MOSAIC
BRANDS LTD

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

Company Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000
Dear Sirs

2021 Annual General Meeting – Chairman and Managing Director Addresses

Please find attached the addresses to be presented at today's Annual General Meeting by our Chairman, Mr. Richard Facioni, and our Managing Director, Mr. Scott Evans.

Yours faithfully

Luka Softa
Company Secretary

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

CHAIRMANS ADDRESS

Once again, ladies and gentlemen, I'd like to welcome you all and thank you for joining us at Mosaic Brands Limited's annual general meeting

Twenty-one months ago Mosaic Brands entered the COVID-19 pandemic with an unblemished record of delivering five years of consistent year-on-year growth in profits.

Here we are almost 2 years later and I am delighted to re-affirm that we have emerged from this generational event with a renewed organisational strength, a stronger balance sheet and a surging online business.

FY21 saw your company bounce back to its previously unblemished record and deliver an EBITDA of $48m excluding EziBuy.

I want to acknowledge our shareholders and, in particular, retail shareholders who have stuck with us over this very challenging and difficult period.

As the national retailer most impacted by COVID, the Board has had to make difficult decisions. But they were ones that were made in the context of restoring the intrinsic value we see in the Group.

We have moved fast and early in reshaping and resetting the business for a new era in retail and to meet and exceed the changing needs and expectations of our customers.

I am proud that again over the past 12 months we continued to prioritise the health and safety of our team and customers and shuttered stores during lockdowns regardless of Government mandate.

One of our Group's core strengths is our very loyal customer base, however, as this base is the most vulnerable to the health impacts of COVID-19, their safety is our priority and overrides any short-term financial objectives. We sincerely put the customer at the heart of everything we do.

To our 6000 strong team members nationally, I want to acknowledge and thank you for all you have done and all you continue to do.

I am delighted that today all our stores are trading, after having up to 65% of our stores closed at any one time during the first four months of FY22. We know for many, particularly in rural and regional communities, our stores are a social as well as a shopping outing, and we warmly welcome you back.

Of course, we have all learnt over the last two years that sentiment can shift swiftly, however I think it is fair to say that we expect temporary store closures and stay at home health orders to be increasingly in the rear view mirror.

MOSAIC BRANDS LTD
GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018
T: 1300 728 980

That gives us great confidence as to the future.

Not simply for Christmas trading but also longer-term, as we now have a more agile and a completely reset business.

As Scott will address in a few moments, we are extremely pleased that our continued investment in online has aligned with the rapid shift in our customer's purchasing behaviour.

This global trend of over 50s embracing online gives us great confidence as we further invest in this major growth strategy.

The changing behaviour with our customers embracing the digital channel made the decision easy for the Group to exercise its option for the remaining shares in EziBuy in October 2021, subject to obtaining all approvals as are necessary, including any regulatory approvals.

This acquisition takes the combined Group's digital revenue to appox. $208m or 29% of the total business revenue.

Due to the uncertainties that continued to surround retail, especially over the past four months, Mosaic announced in September this year a $32 million capital raising via the issue of convertible notes. This raising was exceptionally well supported and also brings the iconic retailer Spotlight Group to our register.

I am also pleased to announce that as part of our reset strategy, we have entered into a new partnership with Commonwealth Bank and have a credit-approved term sheet which sees our capital requirements right sized for the Group. This new facility will provide $59m of funds and replaces the current $25m facility with ANZ.

As a result of the capital raising and the new partnership with CBA, the Group has a much improved balance sheet and, subject to continuing to trade unimpeded for the rest of the financial year, the Board and management are confident that FY22 will also be a profitable one.

I wish to finish today by focusing on the Group's ESG policies and, in particular, ensuring an ethical supply chain.

This has long been a focus for the Board and management.

At times, we have felt the company has been significantly misrepresented in this space. Therefore we have proactively engaged with NGOs to ensure complete transparency of our policies and procedures.

I am pleased, then, that last month in the Baptist World Aid Ethical Fashion Guide, Mosaic Brands was named one of 10 most improved companies of the 430 local and global fashion brands evaluated.

The Group's supply chain and governance policies also scored an A-plus rating.

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

We fundamentally believe there is always more that we can do in what is a fast moving and complex space but, even in the midst of managing the pandemic, we have continued to focus closely on our ESG policies, and you can read more about them in our Annual Report.

The challenges Mosaic Brands has had to face over the past two years as a result of the pandemic would, and indeed has, broken many organisations in our customer segment, locally and globally.

Both I and the board firmly believe the Group has not merely survived those challenges but emerged from them stronger and with a clear strategic vision as to our future growth and profitability.

With that, I will now pass over to Scott to give his address and then speak to you further when we come to the resolutions before shareholders today.

CHIEF EXECUTIVE OFFICER ADDRESS

Thank you Richard,

Good morning and welcome everyone.

At last year's AGM I updated you all on the impacts that COVID-19 had on the Group in FY20. And also importantly on the reset approach that we had begun in order to ensure that we not only managed through these very difficult and uncertain times, but thrive when a post COVID world returns.

A reset that saw our digital business be revolutionised, our store network become more agile, our stores become less promotional and in turn hold less stock which when combined deliver improved profitability and more importantly sustainability.

I am pleased today to be able to update you on not only the execution of the reset strategy but more importantly the $48m EBITDA result that this has yielded over the past 12 months and particularly our performance in Q4 FY21.

As I am sure you will all agree, retailing is built on consumer confidence. At Mosaic Brands we have a very loyal and unique customer segment. The age profile of our customer base is the most vulnerable to the impacts of COVID yet was the least supported by Government assistance. The many lockdowns and health orders, over the last two years, severely impacted our customers sentiment causing hibernation.

As Richard highlighted, during FY21 we continued to be unapologetic in putting the safety of our customers and team first, their safety is our priority and overrides any short-term financial gains.

With this in mind, we are absolutely delighted that as we stand here today over 90.8% of our customer base are fully vaccinated, and we have seen over the past few weeks and months a consistent improvement in our customers returning to in-store shopping as a result of this.

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

If you look to slide 9 of our presentation you can see the very strong Q4 FY21 like for like sales uplift which delivered our second most profitable Q4 in history.
Notwithstanding the severe impact to customer confidence due to the many state lockdowns with up to 65% of our network being closed at any one time since June. This slide also highlights the gradual return to in-store shopping as FY22 progressed and vaccinations gained ground.
This has resulted in comparable sales continually improving and YTD being now -6.6% from the -10% that we shared in our announcement only a few weeks ago at the end of September.

Before focusing on our FY22 performance in more detail and our exciting BIG future, I will take a moment to walk you through some of the changes and highlights of the last financial year.

As I expressed a few moments ago, FY21 achieved an EBITDA of $48m, it was a year of execution not theory and delivered the following outcomes.

By remaining 100% focused on the strategy of not chasing sales at any cost the Group delivered a record margin of 59% which in turn resulted in a $37m margin improvement against the prior year. This three year strategy is now fully executed and we expect the Group to now deliver consistent comp store growth in a post COVID environment as seen in recent weeks.

As a result of executing the margin growth strategy we were able to reduce the Groups cost of stock holding by $78m against pre-COVID levels. Whilst this half will see inventory levels higher than planned due to the closure of approx. 65% of our stores for the first four months of the year, the Group expects to close FY22 at similar levels as seen in FY21.

Our net asset position excluding EziBuy improved by $48 million from the end of the previous financial year with $49 million of debt paid down.

Net cash was up from $4 million to $25 million at the end of the financial year, despite lengthy lockdowns and store closures.

Cost of doing business reduced by $43m (net of job keeper) against the prior period. It is also exceptionally pleasing that, as foreshadowed, the Groups cost of doing business for FY22 year to date are in line with FY21, notwithstanding this year we have received no Job-keeper benefit.

In short Job-keeper has been replaced with cost savings.

We closed 242 stores where landlords had pre-COVID rental expectations and a further 66 have closed over the first 4 months of FY22. The benefit of our short lease tail not only allows us to exit uncommercial locations but also allows us to transition to our BIG store strategy which I will touch on later.

I will now talk a little about the way in which our Digital Channel performed over the past 12 months and why we are confident this will continue even though all stores are now re-opened.

When you look at the shopping behaviours of the over 50's customer globally it highlights how swiftly this demographic is moving to the online space. Early in the pandemic this trend

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

gained even more ground when you look at what was happening in the heavily COVID impacted UK and US retail sectors where this customer accelerated to be the fastest growth segment in the online space.

For the past three years, notwithstanding the challenges we have faced, the Group has remained steadfast in continuing to invest in our digital channels. In FY21 we saw another year of strong growth and finished +19% to the prior period, with online income now accounting for 19% of total sales (excluding EziBuy) and achieving record revenues of $111m.

Approximately 200,000 in-store only customers transitioned to also shop online and in addition the Group acquired approx. 200,000 new online only customers throughout the year.

Our mantra of ''everything she wants, when she wants it, where she wants it'" saw our SKU count of third party vendor product grow from 150,000 SKU's to 1.5 million during the 12 month period. Third party dropship sales increased from $6m to $16m (a growth of +166%) and we expect this strategy to continue to deliver strong growth as we pursue our goal of offering 8 million SKU's by FY25. In fact year to date it's worth noting we have taken more sales from 3rd party vendors than we did for the entire first half of last year.
As Richard said this changing behaviour within our customer segment of embracing the digital channel made the decision easy for the Group to exercise its option for the remaining shares in EziBuy.
Throughout FY21 EziBuy continued to deliver on its turnaround strategy under Mosaic's guidance and as a result achieved its first profit in 3 years delivering a $3.7m EBITDA.

This result now makes the acquisition one with a very attractive earnings multiple and even more so when you consider that year to date EziBuy has continued its momentum, with online sales being up +19% on the prior corresponding period and 80% of the integration being completed.

Combined, the Groups total digital revenue lift's to approximately $208m annually and accounts for approximately 29% of the total business turnover. This combination creates an online powerhouse for the plus 50's consumer market and dominates our competitor set, underpinned by the Groups now combined eight million customer database.

Now for more on FY22.
I've already touched on what we are seeing in store, as vaccination becomes the norm, and its positive affect on our Groups comparable sales. However I want to also highlight a few more key FY22 strengths to date.

- Our digital sales continues its positive trend and is +25% YTD at the end of October (excluding EziBuy).
- We have had 49,000 new customers transact with us online year to date
- Online SKU offering over the past four months has grown further, lifting from 1.5 million SKU's at the end of June to 2 million at the end of October. Sales year to date from these 3rd party vendors is $10m (+205% growth on prior year) and sets us up for a very positive Black Friday.
- EziBuy online sales also continued to accelerate and is up +19% YTD end October
- And finally the Group is well stocked as it enters the Christmas period to take full advantage of a rebound in customer sentiment.

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

In short, although the first four months were exceptionally challenging due to the significant closures we incurred, you can see that post opening the Group has positive momentum as customers slowly return from hibernation. With high vaccination rates within our demographic, we look forward to not only a good Christmas but a very positive second half. Whilst this momentum will not offset the losses incurred from the first four months, the Group still anticipates to make a positive EBITDA for the first half and a much stronger EBITDA for the second half.

Now I want to turn to our future, the Group's strategy for FY22 and beyond can best be described in one word – BIG.
Big Digital.
And Big Stores.
And across both of those channels' - Big brands.
I will start with Big Digital.

The Groups ambitions in the digital space all relate back to our mantra of
Everything she wants, When she wants it, Where she wants it, as I have said previously.
This will see us achieve 3 key goals over the next 3 years.

- SKU expansion will continue to accelerate and as I alluded to earlier we are expecting to achieve 8m SKU's on offer by 2025
- Secondly the number of categories we offer will expand from 30 to 60 over the same timeframe, this will see us offer products that our customers currently purchase from others and enable us to penetrate new markets
- Finally, the Group with the acquisition of EziBuy is now a powerhouse online and will utilise its core purchasing power, product variety and pricing model to expand digitally overseas.

Let me stress this international expansion will be executed conservatively, carefully and in a considered way. But we will be building on the generational online shift I referred to earlier. Excitingly in the second half of this year we will be launching four of our brands into the US market and although this will be a slow burn it will sow the seed for years to come.
All of these three goals will be fulfilled from a brand new, state of the art warehouse that has been built in partnership with Li & Fung, one of the global leaders in logistics and digital freight management, this goes live at the end of January 2022.
Now moving to BIG stores and Big brands.

As I have mentioned earlier, our short lease tail not only allows us to exit stores where landlords have pre COVID expectations but more importantly allows us to increase the size of our store format in key locations.
Over the course of the next three years we see up to 300 locations where we will expand our store footprint as a result of our customers wanting a greater variety.
In addition the Group will open its first new concept Rivers mega outlet by March 2022 offering major international brands at low prices across a 1000sqm format. Since Rivers launched its BIG brands low prices strategy in FY20 we have seen products such as Nike, Tommy Hilfiger, Adidas, New Balance all being exceptionally well received by its customers.
And finally with the full execution of EziBuy the Group will throughout FY23 roll out EziBuy.com stores as we penetrate the Australian market with this iconic brand.

So in summary, I'm excited as to what is in front of us, our Group has changed in many ways as a result of the once in a generation impacts that COVID-19 has brought to us all. We know that your company can survive the very worst trading conditions thrown at it.

MOSAIC
BRANDS LTD

GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980

Now we start a brand new journey, with:

- A fully funded business
- Strong digital growth with an even stronger digital runway
- Vaccinated customers returning from almost 2 years of hibernation and delivering growth
- And a more agile and efficient business.

I want to echo Richard's comments in thanking our team for all they have done in what has been two years that we would never have thought possible. I also want to thank our many customers for their loyalty and we look forward to welcoming them all back into our stores.

I will now hand back to Richard.