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ROSEBERY NSW 2018

T: 1300 728 980

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

2022 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

L. Softa

Luke Softa
Company Secretary

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CHAIRMANS ADDRESS

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

For the first time in close to three years, our AGM today is being held when our business, our stores, our people and most critically our customers, are not heavily impacted by Covid restrictions or public health orders.

The lifting of a Covid cloud that has impacted the Group so substantially, is welcome for all stakeholders.

For our customers, it is the confidence to return to in-store shopping.

For our Mosaic team, it is the opportunity to fully focus on our strategy, our new operating model, and our customers, rather than respond to the countless challenges Covid threw at them.

For our shareholders, we are confident, that it will see a return to profit in FY23 for the Group.

In the light of our FY22 financial result it is, however, with no shortage of caution that I begin today's address with that optimistic outlook.

The last financial year was, by far, the toughest of the pandemic.

The Group saw an EBITDA* loss of -$16m after almost 50,000 lost trading days and 8 months of disruption in the year.

Comparative sales for FY22 fell -1.7% compared to the previous financial year.

More positively, the Group saw record online sales of $223m, representing 36% of total Group revenue.

I understand and share the disappointment of shareholders of a financial loss after a $52m profit in the prior period, and a strong track record of profitability for the Group.

I also know that without the actions the Group had taken in the last few years, we would now be facing a far more challenging road ahead.

Instead, Mosaic Brands is repositioned, ready and recharged to operate in a new retail environment.

We all know Covid has not disappeared, and that new variants of the virus continue to emerge.

The news in recent days that cases could spike as we lead into Christmas and what if any impact that may have on trading, is of course front of mind for the Group and all retailers.

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But the mandated health orders and lockdowns that, while necessary, destroyed so much value across the Group, do appear to be behind us.

Yet, as Scott will detail in his address shortly, what could perhaps fairly be called a crisis, was not wasted. We took the opportunity to reset our entire operations.

This included rapidly building online and in-store operations that compliment rather than cannibalise each other.

In the toughest of operating environments, we continued to invest in supporting that strategy through the construction of a state-of-the-art e-commerce distribution hub earlier this year.

We continued to take an incredibly disciplined approach to cost management.

And the Group also strengthened its balance sheet through a capital raising and new financial credit facilities. That is why, in a post-Covid retail world, Mosaic Brands can now focus on fine tuning its operations rather than rebuilding.

The Group is, in our view, in the best shape, operationally, it has ever been.

As we now navigate FY23, and the current inflationary environment and foreign currency headwinds, we will continue to closely monitor our costs, our stock levels and our customer needs.

What we do know, from retail and consumer data, is that our customers and, specifically, those over 65-years old, appear to be the least impacted by inflation.

They are already budget-conscious and typically not as heavily impacted by inflationary pressures in areas such as petrol. Rising interest rates also tend to benefit their savings rather than add to mortgage repayments.

The briefing data also highlights that while value will be of importance for our customer in an inflationary environment, so too is refreshing their post-Covid wardrobes.

Exactly how this all plays out in this financial year remains to be seen. However, as I expressed earlier, the business is fully reset, operationally strong and set for a return to profit in FY23.

As a Board, it is refreshing to now be able to look to the horizon rather than being mired in the necessity of dealing with what, collectively, was one of the most disruptive events, globally, for a generation.

We serve a specific customer segment in a fashion demographic in which Mosaic Brands is a leader.
We know there are further opportunities ahead as that market returns and grows.

And as Scott will address in more detail, day-by-day, month-by-month, we are seeing more of our customers return to store.

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It is also important to note that, notwithstanding the distractions and challenges of the past three years, the Group remains committed to continually improving our approach and policies regarding sustainability.

There is no end goal or finish line Mosaic Brands has in mind when shaping sustainability across our brands and business.

There is substantial detail on our sustainability and ESG policies in our Annual Report.

However, today I would simply highlight that in the last financial year, the Baptist World Aid Ethical Fashion Guide identified Mosaic Brands as one of the biggest improvers in Australia in terms of its ESG approach.

In the most recent edition of the Ethical Fashion Guide released just last month, our brands again built on that improvement.

Before handing over to Scott, I wish to thank my fellow Directors, the management team, and our wider Mosaic team across the country for getting us to the other side of a very tough trading period for the Group.

The decisions that have been made and implemented in recent years have not always been easy. But they have been made in the context of ensuring the health and safety of our people, our customers and focusing on a return to a pre-pandemic position of consistent profitability for our shareholders.

I will now hand over to our CEO Scott Evans.

CHIEF EXECUTIVE OFFICER ADDRESS

Good morning and thank you Richard,

When I last had the opportunity to speak to you all 12 months ago it was a very different world, a very different environment and both nationally and globally a very uncertain outlook. The COVID 19 pandemic continued to impact all aspects of our lives and business, and no more so in Australia where States experienced rolling closures as well as extended periods of lockdown for months at a time.

In the first half of the year this resulted in the Group losing approx. 50,000 days of trade due to the lockdowns and the first four months of the second half being severely impacted due to the fear of the rapidly spreading Omicron variant causing what we termed “self-hibernation”. In total 8 of the 12 months in the financial year were severely impacted by this pandemic which is more than either of the prior two years.

In addition to managing this exceptionally challenging environment retailers nationally also experienced soaring costs and delays across logistics and supply chains and no one really knew if we were emerging or in the middle of the Global pandemic.

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As Mosaic Brands endured the many challenges that have arisen as a result of this pandemic over the past three financial years, it is now very clear to see that businesses were either on the right side of the pandemic or the wrong side. Given Mosaic's unique mature customer base being the most at-risk segment from a health perspective along with a lack of Government stimulus, such as JobKeeper and JobSeeker, we continued to be amongst one of the most impacted retailers during this three year period.

However, we have stayed focussed on our strategy, reviewed every aspect of our business and made all the decisions needed – regardless of how difficult they may have may been. This was to ensure that coming out of the pandemic as our customers return from hibernation and regain confidence as we enter into a new retail world our Group will return to the growing business that delivered consistent annual profitability growth for the five years prior to the pandemic starting.
In short we have reformed and reshaped our business to prepare for that.

To highlight just a few points:

- We closed stores where rental expectations were unrealistic. We went into the pandemic with a footprint of 1,300 stores, we now have 916 stores, and we continue to close them when landlords have pre-pandemic rental expectations.
- From a small base we rapidly grew our online offering from 150,000 SKUS in 2019 to over 6.2m today.
- We took significant costs out of the business totalling $87m in FY22, normalising for JobKeeper.
- As a result, our Stores today on an average basis, cost one third less to operate than pre Covid.
- We have also entered FY23 with a clean inventory holding

Whilst Covid has not disappeared the way of managing it has been revolutionised with most Covid-related health orders and restrictions having now been removed.

In August we updated the market on the positive sales trend we had seen in May and June accelerating resulting in July FY23 being the strongest EBITDA in 5 years.

I am pleased to update you today that this positive sales trend has continued throughout the first 4 months of FY23, with total sales to end October, excluding EziBuy, up $51m on the prior year, or +54% and comparable in-store sales up +21%.

This is the first time we have traded unimpeded by Covid for close to three years and highlights the continued return of our customer from hibernation.
As Richard highlighted the Group saw record digital sales in the past financial year grow to $223m representing 36% of our total turnover.

I am also pleased to update you today that notwithstanding our strong rebound to in-store shopping we have seen our online Brands, excluding EziBuy, continue to deliver growth year to date of +6%, further highlighting the effectiveness of our BIG digital strategy.

Throughout FY23 we will continue to implement our BIG digital strategy to EziBuy as well as extract planned synergies. Year to date sales for this brand are 41% down, consistent with its online peer group. We are confident that as our BIG digital strategy formula is applied, EziBuy will achieve the same strong performance in line with the Group's 9 other digital brands.
Let me pause here and briefly share with you some facts about our customer set.

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Whilst some will point to the global economic uncertainty, rising interest rates and stubborn inflation as a barrier to growth in FY23, they are not specific to every customer segment.

While not exactly welcoming those forces, we feel far more comfortable and confident in controlling them compared to Covid. Rising interest rates don't close 1000 stores overnight. As I outlined earlier Mosaic Brands has been on the wrong side of the Pandemic for 3 years and was one of the most impacted retailers nationally. However, as we progress through FY23 we have far more confidence than ever before.

- Our unique customer demographic has little debt therefore rising interest rates are a positive for our customer's wallet.
- Average consumption per household aged 55 years and above has grown nearly twice as fast as the average of other households.
- They are working longer and the female participation rate for those aged 55–64 years has increased from around 30 per cent in 1999 to more than 60 per cent in 2020.
- In the US, people aged over 50 are now responsible for half of consumer spending.
- In a high inflationary environment, consumers generally focus on value positioned products - a market we are strongly positioned in.

Now to the future.

As we embark on our all-important Christmas trade over the next 8 weeks, we are fully prepared and ready to maximise this key trading period. All brands are well stocked with fresh summer collections, all stores are expected to trade unimpeded and our strategies for Black Friday are exceptionally well placed to deliver the result we expect.
Our BIG STORE strategy continues with another big format Rivers store opening in the Northern Rivers region earlier this year and a further 7 to open in the next 7 months. These mega stores deliver variety and branded value proposition to our smaller communities and on average deliver three times the turnover of our traditional stores at a significantly lower off mall cost structure.

The task in front of us is very clear for FY23.
To continue to focus on the execution of our BIG strategy and to return to our consistent track-record of profitability.
So, although today is an AGM that reflects on the year past, our focus as a management team, Board and company is very much on the future.
My thanks to you as shareholders for your ongoing support and my thanks to the Mosaic team around Australia for all they have done and continue to do to serve our customers.

I will now hand back to Richard.