



GROUND FLOOR  
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ROSEBERY NSW 2018

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## ASX Announcement

30 January 2024

### **NPAT up 50% in H1. Balance sheet repair strategy positions Group for strong H2.**

- H1 expected NPAT\* approx. \$5.9m, +50% vs \$3.9m in the previous corresponding period (PCP), after absorbing \$4.3m negative USD impact, with an EBIT\* of circa \$10.6m (\$14.9m normalised for USD impact) against \$11.95m PCP.
- Balance sheet net current asset position improves by circa \$11.6m.
- In-store only comparable sales -6.6% vs PCP and +8.5% on FY22 on 33% H1 stock reduction.
- Balance sheet improvement set to continue due to significantly reduced cost of goods.

Mosaic Brands ("Mosaic" or the "Group") today provides an unaudited trading update for the first half of FY24.

The Group expects to report an NPAT\* of approx. \$5.9 million, a +50% improvement over PCP, after absorbing an estimated negative impact of \$4.3m due to an adverse currency movement against the USD, with an EBIT\* of circa \$10.6m (\$14.9m normalised for USD impact) against \$11.95m PCP.

Stock intake for the half was around \$41m below prior year, in-line with the Group's balance sheet improvement strategy, delivering an \$11.6m improvement in net current assets and securing further projected balance sheet improvements in the second half.

"Having returned the Group to post-Covid profit in FY23, as set out at the AGM in November, our priority is on improving our balance sheet in FY24 as the final step of our turnaround," said CEO Scott Evans.

"That saw us take a front foot approach on stock management for the first half and negotiating an improved cost price for goods looking to the next 12 months.

"Against a backdrop of reducing our stock purchases by 33% for the first half, achieving an in-store decline of just 6.6% highlighted that our customers are reacting to our new ranges exceptionally well.

"We'll now lift stock intake from March for the second half on the back of some of the most favourable inventory costs the Group has achieved in its history," Mr Evans said.



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### Second half outlook

The Group enters the second half confident of continued balance sheet improvement, combined with expected sales and profitability growth. Recent negotiations have resulted in the Group achieving some of the most favourable cost prices for its products experienced in its history, which is forecasted to further support earnings and balance sheet improvement in H2.

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 FY24 audited financial results in February.

Ends

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### Notes:

\* NPAT refers to Net Profit After Tax

\* EBIT refers to Earnings before Interest and Tax.

\* All numbers shared are interim in nature and is subject to finalisation of tax and audit reviews.



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