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

2019 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

"Living our purpose with shared values and behaviours."

NONI B Group

Chairman's address

Once again, ladies and gentlemen, I'd like to welcome you all and thank you for joining us at Noni B Limited's annual general meeting for the year ended 30 June 2019.

I'll start with a summary of the Group's performance during the year and outlook. I'll then hand over to Scott to report on operational progress, the opportunities before us and current trading. We will also provide further background on today's announcement regarding EziBuy and what it means for Noni B.

This is my fifth annual general meeting as Chairman. Each year we have been pleased to be able to report significant growth in the Group's operations and underlying earnings. In that time, we have seen our share price increase five-fold.

Today, the company that was founded in 1977 with two women's fashion stores is Australia's largest specialty women's fashion group with nine well-established brands and close to 1,400 stores. It has been an exciting journey, and it's still continuing.

Indeed, I am excited that today we have announced another significant initiative with the acquisition of EziBuy as part of our long-term plan to build a significant online presence. I will touch on this initiative later and Scott will expand on it in his presentation.

Last year was another very successful one for your company. Following the acquisition of the five brands we acquired from Specialty Fashion Group on 2 July 2018, revenue increased by 136.8% to $881.9 million from $372.4 million the previous year.

When we announced the acquisition, we conservatively expected the acquired brands to break-even on an EBITDA basis in the 2019 financial year, returning to profit in the 2020 year. We were subsequently delighted to announce that we achieved anticipated synergies and merger benefits ahead of schedule and identified additional efficiencies, resulting in the five brands, collectively, making a positive earnings contribution for the year.

This turnaround, at a time of considerable change in the business as we consolidated and integrated the new brands, and an uncertain economic climate globally and domestically, was a significant achievement. It contributed to a 22% increase in the company's underlying EBITDA to $45.5 million for the year.

After restructuring costs of $9.1 million before tax and $10.6 million of additional depreciation relating to the Specialty brands, the company's statutory after-tax profit was $8.2 million, compared with $17.3 million the previous year. The additional depreciation charges had no cash flow impact.

The company's balance sheet is in excellent shape, with positive operating cash flow of $23.5 million for the year and net cash of $7.1 million at year-end. As a result of the strong financial position and the increase in underlying profitability, we paid fully franked dividends totalling 14.5 cents per share for the year, up 11.5% over the previous year's dividends of 13 cents.

In May, we strengthened our board with the appointment of Jackie Frank as an independent non-executive director, and we welcome her here today. Jackie was the inaugural editor of Australian Marie Claire magazine and general manager of Pacific Magazines, overseeing its fashion, beauty, health and custom publishing, and she has a track record of building and developing brands. She also has been an advocate for equal rights in the workplace, something Noni B is a strong supporter of.

We are proud of the Group's diversity, with women filling around two-thirds of the top 22 executive positions and now making up 50% of the company's non-executive directors. Your board takes its corporate and social responsibilities very seriously and works closely with suppliers to ensure our ethical sourcing policies are upheld.

Our brands' strong customer loyalty offers considerable opportunities to broaden the range of products we sell, and – as Scott will explain – we are beginning to capitalise on this through an expanded online strategy. Together with additional stores, our investment in our online capabilities is expected to continue to grow the company's underlying earnings.

At last year's meeting, I said that we would continue to review growth opportunities, and today we have announced a proposal for a step-change in the Group's rapidly growing digital strategy with the acquisition of an initial 50.1% shareholding in EziBuy. This is an exciting step forward for the Group in this key area of growth.

We have felt for some time that EziBuy was a natural fit for Noni B and, following the successful integration of the Specialty brands and with Noni B's online strategy now well developed and a key focus for continued growth, your board has determined that this is an appropriate time for the Group to acquire EziBuy.

Alceon has agreed to commercial terms that we believe will result in this acquisition being highly value accretive for the Group, demonstrating clearly its continued support for Noni B as our largest shareholder.

As Alceon is a related party, shareholders will have an opportunity to approve the transaction at a meeting on 23 December.

Scott will summarise in a moment the details of this transaction and the benefits that the Group expects to achieve, together with the low-risk manner to Noni B in which the acquisition has been structured.

We are now a significant multi-brand retail group and we believe this should be reflected in the company's corporate branding. Accordingly, you will be invited later this morning to approve a change in the company's name to Mosaic Brands Limited. This is another significant milestone for the Group, reflecting the synergistic and complementary collection of brands that are now part of our portfolio.

The Group has a highly skilled and committed executive team focused on achieving sustainable sales and earnings growth by placing the customer at the heart of everything we do. As the business expands, we are continuing to focus on attracting the best people to ensure the Group has the breadth and depth of management to support sustainable growth.

NONI B Group

I thank Scott, Luka and all members of our team – both in our stores and in our support centre – for their outstanding achievements over the past year. I also thank my fellow non-executive directors – Sue Morphet, Jackie Frank and David Wilshire – for their ongoing support and guidance.

I'll now ask Scott to give you more details on our progress and the exciting opportunities before us.

Managing Director's address

Thank you Richard,

Good morning ladies and gentlemen.

As Richard has mentioned, FY2019 was our Group's fifth successful year in a row and another period of substantial positive change. The acquisition of the five women's brands from Specialty Fashion Group on 2 July 2018 made us the pre-eminent specialist ladies fashion group in Australia and New Zealand.

After four years of growth by acquisition, coupled with consistent, comparable store sales growth, we now have the scale and diversified portfolio that has allowed us to focus on margin growth and deliver sustainable profitability. This core strategy enabled us to increase underlying EBITDA for the year to $45.5 million.

Following the acquisition, we adopted our core, focused strategies that had restored the original Noni B business to profit within 12 months and increased Pretty Girl Fashion Group's profit significantly within eight months. As a result, at last year's AGM we were able to announce that the $30 million in cost synergies had already been achieved, additional annualised savings of $20 million had been identified and the portfolio was expected to generate positive EBITDA for the 2019 financial year. We are very proud of this solid turnaround following the Specialty Brands portfolio's losses pre-acquisition.

By 30 June 2019, we had cemented annualised cost savings of $70 million, of which $30 million were yet to be reflected in earnings and will be fully realised in this current financial year.

The increase in the Group's underlying EBITDA was achieved despite a very challenging retail environment. It reflected more than just cost savings; in addition to consolidation of supply chains, integration of all back office and IT systems and restocking the new brands, there were improvements throughout all areas of the business.

We continued to refine our store network, investing in 40 new locations and closing stores where we had unfavourable rental agreements. At 30 June 2019, we were operating 1,379 stores compared with 641 a year earlier and we are working with landlords to open up to 100 new stores this financial year, predicated on achieving beneficial terms.

With nine brands and an expanded store footprint, we have an increased amount of data that has enhanced our understanding of each brand's customers, their product preferences, shopping habits and behaviours. These insights are guiding our decisions across the Group to improve all aspects of our customers' journey from product collections to emotional engagement and experience.

NONI B Group

One of the Group's core assets, and a key differentiator, is our 6,800 strong team which puts the customer at the heart of everything we do every day, and continuously goes 'above and beyond' to ensure we exceed their expectations. The Group's values, which influence how we interact with each other, our customers and our suppliers, and our 'can do' culture continue to evolve and I would like to take this opportunity to personally acknowledge and thank every team member for their dedication, support and drive over the past 12 months.

As I have emphasised previously, a key pillar of the Group's future growth is our digital strategy, which is aimed at providing our 6.9 million customers a wider range of categories aligned with our brands' quality and value proposition. We are continuing to invest in this, expanding our dedicated team, adding new marketing channels and improving customer experience, and in the 2019 financial year online sales increased to 9.8% of total Group sales, from 5.8% the previous year.

Since then we have launched the first two of a number of specialised new category sites on a 'drop ship' basis. Initial reactions and learnings from these sites – miabeauty.com.au, selling 28,000 beauty products, and carryons.com.au, selling 1,300 luggage items and travel accessories – are providing useful insights that will enable us to increase the effectiveness of these and future sites. A third marketplace – for home wares – is due to be launched early in the new year, with additional new sites planned for the second half of the financial year. This is a growth area and we are at the start of what we believe will be a very exciting journey over the next few years.

The announcement today of the Group's acquisition of an initial 50.1% shareholding in EziBuy Limited, a well-established and proven business with a well-recognised brand, represents a significant acceleration of our digital strategy. To ensure that the transaction is implemented in a manner which maximises our upside whilst minimising any risk for Noni B, the initial 50.1% is for nominal consideration, with an option to acquire the remaining 49.9% for $11m on or before 31 December 2020.

EziBuy is one of the largest multi-channel retailers in Australia and New Zealand, generating approximately NZ$135m of revenue, of which over 80% is through its digital platform, supported by the distribution of over 20 million apparel and homeware catalogues each year. Ezibuy has a database of over two million loyal customers, most of which are new to Noni B, including a significant proportion in New Zealand. We will assume day-to-day management of Ezibuy following shareholder approval and Steve Gosney will be appointed CEO to drive the business' integration and growth.

This is a significant strategic acquisition for our Group. It will increase our digital income to approximately $200 million, representing around 20% of the combined Group's revenue on a full year, 100% ownership basis. It will also give us access to their portfolio of private and licenced brands spanning apparel, footwear, womenswear and gifting.

The terms of the transaction are also very attractive for the group with forecast cost of doing business synergies of approximately $9 million to be fully realised in FY21, with additional upside anticipated from leveraging Noni B's sourcing scale and capabilities.

Now to current trading. We are pleased with our performance year to date. Our strategy of focusing on margin, rather than sales at any price, is delivering as per our expectations with EBITDA for the first four months of FY20 up $9 million over the previous corresponding period.

In addition, the group is also pleased to announce that the newly acquired brands have achieved comp store sales growth along with comp store margin growth over this period, highlighting their solid turnaround in performance since acquisition. This is even more encouraging given the difficult retail trading environment.

The Group's shift in focus to margin growth and sustainable profitability is continuing to deliver. Whilst Group comparable store sales are down 4% to the end of October, comparable store margin is down 2%. In addition to this, and as advised last year, this is a result of the original 4 brands being managed to generating cash and maximise working capital required for the first half of FY19 during the initial Specialty integration phase.

At this stage, subject to sales during the key Christmas and Mother's Day periods, we remain comfortable with market consensus of $75 million in EBITDA for the year to 30 June 2020.

In conclusion, we are really proud of the Group's growth over the past five years. We now have a stronger and more profitable business which is financially stable, generates cash and strong dividends, and provides a solid platform for future expansion, and I am excited by the potential we can unlock by greater analysis of the Group's data, growing our store footprint and expanding our online strategies.

I thank our shareholders for your support and look forward to updating you next year on our performance.

I will now hand back to Richard.