

2021

Market Update

MOSAIC
BRANDS LTD



Millers
WOMAN

• NONI B •

W•LANE •

KATIES •



rockmans •


CROSSROADS •

AUTOGRAPH •

beme •



• EZIBUY



“
EVERYTHING SHE WANTS.
WHERE SHE WANTS IT.
WHEN SHE WANTS IT.
”

CONTENTS

4 Financial Highlights

9 Three Pillars of Growth

12 Digital Acceleration

6 Balance Sheet

10 Store Portfolio

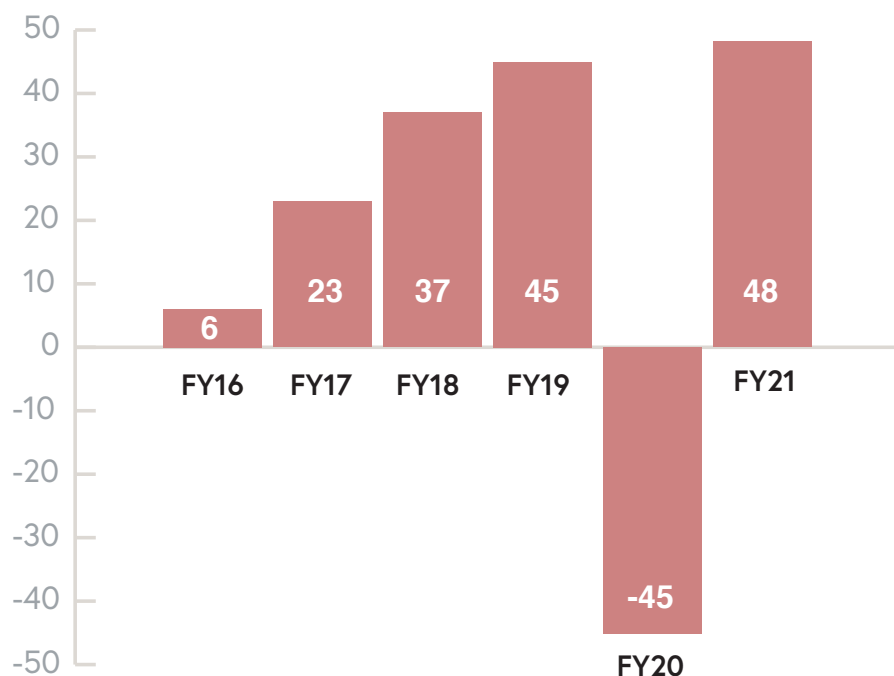
19 Summary



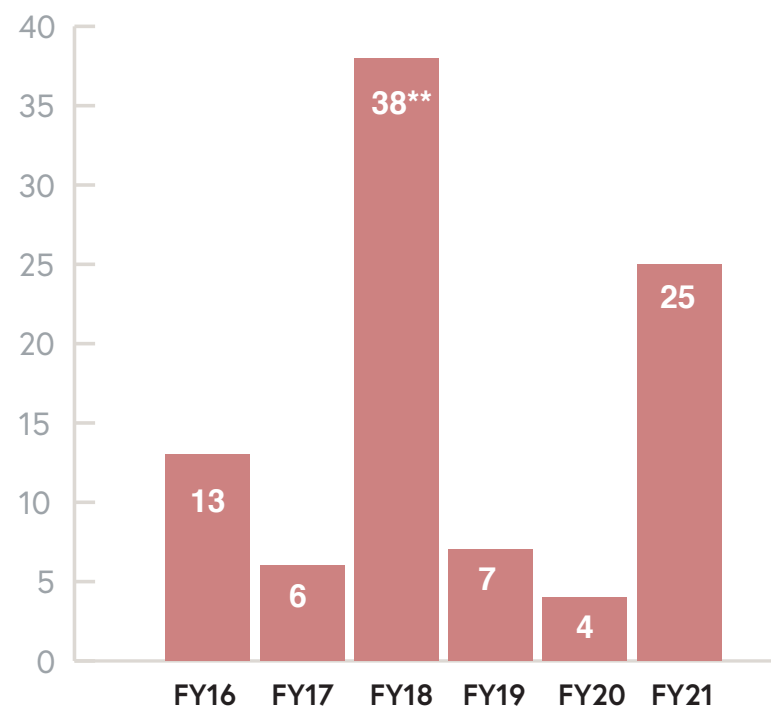
PERFORMANCE HIGHLIGHTS

Despite our toughest ever trading period the Group returned to its tradition of delivering year on year growth by achieving \$48m EBITDA for FY 21, with the second half delivering month on month growth & Q4 being the second highest EBITDA in six years as customer sentiment improved and out reset was executed.

EBITDA* \$M (EXCL EZIBUY)



NET CASH \$M (EXCL EZIBUY)



** includes proceeds paid to SFG for brands acquisitions

*EBITDA is a non-AASB 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 and excludes restructure and acquisition costs and has been adjusted to normalise the impact of AASB16 accounting treatment.

PERFORMANCE HIGHLIGHTS

MOSAIC (Excl. EZIBUY)

	June FY21	June FY20	Change
Sales (\$m)	588.0	656.7	-10%
Gross Margin (\$m)	349.3	312.8	12%
Gross Margin (%)	59.4%	47.6%	12%
EBITDA* (\$m)	48.2	(45.1)	207%
Online Sales (\$m)	111.4	93.7	19%
Online Sales of Revenue	19%	14%	5%
Net Cash (\$m)	25.1	3.6	600%
Inventory (\$m)	88.9	83.3	7%
Store Portfolio	1,091	1,333	-18%

EBITDA **\$48.2m ✓**

Gross Margin **+\$37m ✓**

Gross Margin % **59.4% ✓**

Cash **\$25.1m ✓**

Online Sales **\$111.4m ✓**

Online sales mix **19% ✓**

*EBITDA is a non-AASB 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 and excludes restructure and acquisition costs and has been adjusted to normalise the impact of AASB16 accounting treatment.

BALANCE SHEET

SIMPLIFIED BALANCE SHEET (Excl. EZIBUY)

MOSAIC CONSOLIDATED	June 2021	June 2020
	\$'000	\$'000
Cash	50,136	77,553
Other receivables	9,241	25,081
Inventories	88,874	83,349
Current assets	148,251	185,983
Trade and other payables	160,195	199,880
Borrowings	10,000	28,974
Provisions and other liabilities	32,096	28,032
Current liabilities	202,291	256,886
Borrowings	15,000	44,989
Provisions and other liabilities	2,224	2,938
Non-current liabilities	17,224	47,927
Net Cash	25,136	3,590
Net Assets	(71,264)	(118,830)

Simplified balance sheet removes impacts linked AASB-16 and balances attributed to intangible assets, hedge accounting, deferred considerations, contract liabilities and deferred tax assets and liabilities.

Mosaic Brands has transitioned through its toughest ever trading period, improved its balance sheet and returned to its track record of profit growth.

Net asset position
has improved from
June 2020 by

\$48m

\$49m

Borrowings has been paid down over FY21, this was only achievable through the execution of the reset programme

Inventory stable
year-on-year and
down on historic
FY19

\$78m

MOSAIC BRANDS RESET COMPLETE

RESET INITIATIVE

OUTCOME

Gross margin increase	+\$37m	
Stock holding reduction	-\$78m	on FY19
CODB improvement	-\$43m	net of Jobkeeper
Capital management	+\$48m	net asset improvement
Comparable store margin (\$)	+7%	
Improved lease Portfolio agility	88%	expiring in 2 years

The execution of the reset programme over the past 12 months has improved efficiencies across the entire group by **\$43m** (net of jobkeeper). Further material savings as a result of the reset programme will be realised in FY22.



THREE PILLARS OF GROWTH



Big Box Multi
Brands

.....
Off Price
Designer Brands

.....
Category
Expansion

DIGITAL
Growth in
Multi Channel
Shopper

.....
Category
Expansion

.....
EziBuy

STORES
Comp store
growth

.....
Instore refresh

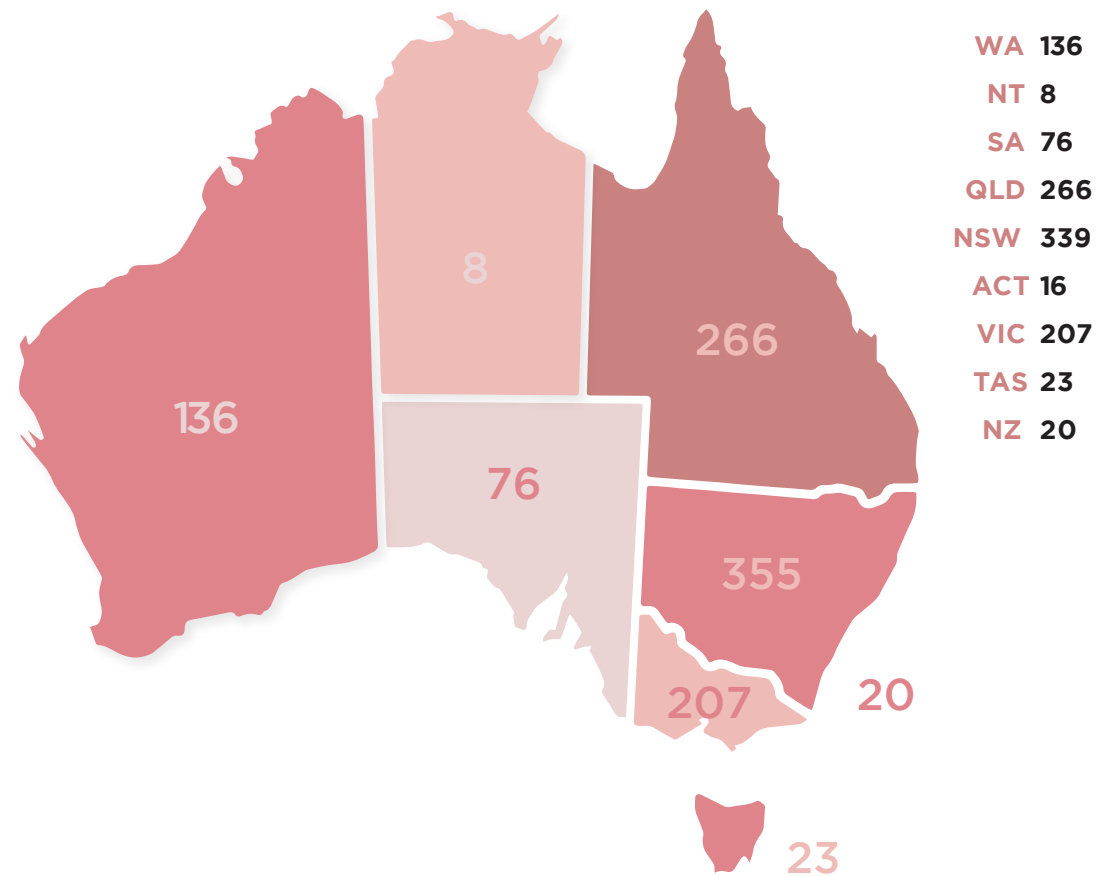
.....
Category
Expansion

STORE PORTFOLIO

Agile lease expiry position with
45% of leases expiring by Dec
2021 and **88%** by June 2023.

	Jun'20	Open	Close	Jun'21
NoniB	212	1	-29	184
Rockmans	285	2	-60	227
W.Lane	104	0	-30	74
Beme	28	0	-27	1
Millers	279	4	-28	255
Katies	137	4	-13	128
Autograph	89	8	-18	79
Crossroads	62	0	-62	0
Rivers	137	14	-8	143
	1333	33	-275	1091

STORE COUNT



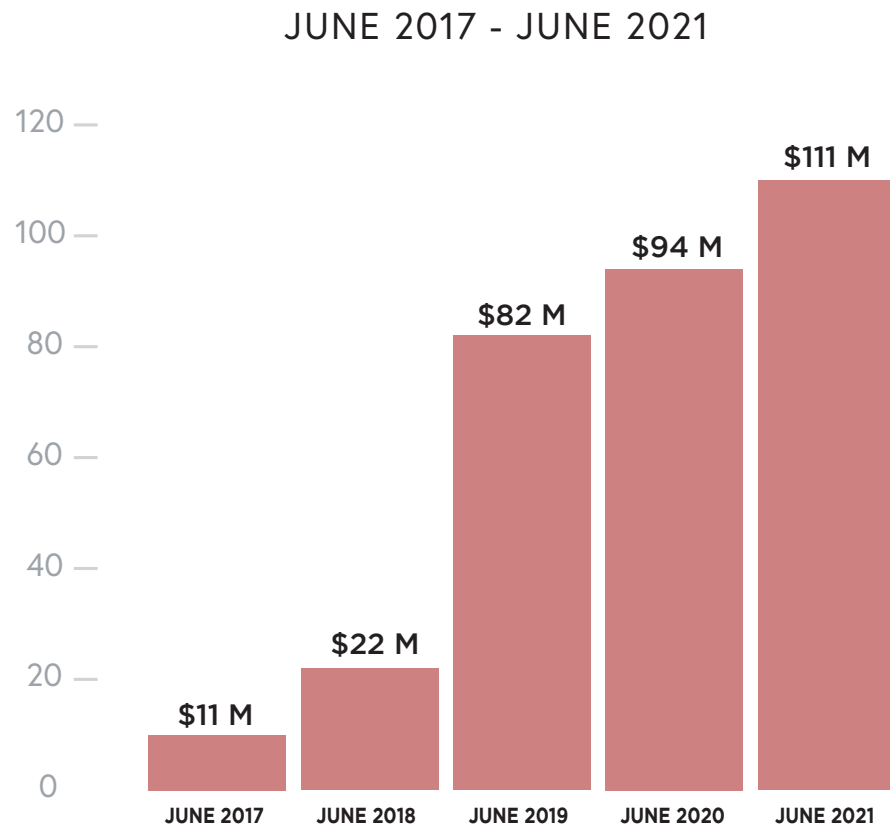


MOSAIC
BRANDS LTD

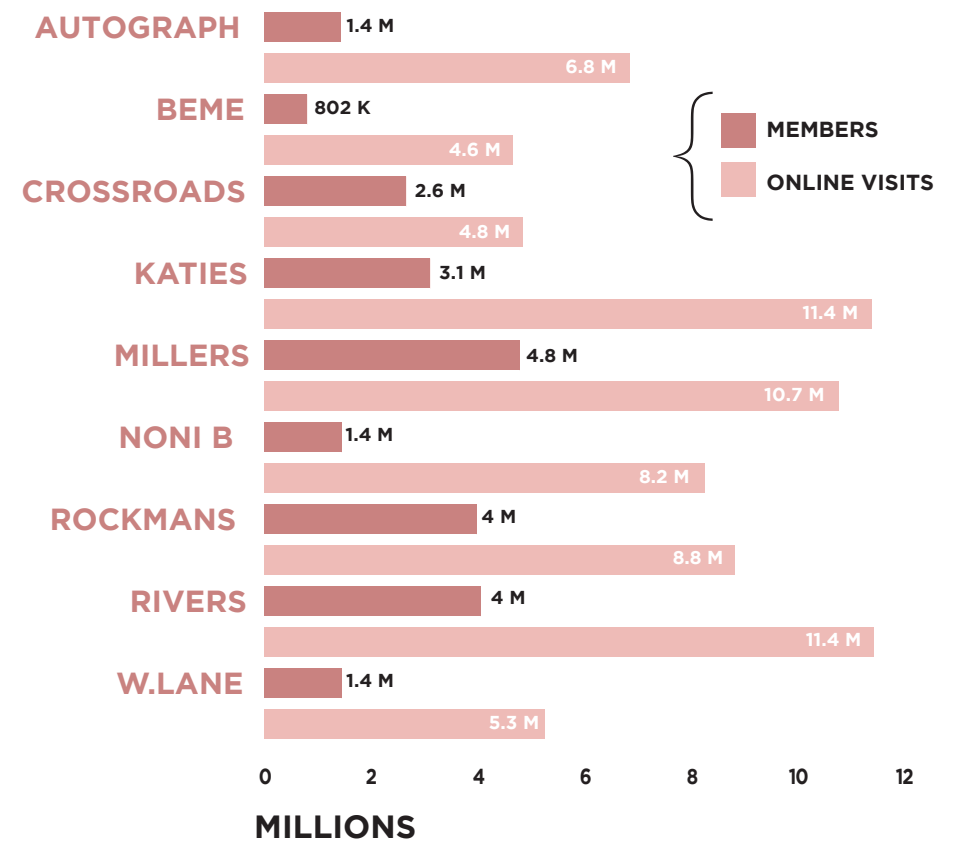


DIGITAL ACCELERATION

ONLINE SALES

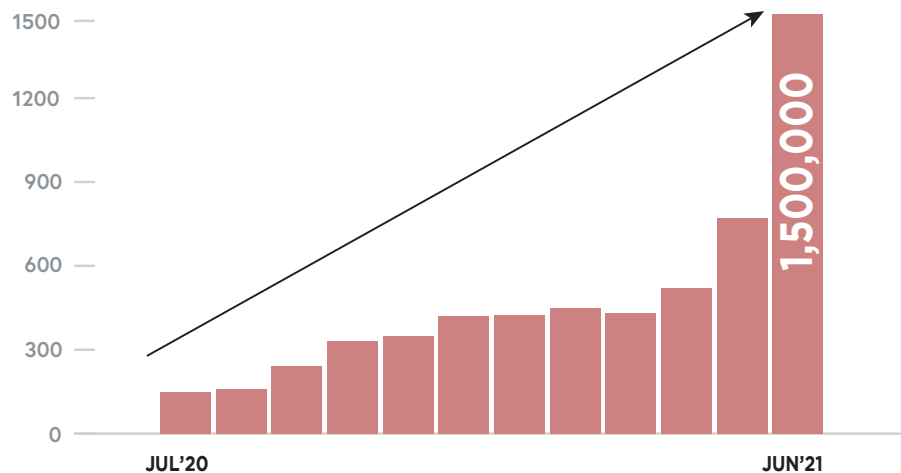


MEMBERS / ONLINE VISITS

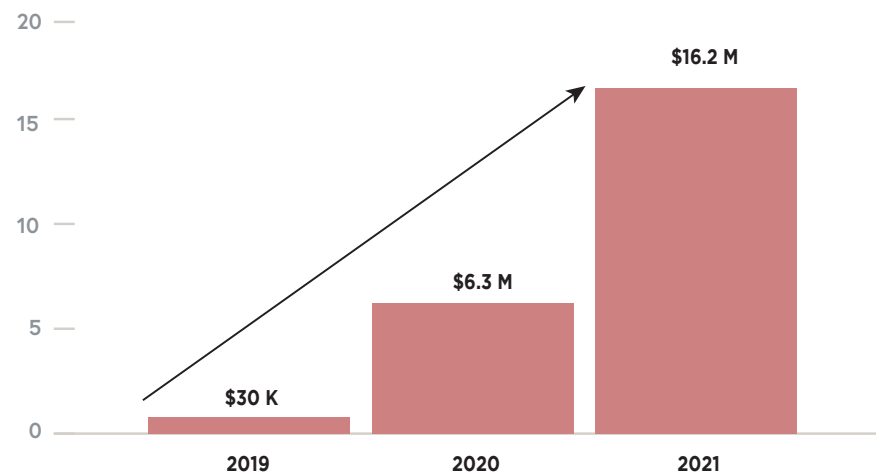


EXPANDING OUR ONLINE OFFERING

SKU COUNT GROWTH SKUS COUNT '000

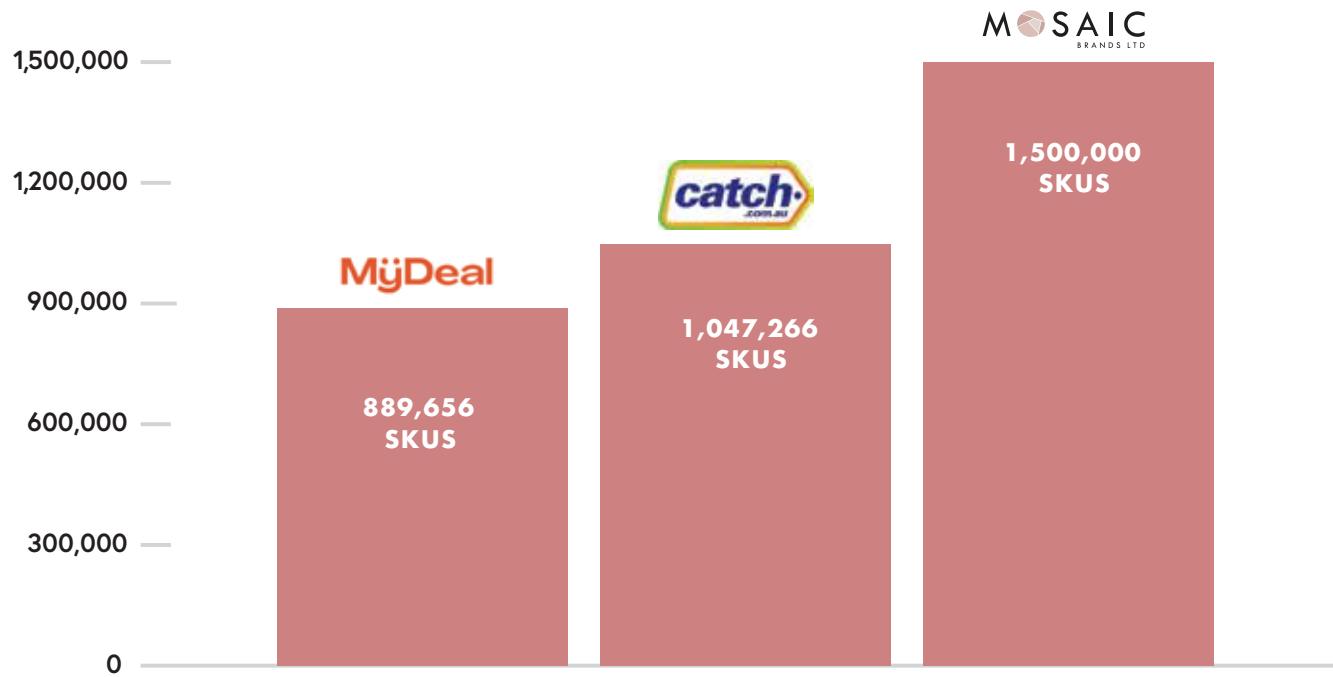


THIRD PARTY SELLER SALES \$M "DSV" (EXCL. EZIBUY)



MOSAIC
BRANDS LTD

AN EMERGING PLAYER IN ONLINE RETAILING



A GENERATIONAL SHIFT ONLINE

US & UK retail data shows huge growth in over 50s online shopping.

Nearly half (45%) of over 50s say they're shopping online more as a result of the pandemic *
Personal care, pet supplies, clothing and groceries are the categories where they have shifted their purchasing habits the most, with more buying "mostly" or "entirely" online as a direct result of COVID-19 *

* National Retail Federation - US



HIGHER FREQUENCY AND HIGH SPENDING

US consumers 65 and older, on average, spent a total of US\$1,615 online from January through October 2020, a 49% increase from a year earlier, making them the fastest-growing cohort of online shoppers

– NPD


Largest and most loyal consumers 50 and older spent \$7.6 trillion, accounting for 56% of overall U.S. spending in 2018

– AARP.

UK over 65 consumers now account for 30% of online purchases, up from 20% in 12 months

– Economist

International retailers now investing heavily in online specifically targeting over 50 market to meet the growing demand.



**“ EVERYTHING SHE WANTS.
WHERE SHE WANTS IT.
WHEN SHE WANTS IT. ”**

Mosaic Brands has the most stores of any national retailer.
But...more purchases in the pandemic made online after 6pm.

Lift in instore sales between late April and June
did not decrease our online sales.

Permanent shift in behaviour as opposed to transitory trend
as online shopping reflects international friends.

DIGITAL ACCELERATION CONVERTS IN STORE ONLY CUSTOMERS
AND ACQUIRES NEW CUSTOMERS

IN STORE CUSTOMER
MOVING ONLINE

198,797

HAVEN'T SHOPPED
IN STORE WITH MOSAIC

199,171

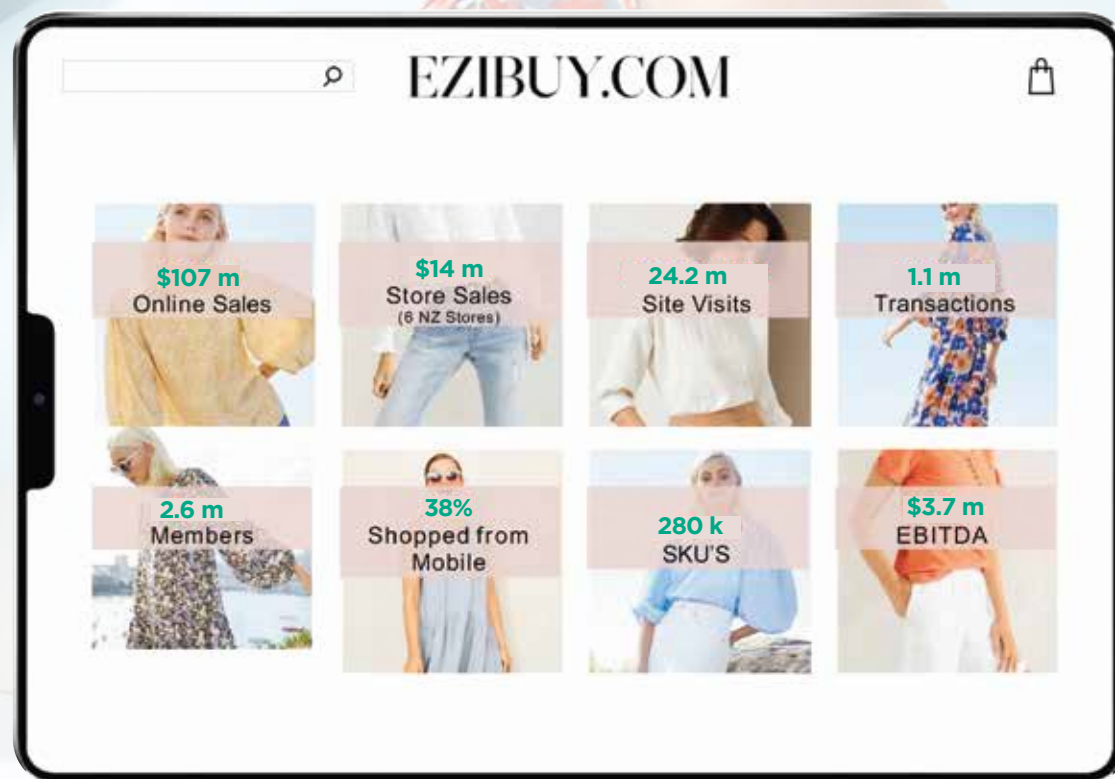


EZIBUY.COM

Ezibuy made significant progress on its turnaround strategy and delivered a

\$3.7m }

EBITDA in FY21.



SUMMARY

In the midst of one of the longest and most significant crises our country has faced in a generation, Mosaic Brands acted quickly and decisively. Notwithstanding the difficulties faced in the past year, your company is well positioned for a strong future.

MOSAIC BRANDS RESET COMPLETE

Balance sheet improvement of \$48m. ✓

CODB Reductions of \$43m. ✓

Online +19% on prior year and 19% of total sales. ✓

Third Party Seller sales now \$16m. ✓

Quarter 4 comparable sales growth +27.9% ✓

Ezibuy turnaround delivers EBITDA \$3.7m ✓

Three pillars of growth strategy sets Mosaic Brands up for FY22 and beyond. ✓

A woman with long brown hair is shown from the chest up, wearing a blue denim jacket over a plaid shirt. She is looking off to the side towards a body of water under a bright sky. The image has a soft, slightly blurred aesthetic.

MOSAIC
BRANDS LTD