

ASX Announcement

29 October 2021

Mosaic Brands Limited Quarterly Activities Report – Q1 FY2022

The Board of Directors of Mosaic Brands Limited (ASX: MOZ) releases its cash flow report (Appendix 4C) for the quarter ending 26 September 2021 ("the quarter") and provides an update during the quarter.

Summary

- Completion of \$32 million capital raise process and acquisition of EziBuy
- Record online growth for the first quarter up 21% on the previous corresponding period (PCP)
- LFL sales for Q1 at -10% given market impacts of forced COVID closures
- Cash outflow from operating activities for Q1 FY22 ended at \$14 million
- Debt owing at the end of Q1 ended on \$31.5 million.

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 1,048 stores and its online digital department platforms including the newly acquired EziBuy Online digital apparel brand.

FY22 Quarter 1 Commentary and Update

This was a significant quarter for Mosaic Brands in undertaking a now completed capital raise and finalising the full acquisition of EziBuy.

In September the Group announced a \$32 million capital raising via the issue of convertible notes.

The Offer provided Mosaic Brands with additional balance sheet support and in part enabled it to best navigate the closure of over 65% of the Group's stores during the quarter due to COVID-related lockdowns combined with the traditional net cash outflows that occur in the women's clothing retail sector at the end of the September quarter.

Having completed both a reset of the business and put in place funding arrangements as part of its post-Covid focus, the Group expects a strong rebound in H2, with both clicks and bricks now simultaneously trading for the first time since a strong last quarter in Q4 FY21.

With a majority of the Group's stores closed over the period like for like sales finished the quarter at -10% to PCP. The Group has closely managed its supply chain arrangements during the quarter and is well stocked to take advantage of the peak Christmas trading period.

Mosaic Brands online performance continues to see strong growth and finished the quarter up +25% to the prior corresponding period (PCP). EziBuy also continued its turnaround and finished the quarter +17% to the PCP.

The result was total online revenue of \$52 million for the FY22 first quarter – the highest period recorded for the Group.

Mosaic Brands will provide a detailed trading update and commentary around the reopening of its full network of 1,048 stores at its AGM on November 17th

Related party payments made during the quarter

During the quarter MOZ made rental payments of \$143,000, Board Fees of \$20,000. EziBuy incurred 3PL distribution costs of \$95,000 and interest payments of \$66,000. Rental and 3PL distribution costs paid were at normal commercial terms and conditions.

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.

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All figures in this update and in the published Appendix 4C are unaudited.

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

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Note:

Previous corresponding period is abbreviated to “PCP” in this document