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ASX Release

Store closure, online and margin growth update at 2020 AGM

Mosaic Brands ("Mosaic" or the "Company") today provided an update as to its store closure programme and first quarter financials at its 2020 Annual General Meeting.

"Consistent with our comments at the 2020 full-year results announcement, since August we have closed 73 stores in response to unrealistic rental requests and a permanent shift towards online purchases," said Mosaic CEO Scott Evans.

"Our online sales for the first quarter are up 31% on the previous corresponding period (PCP), with the amount of SKUs or items available on our websites growing from 150,000 to over 250,000 in just eight weeks."

Mr Evans said the growth of online, reduced discounting and a 50% drop in inventory holdings, had seen margins grow to 67% compared to 61.8% for the PCP.

"We're encouraged that a number of landlords have in recent weeks come to the table on rental reductions but not all have and we expect up to a further 250 store closures by June 2021," said Mr Evans.

Mosaic Chairman Richard Facioni told shareholders COVID-19 had forced a large number of the brands five million plus in-store customers into hibernation over the last eight months.

Revenue and profit had to take a back seat to customer, team and community health and safety.

"We've found ourselves in an unfamiliar position, for any retailer, where our customers have wanted to visit our stores but couldn't – and we're saying by and large that's been for the best.

With most restrictions lockdowns now lifted we are confident those customers will stir from that hibernation and resume visiting our loyalty brands. Exactly when they will have the confidence to return in-store is still unknown," he said.

Mr Facioni said that subject to the key November and December trading period, Mosaic expect to return to profitability in 2021.

Ends

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