

Mosaic Brands Limited (ASX:MOZ) - ASX Announcement

21st July 2023

Mosaic Brands swings to full-year profit with +9.6% comparable store growth.

Mosaic Brands (Mosaic or the Group) today provides a market update on full-year unaudited results for FY23.

Mosaic expects a circa \$17m EBITDA* profit for FY23 - a \$33m turnaround to the prior financial year EBITDA* loss of \$16m.

This result has been achieved in an environment where the Group has absorbed increased costs of purchasing goods, higher logistics costs and an unfavourable US dollar.

Store-only comparable sales finished the year at up 9.6% compared to the previous corresponding period ("pcp"), with online sales down 6% - almost entirely on third-party vendor sales. Online sales represented approx. 20% of total turnover.

"As one of the most impacted retailers throughout the Covid pandemic, it is great to see it well and truly in the rear-view mirror," said Mosaic CEO Scott Evans.

"Our customers are back in-store and staying online," he added.

Whilst the Group remains cautious for FY24, it enters the new financial year with its cost base in the strongest position in over four years, as Covid related costs fall.

"As just one example, in the midst of Covid logistics costs rose by approx. \$9m due to container costs – now what would have cost \$10,000 per container has fallen back to under \$500," said Mr Evans.

Store only comparative sales were up 11.9% in the first half of the financial year on the pcp and up 7.6% in the second half, as Reserve Bank measures to manage inflation began to bite.

"Our customers are not immune to the inflationary and interest rate pressures in the economy, but neither are they most exposed to them," said Mr Evans.

"Clearly Over 50 consumers have become more cautious in the last six months, but they are still spending," he added.

The Group expects to report total sales of circa \$519m when it reports on its full-year audited result next month, up 6.2% on FY22.

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 full year FY23 audited financial results in August.

Ends

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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.