

**ASX Announcement**

25 January 2023

**Trading rebound momentum continues**

- Group EBITDA<sup>1</sup> of circa \$15.8 million for first half of FY23, delivering a 195% increase on the previous corresponding period (pcp)
- Total sales up 23%, with comparable store sales delivering strong growth of 12% and online sales flat at +0.3% compared to pcp, excluding EziBuy
- Cash holdings at 1 January 2023 of \$50 million, with a positive net cash position of approx. \$11 million
- Group plans to open up to 130 new stores in the next 12 months
- Appointment of Spotlight Retail CEO Quentin Gracanin to Mosaic Brands Board as a Non-Executive Director

**Trading Update**

Mosaic Brands Limited (**Mosaic** or the **Group**) today provides a trading update for the first half of FY2023 ending 1<sup>st</sup> January 2023.

“Consistent with our last update in November, Mosaic’s trading rebound continues to gain momentum as customers increasingly return to instore shopping, following three years heavily impacted by COVID,” said Group CEO Scott Evans.

“While not yet at pre-pandemic levels, instore shopping continues to lift on a month-by-month basis, with customers also spending more on an average transaction basis.

This has seen us double our first half EBITDA<sup>1</sup> to \$15.8 million, despite absorbing a \$5.1 million foreign exchange impact from the lower Australian dollar,” said Mr Evans.

“This result highlights how Mosaic has changed enormously to not only come out the other side of COVID, but to become a stronger and more sustainable business in what is a very different retail environment from just three years ago.”

The average cost of operating stores had reduced by a third from pre-COVID levels, while Mosaic brands online sales for the half were flat, despite the return to instore shopping.

Consistent with peer brands, the Group’s only pure-play online retailer, EziBuy has seen sales drop following COVID lockdowns, falling -51% compared to pcp. With ongoing operational improvements, trade is expected to start to improve late in the second half and, beyond this, we expect EziBuy to positively contribute to Group earnings.

“We believe our Group strategy positions Mosaic’s 900 plus stores and 14 online businesses, with over six million products, as a true omni-channel retailer,” said Mr Evans. “And as part of that strategy we will be planning an additional 130 stores throughout 2023, with online expected to reach up to eight million products by the end of the year”

**Appointment of new Director.**

Spotlight Retail CEO Quentin Gracanin will be joining the Mosaic Brands Board as a Non-Executive Director at the next Board meeting on the 22<sup>nd</sup> of February.

“Spotlight was a significant supporter of Mosaic’s 2021 capital raise in the depths of managing COVID,” said Group Chairman Richard Facioni. “As the turnaround of the Group accelerates, Quentin brings an extensive understanding of retail operations to add to the Board’s existing expertise. We welcome Quentin to the Board and look forward to working closely with Spotlight, one of Australia leading retailers, and Quentin to enhance shareholder value.”

Mr Gracanin has been CEO and a Board member at the privately-owned Spotlight Retail for 12 of his 30 years in the retail sector.

All financial figures in this release are preliminary in nature and are subject to finalisation and review by the company’s auditors. The Group will provide a full update when it posts its first half FY2022 audited financial results in February.

Ends

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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.