

FY2020

INVESTOR PRESENTATION

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“The past 12 months do not reflect the consistent growth the Group has achieved over the past 6 years, nor does it reflect our circa 6700 strong team’s hard work, commitment & customer service approach.

There are no roadmaps to navigate these circumstances, however our operational approach has been to put the safety of our customers and team first, whilst reshaping Mosaic to take advantage of the fundamental changes to retail and digital acceleration”

- **SCOTT EVANS**
CEO MOSAIC BRANDS LTD

Full Year Review

“Today’s result does not reflect the consistent growth the Group has achieved over the past four years, nor does it reflect our circa 6,000 strong team’s hard work and commitment during FY20”

“There is no roadmap to navigate these circumstances, but our operational priorities have been ensuring team and customer safety, reducing inventory and maintaining a strong cash position. This has allowed us to reshape Mosaic to take advantage of the fundamental changes happening in retail”

- FY20 underlying EBITDA¹ loss of \$45.8m after \$49.0m provision for rents – result driven by bushfires and store closures for 9 ½ weeks due to COVID-19, both occurring during key peak trading periods
- Strong and accelerating Online digital department store sales of \$93.7m for the year & H2 growth of 35.9%.
- Inventory reduction of 50% secures solid closing cash position of \$77.6m (net cash \$3.6m) and seasonally appropriate clean stock position entering FY21²
- Cost of Doing Business savings of circa \$50m on prior year
- Group store network 1,333 and 9 digital department stores²
- Group’s core strategy of driving margin growth delivers positive comparable store margin growth of +4.1% in July FY21 against the prior year²
- Digital sales growth Group in July continuing string trend +40% against prior year²
- Further Cost of Doing Business savings of \$18m achieved and to be realised in FY21³
- Store reduction programme of circa 300-500 stores anticipated over the coming 12-24 months, dependent on final lease negotiations
- Well positioned to return to sustainable profitability in FY21

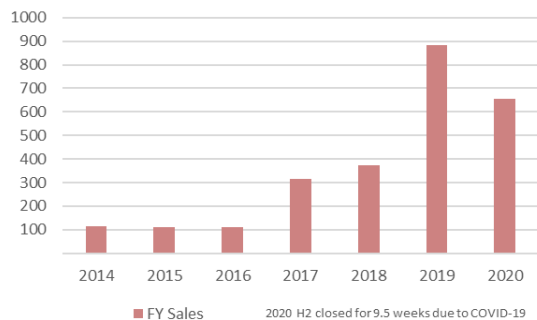
Note1: EBITDA is a non-AAS financial measure, defined for the purposes of this document as earnings before interest, tax, depreciation, amortisation, non-recurring income/expenditure and certain non-cash items such as share based payments and unrealised foreign exchange gains/losses

Note2: Statement Excludes EziBuy to allow for year on year comparison

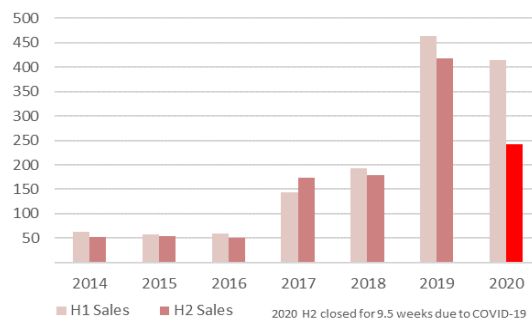
Note3: CODB savings statement is normalised to excludes benefits received for Jobkeeper and excludes EziBuy for comparative purposes

Financial Results

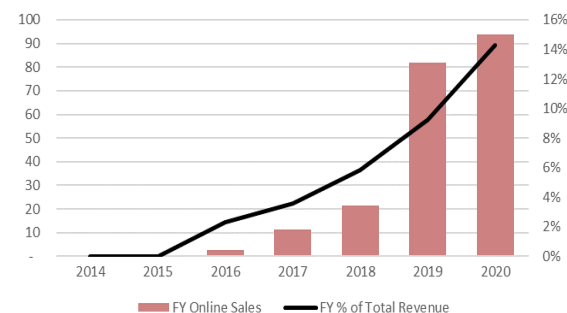
GROUP REVENUE \$m



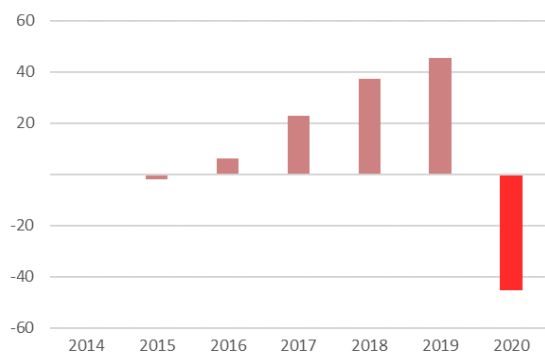
GROUP REVENUE by Half \$m



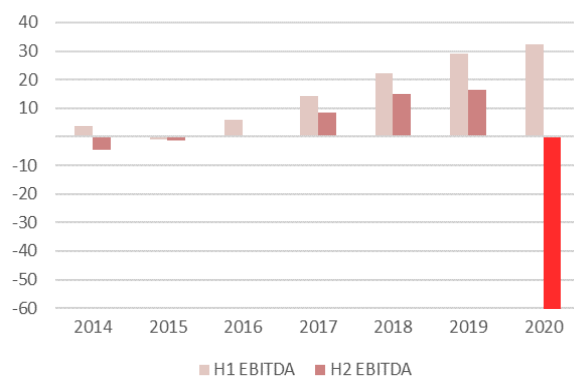
FULL YEAR ONLINE SALES \$m



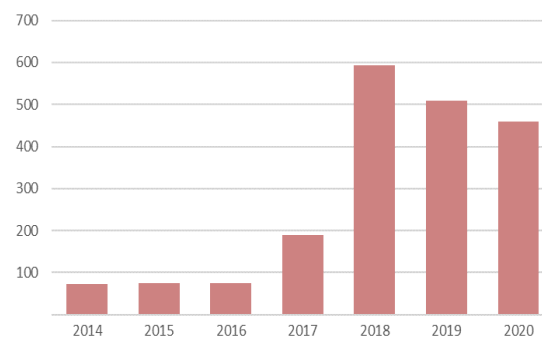
EBITDA Full year (Incl. EziBuy) \$m



EBITDA by Half (Incl. EziBuy) \$m



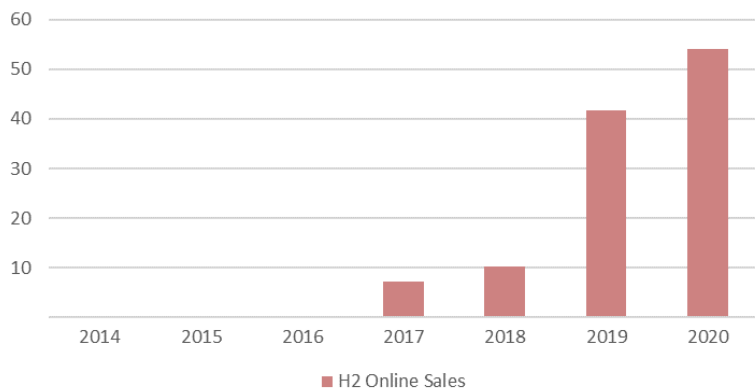
CODB (normalised) \$m



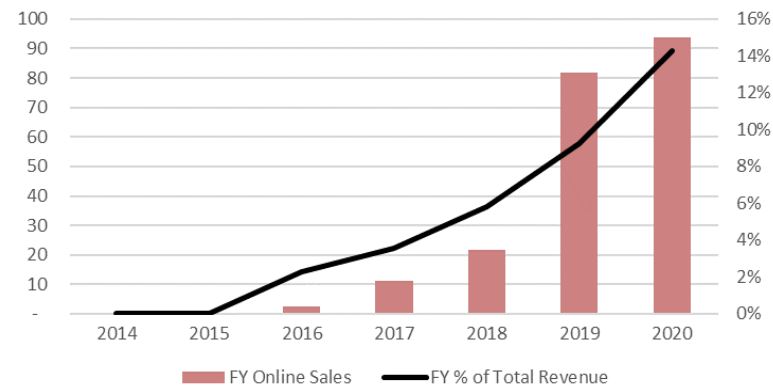
Note: Numbers exclude EziBuy to allow for year on year comparisons unless otherwise stated

Income by Channel

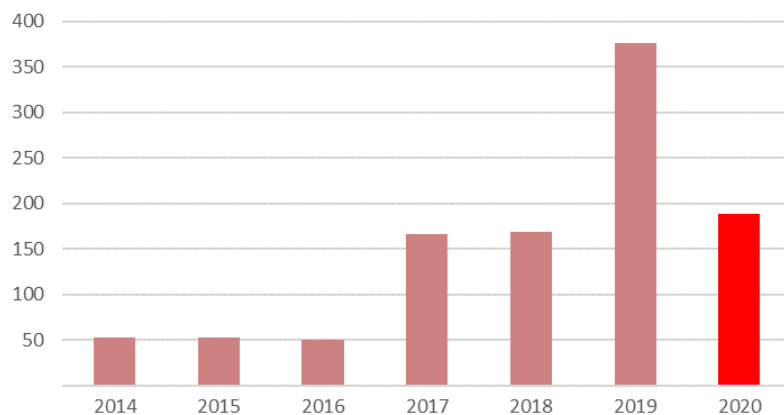
H2 ONLINE SALES \$m



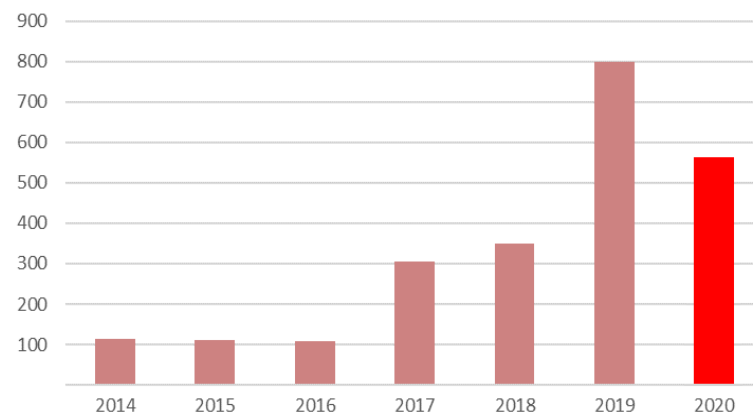
FULL YEAR ONLINE SALES \$m



H2 STORE SALES (non comp) \$m



FULL YEAR STORE SALES (non comp) \$m



Note: Numbers exclude EziBuy to allow for year on year comparisons unless otherwise stated

Overview of Financial Year 2020

JULY – OCTOBER =



CONTINUED GROWTH

- Focus on margin deliveries +2% comparable store margin growth for the period
- Ex-SFG brands achieved positive comparable store sales for first time in a number of years
- Share of wallet digital strategy sees department store SKU grow to 28,000
- Ezibuy acquisition announced to accelerate digital strategy growth
- Group achieved +\$9m EBITDA growth on last year YTD
- Group confirms guidance of \$75m EBITDA expected for FY20

NOVEMBER – FEBRUARY =



BUSHFIRE IMPACTS

- Bushfires impact 20% of regional store portfolio network – 276 stores impacted
- Bushfires impact key Christmas trading period
- Group comparable stores -8% for H1
- Classic brands most impacted by bushfire sentiment
- Rivers achieves comparable store margin growth for H1
- CODB savings achieved -\$28m v prior year for H1
- EBITDA achieved \$32.7m for H1 +12.4% to prior year
- Mosaic Brands donate \$1m of clothing for bushfire relief
- Share of wallet digital strategy sees department store SKU grow to 30,000
- H1 dividend deferred due to uncertainty around COVID-19 potential impacts

MARCH – JUNE =



COVID – 19 IMPACTS

- Total store network, 1333 stores closed for 9.5 weeks during April & May, to ensure team and customer safety
- Entire store network closed during key Mother's Day trading period
- Groups customer base, most at risk COVID-19 segment
- Digital department store growth of 80% during stores closure period & 36.5% during H2
- Stores re-opened in June with improved health & safety measures
- Stores exited non-seasonal stock throughout June, resulting in closing stock 50% less than prior year
- Mosaic Brands close with \$77.6m cash (\$3.6m net cash)
- EBITDA -\$45.8m for FY20
- CODB reshaped during closure for future
- Share of wallet digital strategy sees department store SKU grow to 150,000

COVID-19 Subsidies and Financial Management

Wages

- Jobkeeper received in Q4 FY20
- Jobkeeper in Q1 FY21 net benefit expected \$32m
- Jobkeeper in Q2 FY21 likely to be circa \$15m - \$20m net benefit

Rental Concessions

- Negotiations remain ongoing with landlords, material rental assistance in the form of rent waivers having been secured for a significant portion of portfolio
- Further material benefits anticipated through ongoing negotiations with balance of portfolio
- Lease expiry profile has 41% on holdover or expiring by December 2020, with 87% over the next 24 months

Inventory

- Improved payment terms agreed with circa 90% of trade creditors
- No intake for FY20 Q4 avoiding overstock position and preserving cash
- Exited unseasonal stock in June deleveraging the balance sheet, releasing cash
- Entered FY21 with a 50% less stock holding to prior year
- Strong intake planned for key Christmas trading period

Capital Management

- Temporary suspension of Dividends
- Continued support from Bank with reset of covenants to reflect COVID environment

Simplified Balance Sheet

	June 2020			June 2019
	Mosaic \$000	EziBuy \$000	Group \$000	Mosaic \$000
Cash	77,553	9,375	86,928	36,684
Other receivables	25,632	3,320	28,952	5,484
Inventories	83,349	18,980	102,329	166,951
Current Assets	186,534	31,675	218,209	209,119
Trade and other payables	213,156	33,925	247,081	198,602
Provisions and other liabilities	27,879	1,328	29,207	37,997
Current Liabilities	241,035	35,253	276,288	236,599
Loan (current)	28,974	12,528	41,502	-
Loan (non-current)	44,989	-	44,989	29,482
Loans	73,963	12,528	86,491	29,482
Net Cash	3,590	(3,153)	437	7,202
Net Current Liabilities	(83,475)	(16,106)	(99,581)	(27,480)

Note: Excludes contingent consideration for EziBuy booked for acquisition accounting purposes

- Payables includes occupancy provisions of circa \$54m (Inc. GST), final payable amount is subject to ongoing negotiations
- Improved payment terms with circa 90% of key product suppliers completed
- Other receivables includes \$17.5m due from ATO for Jobkeeper. Mosaic has qualified for Jobkeeper in Q1 FY21 (\$32m) and anticipates eligibility for Q2 (\$15m-\$20m)
- Debt \$74m includes \$14m Jobkeeper bridging facility. Total Debt after receivable from ATO is \$56.5m
- Cash increase of 111% (\$40.8m)
- Stock in transit reduced by 53% year on year in line with total stock holding reduction

Underlying EBITDA

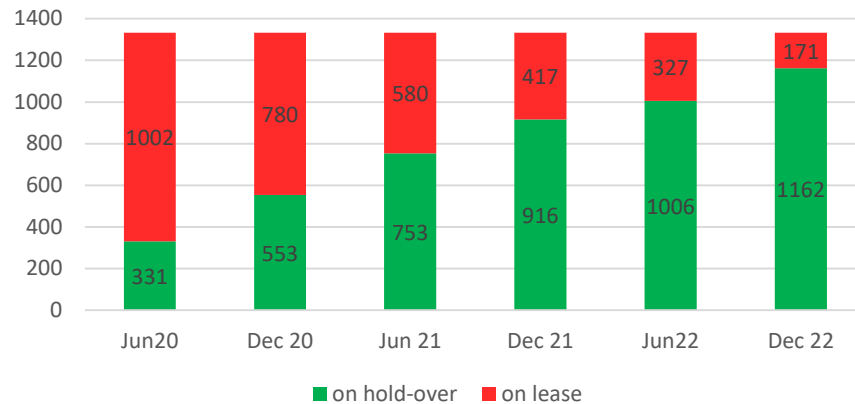
	Post AASB 16	Pre AASB 16 (unaudited)	
	2020 \$000	2020 \$000	2019 \$000
(Loss) / profit before tax	(212,170)	(185,220)	11,873
Interest expense	2,594	2,594	1,864
Interest on lease liabilities (per AASB 16)	10,841	-	-
Impairment on goodwill and brand name	97,386	97,386	-
Impairment on non-current assets	1,991	1,991	79
Impairment on right-of-use assets (AASB 16)	16,109	-	-
Depreciation & amortisation*	129,320	26,280	22,346
Other items**	11,201	11,201	9,296
EBITDA	57,272	(45,768)	45,458

* Depreciation and amortisation under AASB 16 includes rent amortisation which previously was classed as an operational expense.

** Other items in FY20 includes acquisition and legal costs (\$2,410,000) and provision for stamp duty on acquisition (\$1,247,000) and an increased obsolescence provision attributed to COVID-19 store shutdown (\$13,949,000) and an adjustment for non-cash share based payment and unrealized exchange gain of \$6,405,000. FY19 includes transaction (\$5,480,000) and restructuring costs (\$3,659,000) in respect to the acquisition of Millers, Katies, Crossroads, Autograph & Rivers brands and an adjustment for non-cash share based payment and unrealized foreign exchange loss (\$157,000).

Store Portfolio

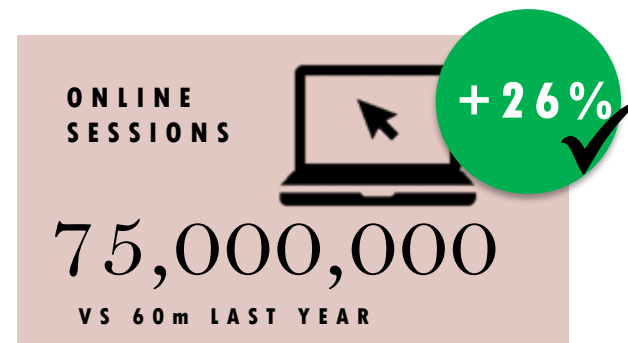
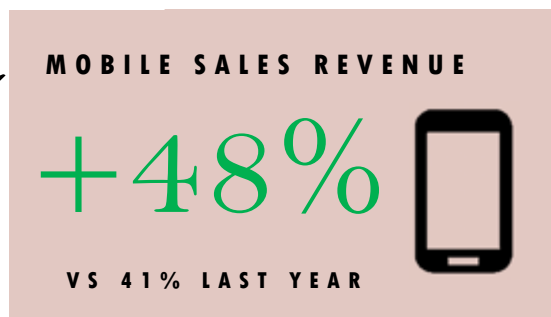
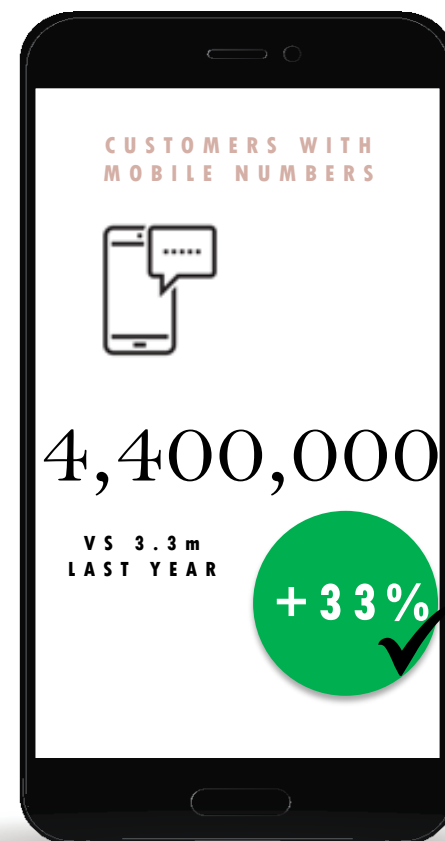
Lease Expiry Profile



	START	OPENED	CLOSED	FY 2020
NONI B	217	2	7	212
ROCKMANS	295	6	16	285
W.LANE	107	3	6	104
BEME	35	1	8	28
MILLERS	286	9	16	279
KATIES	138	7	8	137
AUTOGRAPH	88	4	3	89
CROSSROADS	80	2	20	62
RIVERS	133	9	5	137
	1379	43	89	1333



Our Digital Community



FY21

& Beyond



Set Up for Success

ENTERED FY21

50% Less stock holding than prior year ✓

Digital department store 150,000 SKUs' spanning 14 categories ✓

\$77.6m cash (\$3.6m net cash) ✓

41% of leases either on hold over or renewal by December 2020 – 87% of all leases expiring within 2 years ✓

Impulse counter strategy across entire portfolio ✓

BUSINESS IMPROVEMENT FY21

Focus on margin growth through lower discounting continues ✓

Accelerated expansion of categories and SKUs' across the Group's 9 digital department stores ✓

Further improvement in intake margins achieved ✓

Improved trading terms agreed with supply base ✓

Store closures of 300 – 500 anticipated over coming 24 months ✓

CODB savings of \$50m achieved with a further \$18m identified for FY21 ✓

Impulse counter strategy roll out to all stores in H1 ✓

Beauty strategy roll out to all stores in H1 ✓

Discounted Designer brands acceleration across Rivers network ✓

JULY ACTUAL FY21

Comp store margin growth of +4.1% to prior year ✓

Digital department store sales +40% on prior year ✓

Share of Wallet Growth

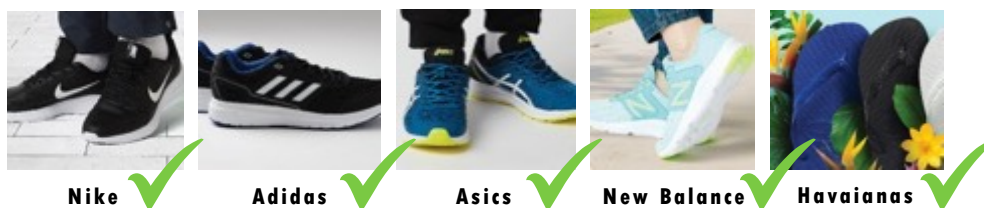
DEPARTMENT STORE EXPANSION – NEW CATEGORIES LAUNCHING FY21

DIGITAL CHANNEL



DISCOUNT DESIGNER BRAND EXPANSION

STORE CHANNEL



LAUNCHING FY21



Tommy Hilfiger

Champion

Puma

Levis

Ralph Lauren

MARKETPLACES DOMESTIC & NZ EXPANSION



LAUNCHING FY21



MARKETPLACES INTERNATIONAL – LAUNCHING FY21



Impulse Counter Stands Launched

ACROSS THE ENTIRE STORE PORTFOLIO



Launching Exclusive Beauty Bars

ACROSS THE ENTIRE STORE PORTFOLIO IN FY21

eden
AUSTRALIAN

exclusively in...

Millers
WOMAN

rivers



by lily

exclusively in...

KATIES AUTOGRAPH



FRANK
AND Rosie

exclusively in...

crossroads

rockmans



Willow + Reed

exclusively in...

W·LANE NONI B



EZIBUY FY20 in Review

ACHIEVEMENTS

Reduced CODB by $-\$19.9\text{m}$ (-23.8%) ✓

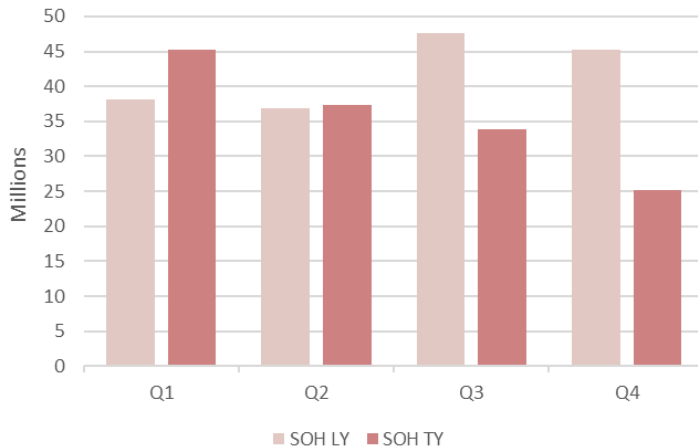
Marketing

Retail Stores

Logistics

Support Centre

Reduced stock by $-\$20.2\text{m}$ (-44%) ✓



Customer Acquisition +27% ✓



Home & Gifting +50% ✓

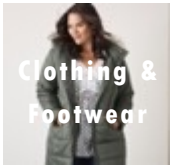


Plus Size +14% ✓



EZIBUY FY21 Future

LAUNCH 20 NEW BRAND PARTNERSHIPS



Clothing &
Footwear

200,000
SKUS



Homewares

120,000
SKUS



Lingerie

7,000
SKUS



Kids

2,000
SKUS



Tech

5,000
SKUS

AUSTRALIAN STORE ENTRY

- 10 Large Format Stores to launch in Australia



CODB INITIATIVES

 \$5m

NEW WEBSITES

- NEW EziBuy Curve
- NEW EziBuy Home
- NEW EziBuy Outlet



People & Culture

Our Products

Our products are unique and deliver against a specific customer need and desire. They inspire our customers and they help them live the lives they want.

Our Values

Our values guide us in the everyday interactions with our customers and our teams. We believe in continuous improvement; we are constantly learning and growing. Combined, our values form a culture that is unique. We live our purpose with shared values and behaviours.

CUSTOMERS ARE AT THE HEART OF EVERYTHING WE DO



INSPIRE AND MOTIVATE EACH OTHER



OWN WHAT YOU DO



GO ABOVE AND BEYOND



KNOW AND SHARE AND TALK MORE



Our Support

We partnered with GIVEIT Australia, a charity organisation that supports families directly affected by the bushfires by donating 100,132 styles of clothing to the Australians that needed it most.

