The EziBuy acquisition was fully completed during the half and funded from Group cash.

Digital sales continue to grow on the prior year and now contribute approximately 39% of the Group's turnover. Third party product revenue also delivered $28.4 million in sales for the year (58% growth on PCP).

While inflationary and wider economic pressures are expected to continue into FY23, the return of the Group's core in-store customer gained week by week momentum in June, resulting in it being the strongest month of the second half. This was seen through the comparative in-store sales for the fourth quarter being flat on the prior corresponding period ("pcp") and was a significant improvement against the preceding periods which were tracking around -8%. Pleasingly management are seeing this positive trend continuing into July.

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

The Group enters FY23 in a strong and clean stock position to maximise the year ahead.

This gives further confidence to the Board that conditions ahead are more favourable and navigable than that of the previous two years of managing the impact of COVID lockdowns.

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.

As a result, Mosaic expects to return to profitability in FY23.

Related party payments made during the quarter

During the quarter MOZ made rental payments of $40,000, Board Fees of $40,000 with EziBuy incurring 3PL distribution costs of $15,000. 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.