MOSAIC BRANDS LTD

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**ASX Announcement** 11 May 2021

# Mosaic Brands Limited
# Quarterly Activities Report - Q3 FY2021

The Board of Directors of Mosaic Brands Limited (ASX: MOZ) releases its cash flow report (Appendix 4C) for the quarter ending 28 March 2021 ("the quarter") and provides an update during the quarter.

## Summary

- **Group cash balance of $48.6m ending Q3FY21, improvement of $22.4m (+85.5%) against prior year ($26.2m at Q3FY20)**
- **Cash outflow in operating activities for Q3FY21 ended at $45m, which reflects the typical working capital seasonality for Mosaic**
- **Year-to-date finance facilities owing at the end of Q3FY21 was $51.5m, delivering a 32.2% reduction against prior year or $24.5m ($76m at Q3FY20)**
- **Year-to-date cash inflow in operating activities of $76m, improvement of $17.5m (+29.9%) against prior year ($58.5m)**
- **Positive trading momentum continues, including over the key Mothers' Day period**

## 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 1,100 stores and its online digital department platforms. Mosaic also has a 50.1% ownership of EziBuy a New Zealand Online digital apparel brand.

## Q3FY21 Commentary

In MOZ Appendix 4D at the half year ending December 2020, the Group delivered an underlying EBITDA of $45m (+37.6% on prior year). Included in the results was a note relating to a matter of emphasis, a key driver for the requirements of submitting an Appendix 4C. The matter of emphasis was largely due to the Groups working capital facility expiring on 6 July 2021. As communicated previously MOZ remains positive that over the coming weeks it will address the underlying issue together with its facility provider.

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The sector in which MOZ operates historically generates the majority of its revenues in the quarters leading up to the Christmas and Mother's Day trading periods (i.e. December Q2 and June Q4 quarters), such seasonality is consistent across the women's clothing retail sector.

Mosaic Brands generated profits in the first half of this financial year (delivering positive cash-flow), which has continued its history of delivering profits in the last 6 consecutive half one periods.

Due to the seasonality of fashion purchasing it is common for the women's clothing retail sector at the end of each of the March and September quarters to deliver net cash outflows and the December and June Quarters to deliver net cash inflows.

**Market Update**

"At its half-year update Group CEO Scott Evans said an absence of substantial or targeted stimulus payments, combined with ongoing lockdowns, had created a "mask economy" across its loyal customers base who remained highly cautious and conservative in their purchasing behaviour. As expected however, both the publicity and availability of vaccines to over 50s in recent weeks has seen a (significant) lift in trading nationally, inclusive of the Greater Sydney region where new health orders were implemented over part of Mosaic's key Mother's Day trading period. This gives further confidence to our expectation that momentum will continue to build on the back of the vaccine rollout and that the Group will return to consistent profitability for FY22 and beyond.

**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.

– END –

The release of this announcement was authorised by Luke Softa, Chief Financial Officer and Company Secretary

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