

28 February 2022

## ASX and Media Release

### MYDEAL CONTINUES TO DELIVER RECORD REVENUE GROWTH FOR THIRD CONSECUTIVE HALF

#### *Execution of key initiatives driving record half year results*

#### Key highlights:

- Record Gross Sales<sup>1</sup> of \$152.6 million, up 20.4% on pcp
- Active Customers<sup>2</sup> up 18.4% on pcp to 963,882 as at 31 December 2021; 1 million Active Customer milestone surpassed in February 2022
- In-stock range up 267% on pcp to \$15.9 million in gross sales
- Revenue of \$32.9 million, up 55.1% on pcp
- Gross Profit of \$22.7 million, up 19.9% on pcp
- BAU<sup>3</sup> EBITDA loss of \$2.9 million (H1 FY21: \$1.0 million loss)
- Strong cash balance as at 31 December 2021 of \$40.2 million

#### Outlook:

- MyDeal is targeting \$500m Gross Sales and positive EBITDA by FY25
- Strong start to H2 FY22 with Gross Sales for the first 8 weeks up 38.2%
- FY22 Gross Sales guidance of \$270 million

Leading online retail marketplace for home and lifestyle products, MyDeal.com.au Limited (**ASX: MYD, 'MyDeal' or the 'Company'**), today announced results for the 6 months ended 31 December 2021 ('H1 FY22').

Commenting on the results, MyDeal CEO, Sean Senvirtne said:

"MyDeal has delivered another strong half with over 20% growth in Gross Sales, while cycling triple digit growth in the pcp and reducing our digital marketing spend as a percentage of NTV to 9.5% from 11.7% in the pcp. Our recently launched in-stock business has delivered a staggering 267% YoY growth.

"I'm also pleased to report that our H2 has started with even stronger momentum in the first 8 weeks, with growth accelerating to 38.2% YoY. These strong results are the outcome of the execution

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<sup>1</sup> "Gross Sales" or "Gross Transaction Value" ("GTV") is a non-IFRS metric that represents the total value (unaudited) of transactions processed by MyDeal (including marketplace and in-stock), on a cash basis, before deducting refunds, chargebacks, discounts and coupons, but after deducting GST.

<sup>2</sup> "Active Customers" are customers who have bought products through the MyDeal platform during the last 12 months.

<sup>3</sup> "Business as Usual (BAU)" EBITDA is earnings before interest, tax, depreciation and amortisation, non-recurring transaction cost associated with the company's IPO, share based payment and specific growth related initiatives.

of our growth strategy which we have had in place since listing in late 2020, a strategy that has us on a path to achieve positive EBITDA by FY24 and \$500 million in Gross Sales by FY25.

“Customer numbers continue to grow, with MyDeal recently surpassing 1 million active customers, a major milestone and a clear indication that our value proposition is connecting with Australian shoppers.

“Notwithstanding the positive customer acquisition performance, what is most rewarding for us is that customers are becoming increasingly loyal and are shopping with us more. Returning customers made up over 60% of transactions during the first half, up from 52.7% in the pcp. This comes on the back of the Company’s continued focus on driving user experience across the platforms, including the MyDeal app, as well as the attractiveness of our In-stock ranges, with Private Label and 3<sup>rd</sup> Party Brands showing strong growth momentum,

“Rapid adoption of the mobile app saw total app downloads reach 315k as at 31 December 2021, and now represents 15% of total gross sales. We see a significant opportunity to convert mobile and web traffic to app downloads with app users contributing to higher ROI through lower customer acquisition cost and more frequent purchasing.

“Given the growth we are experiencing and the confidence in our value proposition, we expect to deliver Gross Sales of \$270m for FY22.”

### **Record Gross Sales through strong customer acquisition and retention; new customers continue to be profitable on their first purchase**

MyDeal delivered record Gross Sales of \$152.6 million, which grew 20.4% on the pcp. This was achieved through a consistent strategy focused on customer acquisition and retention, with Active Customers increasing 18.4% on the pcp to 963,882 as at 31 December. Momentum on customer acquisition has continued post balance date, with the Company recently surpassing the one million Active Customer milestone. Strength on customer acquisition, as well as user experience, was also evident in conversion of site visit to transaction, with conversion rate increasing to 4.8%<sup>4</sup> (H1 FY21: 4.5%).

Key indicators of customer loyalty continued to improve, with 60.1% of transactions in Q2 FY22 were from returning customers, which was a 7.3% point increase on the pcp (Q2 FY21: 52.7%). Likewise average orders per customer for the 2021 calendar year increased to 1.72x (2020: 1.66x).

Importantly, customers acquired continue to be profitable on their first purchase. Digital marketing reduced to 9.5% as a percentage of Net Transaction Value (NTV) (H1 FY21: 11.7%), reflective of greater return and efficiency on ad spend. With higher average order values and stable customer acquisition costs (before brand investment) of \$17.60, the 12-month return on marketing investment (ROI) increased to 2.2x.

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<sup>4</sup> Number of transactions as a percentage of unique visitors

### **Strong momentum in higher margin In-stock range**

A key pillar of MyDeal's growth strategy has been the expansion of its In-stock business, including Private Label and 3<sup>rd</sup> Party Brands, which complement the marketplace with the introduction of high demand products at competitive pricing.

With 1,925 products on offer as at 31 December, In-stock delivered 267% growth in Gross Sales to \$15.9 million for the half. Private Label sales were \$9.8 million in H1 FY22 (H1 FY21: \$4.3 million). Following launch in mid-July 2021, 3<sup>rd</sup> Party Brands Gross Sales reached \$6.2 million for the half, driving In-stock to 11.9% of total Gross Sales in Q2 FY22.

In-stock continues to operate at strong gross margins, achieving a margin of 31.4% for the half. While the introduction of 3<sup>rd</sup> Party Brands does lower the overall margin of the In-stock range, the Company has set a longer term In-stock Gross Margin target of 30-40%, with the sales mix expected to shift to core higher margin categories.

### **Short term investment for medium term reward**

With MyDeal positioning itself for the achievement of \$500 million in Gross Sales in the medium term, during H1 FY22 the Company deployed IPO funds through strategic investments in customer acquisition, brand and talent, as well as to support the growth of the In-stock business. With increased investment, BAU EBITDA and Adjusted EBITDA losses of \$2.9 million and \$5.3 million were incurred respectively. BAU EBITDA reflects the underlying performance of the group before new growth investments.

With strong momentum following MyDeal's refreshed branding, the Company introduced multi-channel brand and advertising campaigns for the first time in H1 FY22. Brand investment of \$1.9 million has been treated as a new growth investment, and is already driving increased brand awareness and is expected to drive further improvements to digital marketing efficiency over time.

MyDeal is investing ahead of the curve with a focus on expanding its technology talent to ensure it maintains its competitive advantage. New marketplace investment of \$0.5 million was also treated as a new growth investment.

Distribution costs increased in dollar terms (H1 FY22: \$3.2 million, H1 FY21: \$1.2 million), however reduced as a percentage of NTV to 20.9% (H1 FY21: 28.8%), with initial benefits of scale being seen.

### **Well capitalised for future growth**

MyDeal maintains a clean balance sheet with \$40.2 million in cash as at 31 December 2021 and no debt, and remains well placed to continue pursuing its growth strategy.

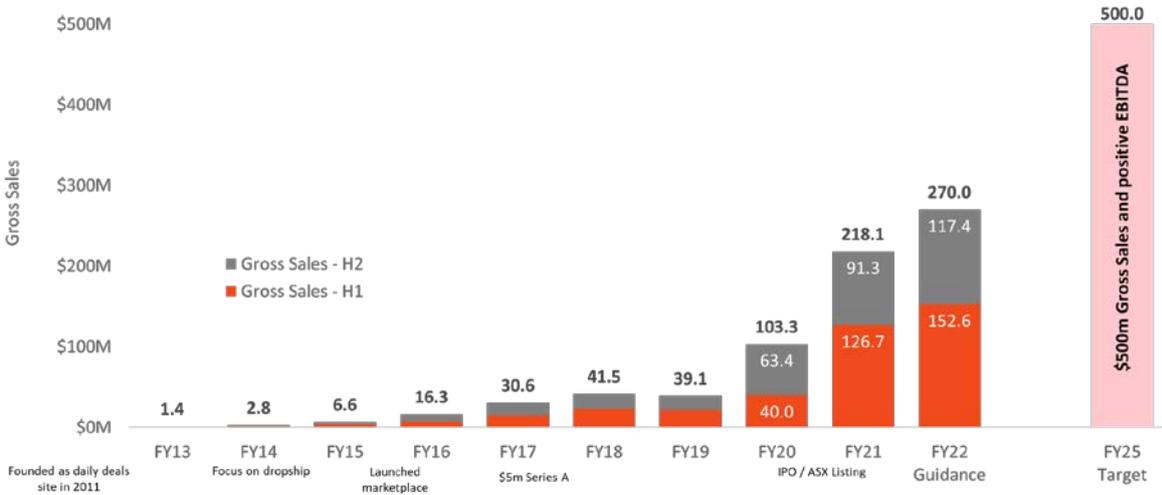
A total of \$2.5 million of cash was consumed during the half, after all growth investments. Cash inflow from operations of \$5.5 million for the half, resulting from the negative working capital marketplace model, was offset by \$6.0 million incremental investment in In-stock inventory.

**Strong growth expected in FY22 and beyond**

After a strong H1 FY22 result, MyDeal has experienced an acceleration in Gross Sales growth to start H2 FY22. For the first 8 weeks of the second half, Gross Sales have increased 38.2%.

With an improving outlook, the Company expects FY22 Gross Sales of \$270m, with the gross margin achieved in H1 FY22 to be maintained for the full year.

MyDeal has also announced medium term aspirations for the first time, with a target of \$500 million Gross Sales by FY25, at which point the Company expects to be EBITDA positive.



**Results webcast**

CEO Sean Senvirtne, COO Joshua Mangan and CFO Lachlan Freeman will be conducting a results webcast for investors and analysts at 12:00pm today.

To join the webcast please follow the link below:  
<https://ccmediaframe.com/?id=DO9Em44d>

Authorised for release by the Board of MyDeal.com.au Limited.

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## **About MyDeal**

MyDeal is an online retail marketplace focused on home and lifestyle goods. MyDeal currently has more than 1,911 sellers (of which 1,345 are considered Active Sellers<sup>5</sup> as at 31 December 2021) on its platform with over 6 million product SKUs listed across over 2,000 categories (with the number of SKUs available for sale at any time determined by sellers).

<https://investors.mydeal.com.au/site/content/>

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<sup>5</sup> "Active Sellers" are sellers that have sold products through the platform within the last three months.