

MüDeal

FY21 RESULTS PRESENTATION

ASX: MYD

25 August 2021

FY21: ANOTHER RECORD YEAR FOR MYDEAL

Execution of key initiatives driving record results

Record growth in gross sales¹ and active customers²:

- Gross Sales of \$218.1m and Active Customers of 894k up 111% and 83% respectively
- Growth supported by record customer acquisition and improvement in repeat transactions

Strong momentum in private label:

- Gross Sales of \$8.8m at 43.1% Gross Margin, following soft launch in late FY20
- Expanded team with logistics & import specialists, buyers and customer service

Continued investment in technology and innovation:

- Successful launch of iOS and Android apps in May 2021
- Expansion in product and technology teams and capability

Expanded seller base:

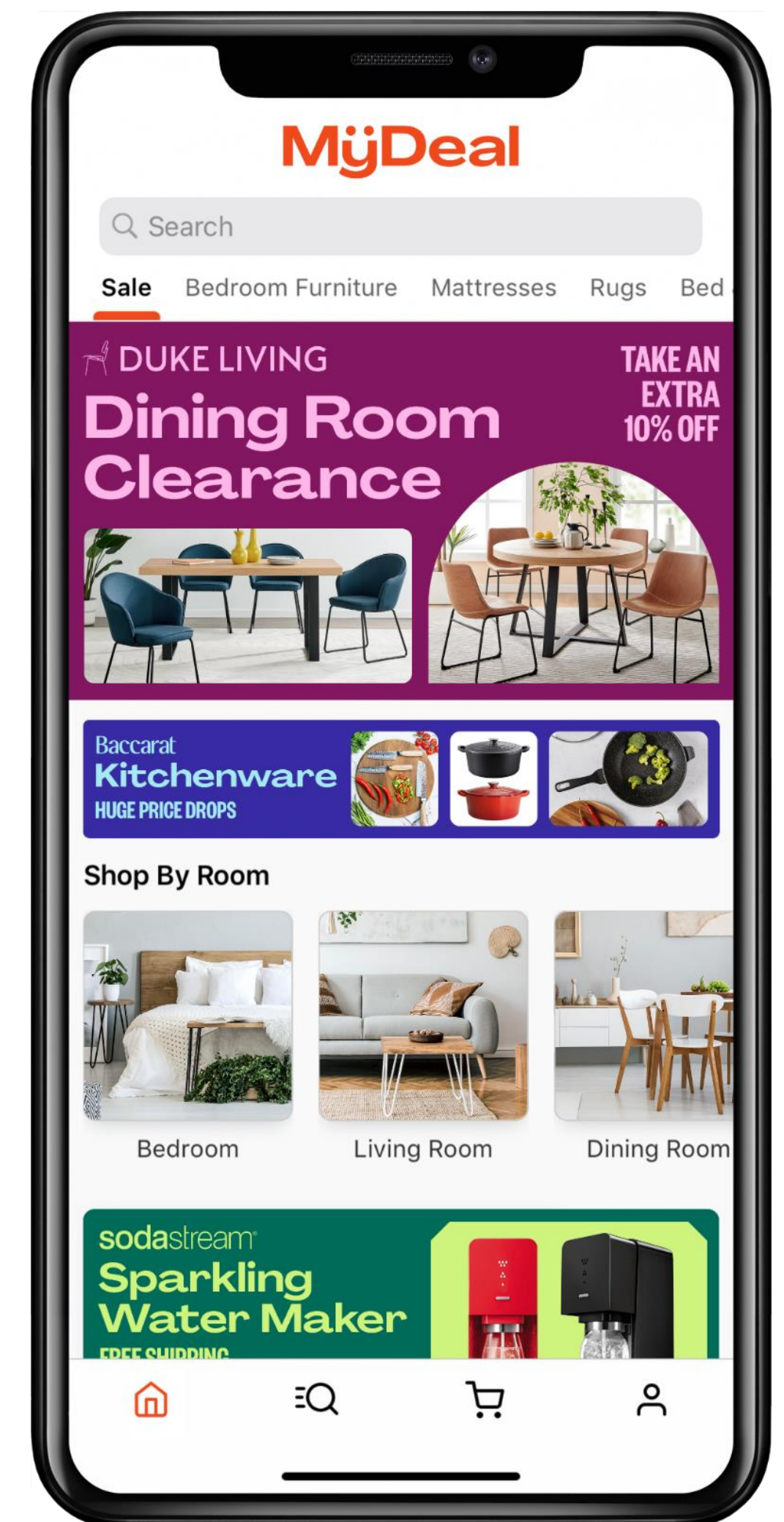
- 385 sellers onboarded, supporting product range of over 6 million SKUs

Strengthened leadership team

- Appointment of CFO, CMO, GM Logistics

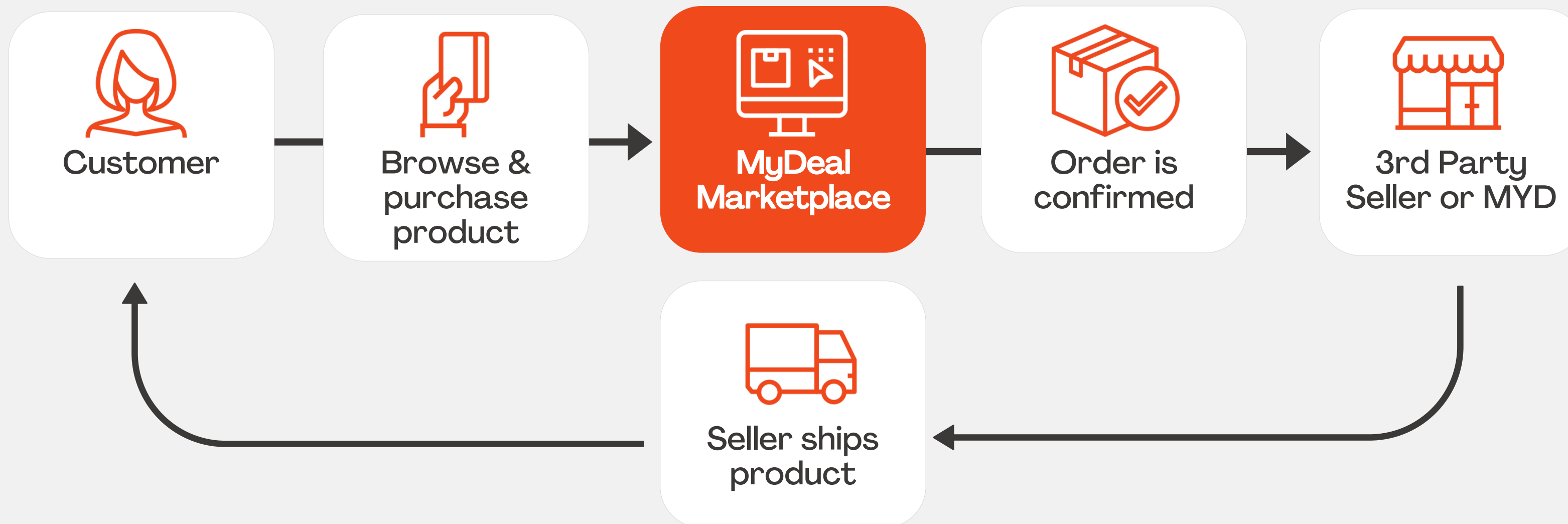
1. "Gross Sales" or "Gross Transaction Value" ("GTV") is a non-IFRS metric that represents the total value of transactions (unaudited) processed by MyDeal (including marketplace and private label), on a cash basis, before deducting refunds, chargebacks, discounts and coupons, but after deducting GST.

2. An Active Customer is a customer that has made a purchase in the last twelve months.



WHO WE ARE AT A GLANCE

Online marketplace specialising in home and lifestyle goods.



Attractive Business Model

- Flywheel in progress with network effects attracting both customers and sellers
- Capital-lite model
- Scalable business driven by proprietary technology model

Competitive Advantage

- Value - lowest prices on comparable goods
- Range - >6m products and growing
- Service - seamless customer experience delivered through proprietary technology

1. An "Active Seller" is a seller that has made a sale on the marketplace in the last three months.



1,151
Active Sellers¹



>6M
Products Listed

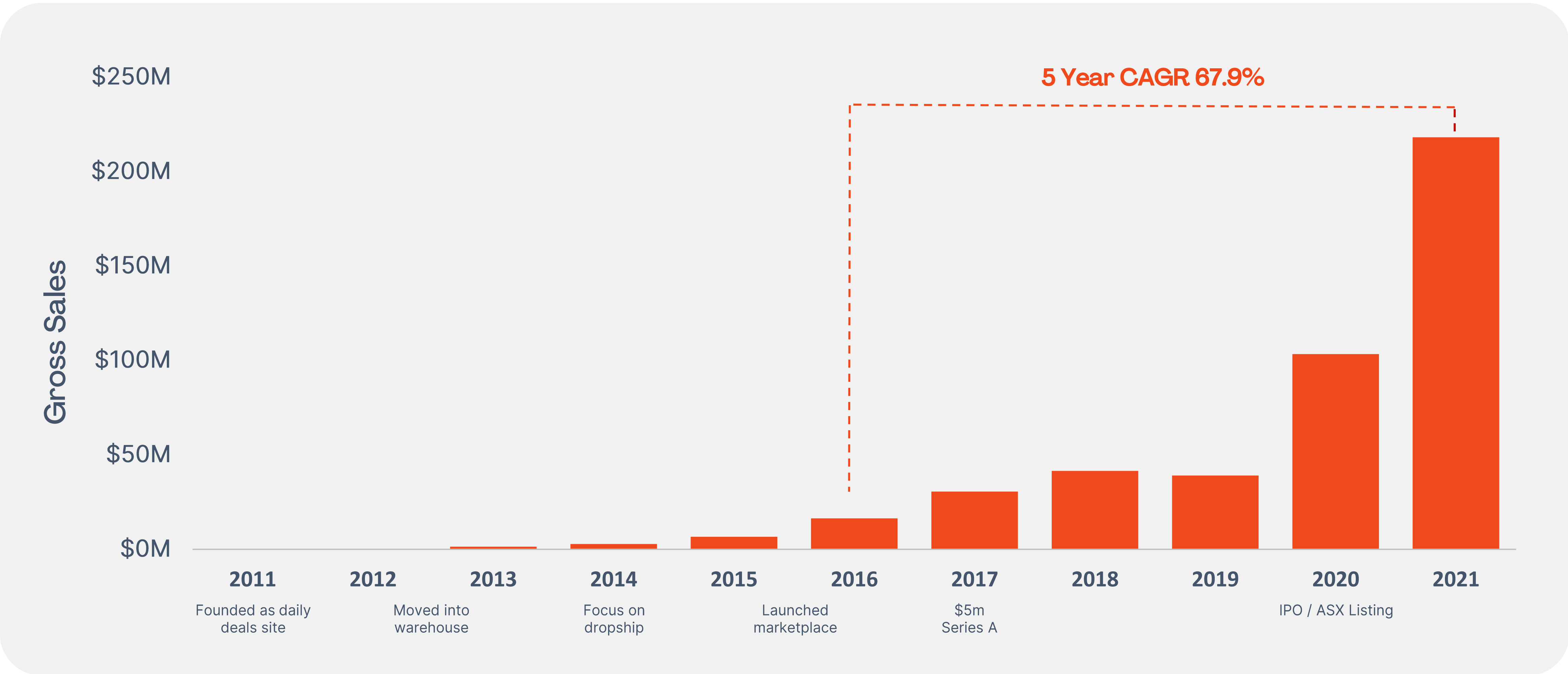


6.4m
Average Monthly
Website Visits

FY21 FINANCIAL HIGHLIGHTS

	FY20	FY21	YoY Growth
Gross Sales	\$103.3m	\$218.1m	111.1%
Revenue	\$15.3m	\$38.3m	149.6%
Active Customers	488,350	894,225	83.1%
Cash	\$16.8m	\$42.7m	\$25.9m

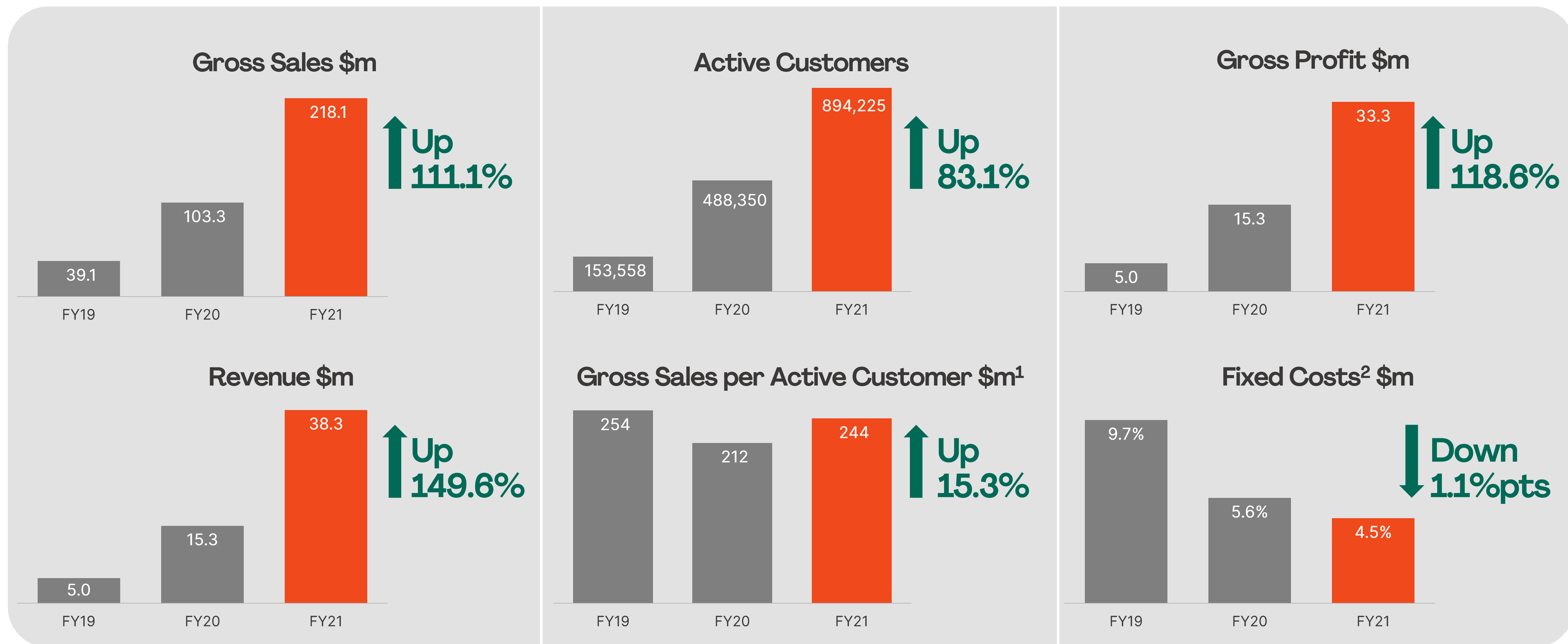
THE RECORD FY21 YEAR WAS 10 YEARS IN THE MAKING



FY21 Financial Results



STRONG GROWTH IN ALL KEY METRICS



1. "Gross Sales per Active Customer" is calculated as Gross Sales for the relevant period divided by the number of Active Customers as at the end of the relevant period.

2. "Fixed costs includes all costs excluding distribution, marketing, merchant fees, finance costs, tax and IPO transaction costs..

RECORD TOP LINE, INVESTMENT FOR SUSTAINABLE GROWTH

\$m	FY20	FY21
Gross Sales	103.3	218.1
Net Transaction Value ("NTV") ¹	94.0	204.6
Revenue	15.3	38.3
Cost of Sales	(0.1)	(4.9)
Gross Profit	15.3	33.3
Other Income	0.4	0.1
<u>Expenses</u>		
Advertising expense	(8.6)	(23.0)
Wages expense	(2.9)	(5.1)
Other expenses	(3.5)	(9.8)
EBITDA	0.7	(4.4)
IPO Transaction Costs and SBP ²		0.4
Adjusted EBITDA	0.7	(4.0)

Key Metrics (%)	FY20	FY21
Gross Sales Growth	164.6%	111.1%
Revenue Growth	209.1%	149.6%
Gross Profit Margin (% of NTV)	16.2%	16.3%
Adjusted EBITDA (% of NTV)	0.7%	(1.9%)

Commentary

Gross Sales of \$218.1m, up 111%, driven by growth in active customer base of 83%, increasing orders from repeat customers and higher average order value

Revenue of \$38.3m, up 150%, and above Gross Sales growth, driven by the accounting revenue recognition of private label sales versus marketplace commission structure and an increase in advertising and fee income

Gross Profit of \$33.3m, up 118.6%. Stable gross profit as a percentage of NTV³ at 16.3% with marketplace commissions and private label margins in line with H1 FY21

Marketing investment increased from 9.1% to 11.3% of NTV in line with customer acquisition strategy

Other Expenses include distribution costs of \$2.8m to support private label sales and merchant fees, which grew inline with Gross Sales. Fixed costs⁴ reduced as a % of NTV from 5.6% to 4.5%.

Adjusted EBITDA loss of \$4.0m reflecting the investment of IPO proceeds to drive long term growth

¹ Net Transaction Value (NTV) is Gross Sales or Gross Transaction Value after deducting refunds, chargebacks, discounts and coupons.

² Represents IPO related costs not recognized through equity and share based payments

³ Due to the difference in revenue recognition between private label and marketplace sales, MyDeal believes gross profit (revenue less cost of sales) as a percentage of NTV represents a more relevant measure than take rate (revenue as a percentage of NTV) and will report this metric moving forward.

⁴ Fixed costs includes all costs excluding distribution, marketing, merchant fees, finance costs, tax and IPO transaction costs.

STRONG BALANCE SHEET TO SUPPORT GROWTH STRATEGY

\$m	30 Jun 2020	30 Jun 2021
Cash	16.8	42.7
Receivables	0.7	0.4
Inventories	0.4	5.3
Other current assets	0.8	0.9
Total current assets	18.7	49.3
Intangible assets	0.2	2.0
Plant and equipment	0.1	0.3
Other assets	0.8	0.1
Total assets	19.8	51.6
Payables	13.7	19.2
Provisions	0.2	0.6
Other liabilities	1.6	1.0
Total current liabilities	15.5	20.7
Borrowings	3.1	0.0
Other provisions & Liabilities	0.2	0.1
Total liabilities	18.8	20.8
Net assets	1.1	30.8

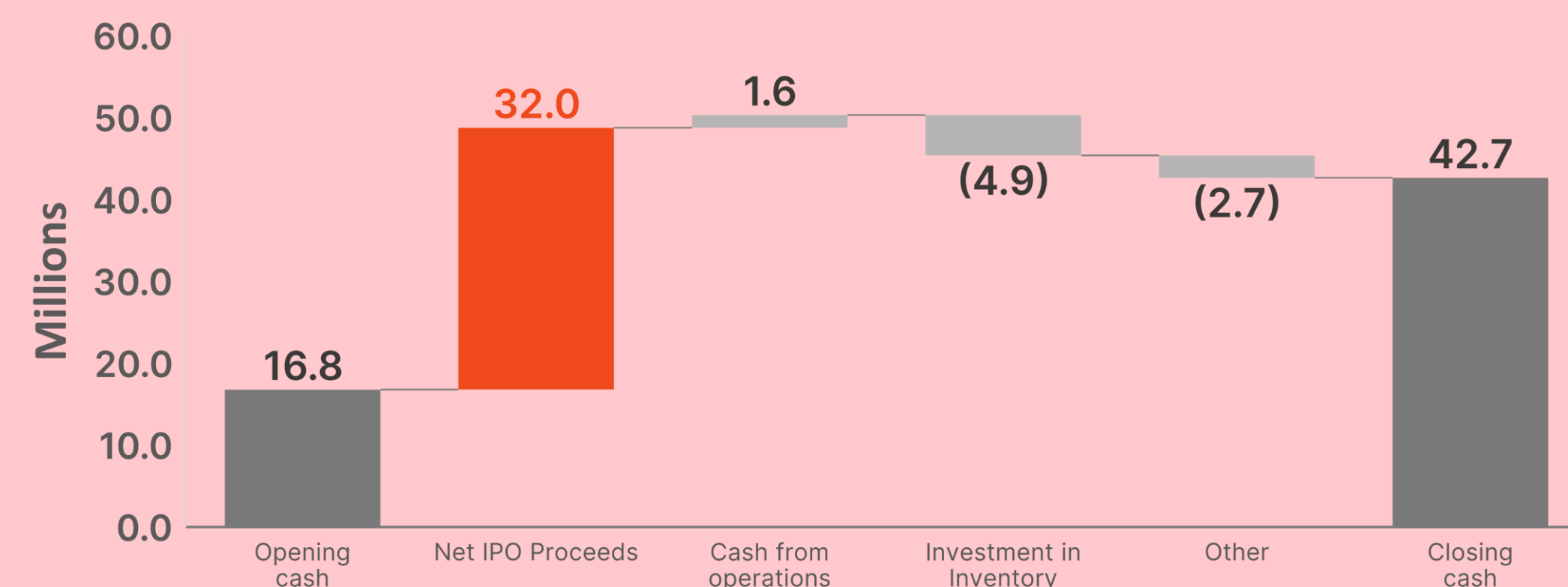
Commentary

Clean balance sheet with \$42.7m cash as at 30 June 2021 and no debt

Positive cash from operations driven by negative working capital marketplace model, offset by investment in private label inventory (\$4.9m).

Capital raise / IPO undertaken in October 2020, providing net proceeds of ~\$32.0m

H1 Net Cash Flow Movement \$m





FY21 Operational Update

KEY CATEGORIES ON THE MARKETPLACE

MyDeal is strongest in products that are traditionally found in the home.

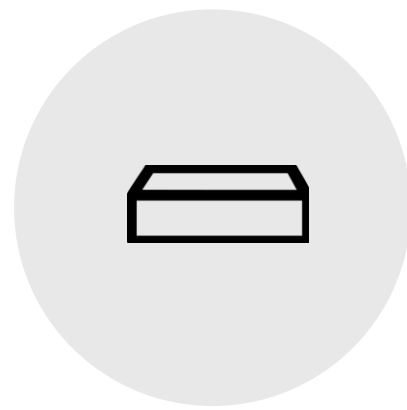
Top sub-categories include:



Bed and Bath



Bedroom Furniture



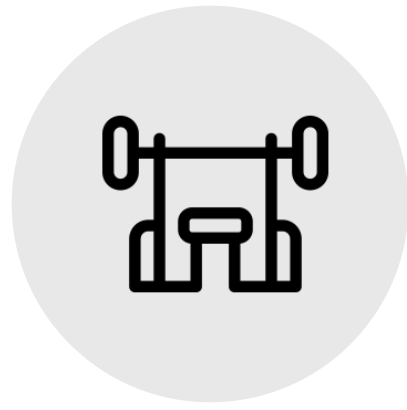
Mattresses



Living Room Furniture



Outdoor Furniture



Gym and Fitness



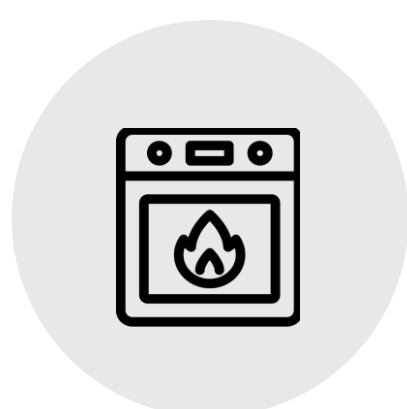
Dining Furniture



Office Furniture



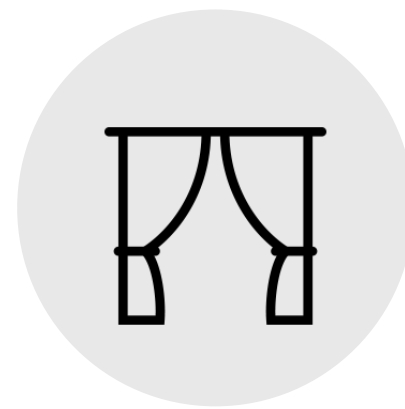
Outdoor Living



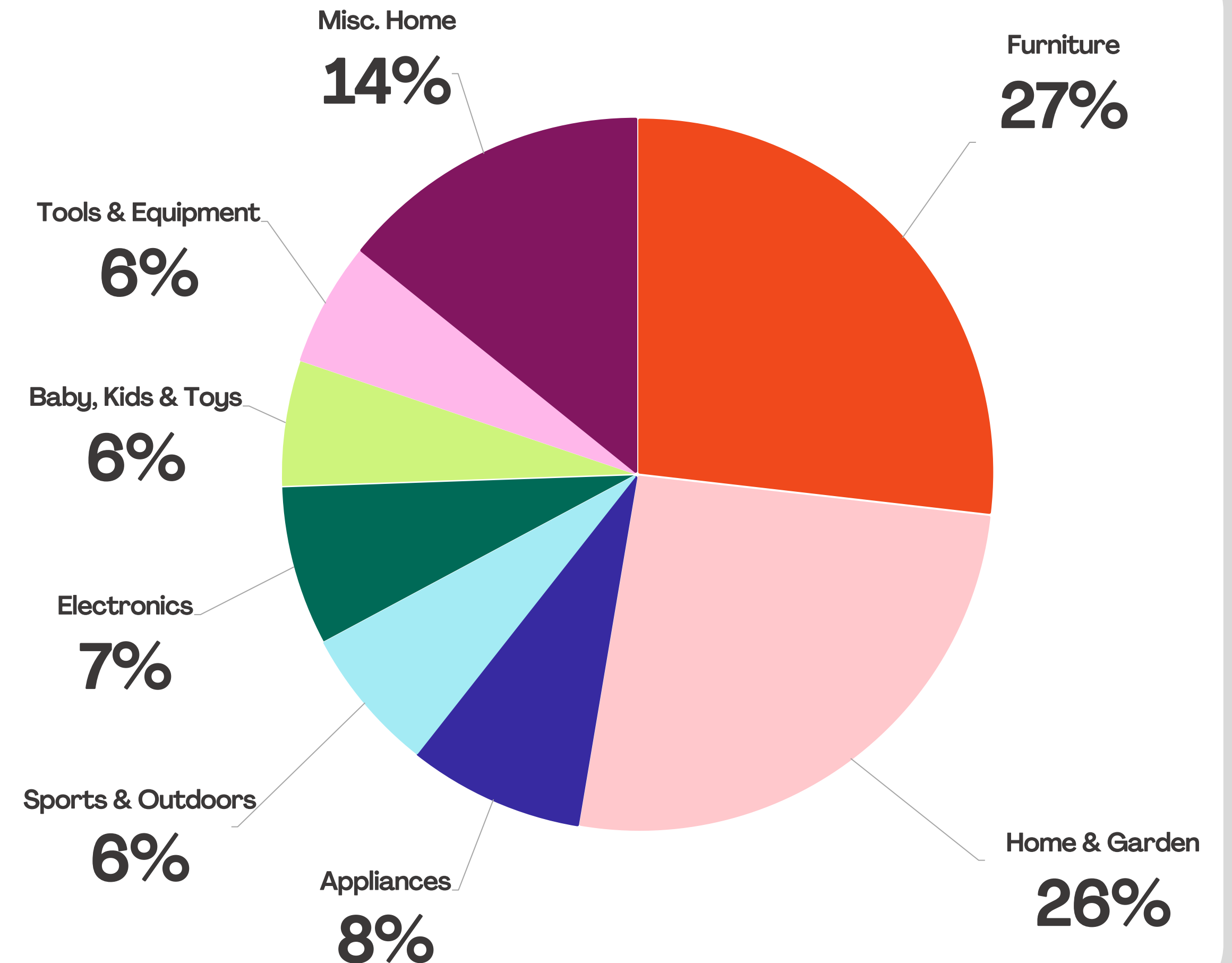
Kitchen Appliances



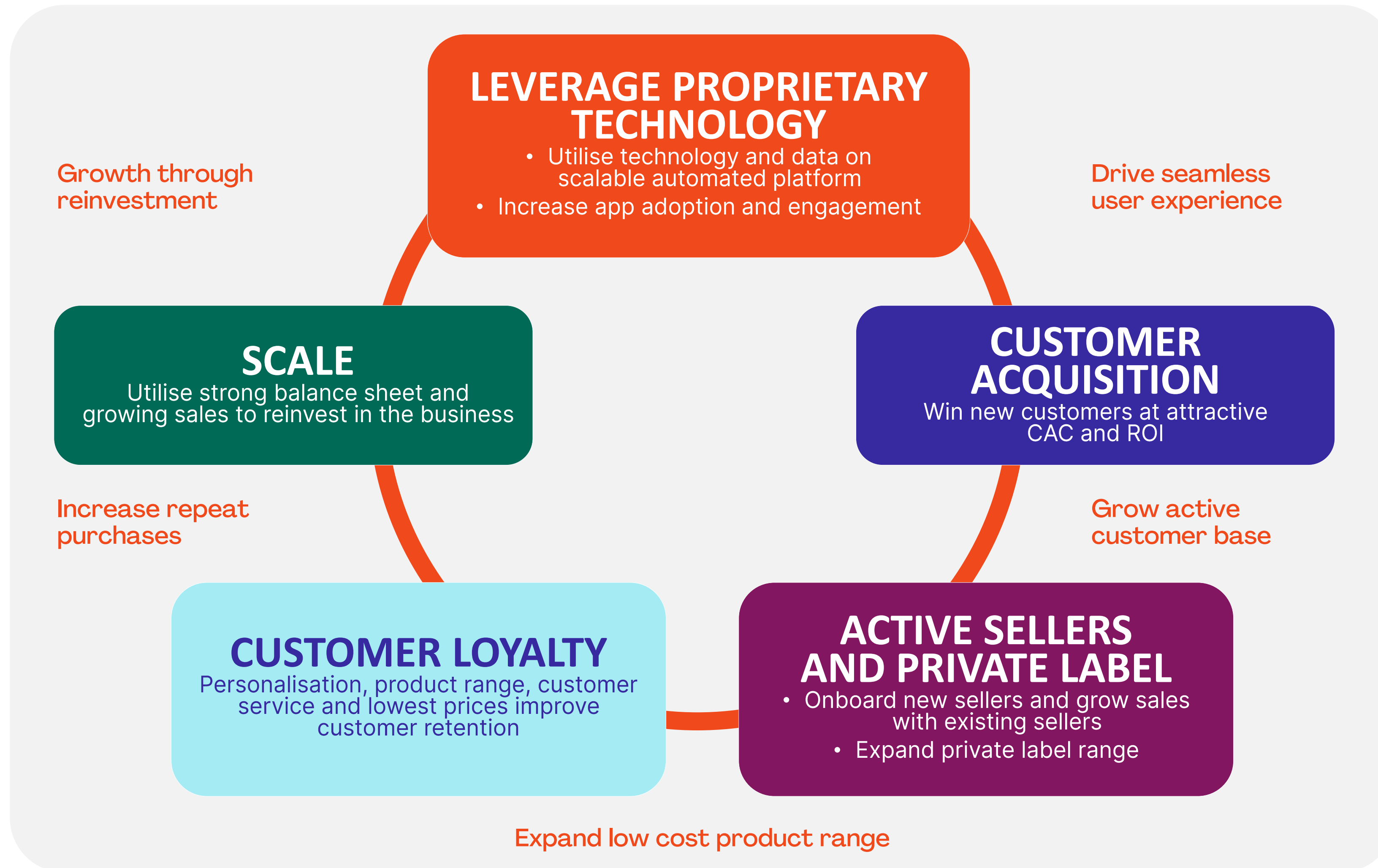
Animals & Pets



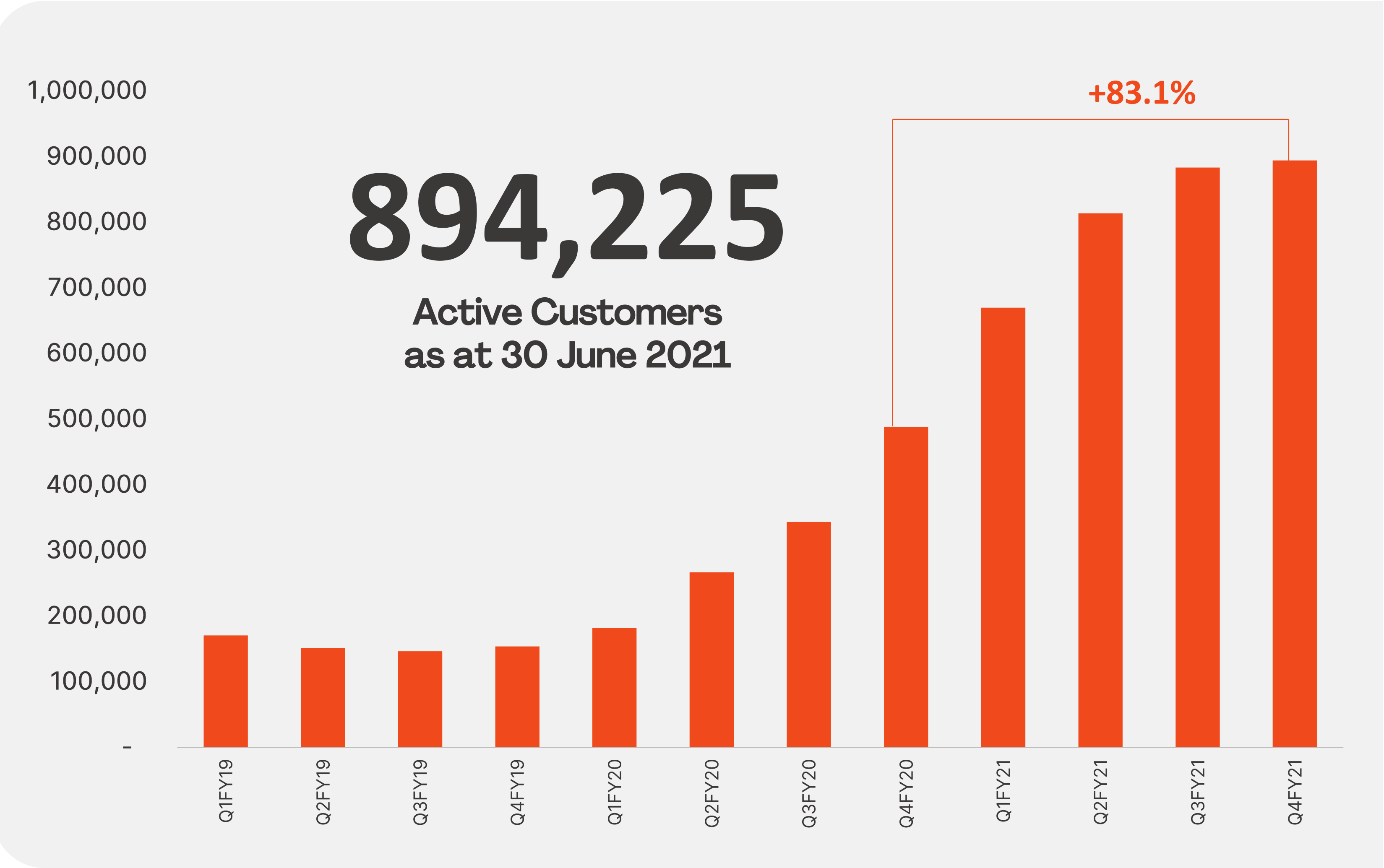
Home Decor



OPERATIONAL EXECUTION OF THE FLYWHEEL



RECORD GROWTH IN ACTIVE CUSTOMERS



1.5m
Transactions



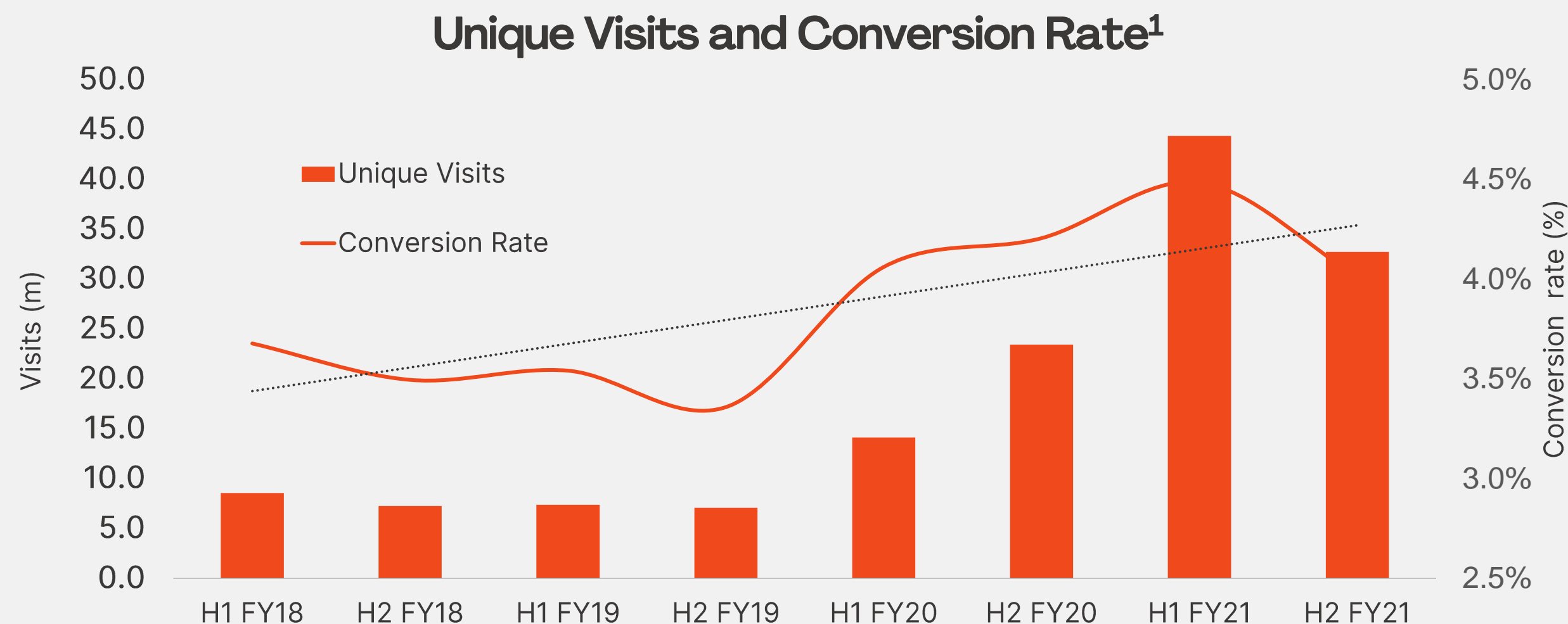
2.1m
Products Shipped



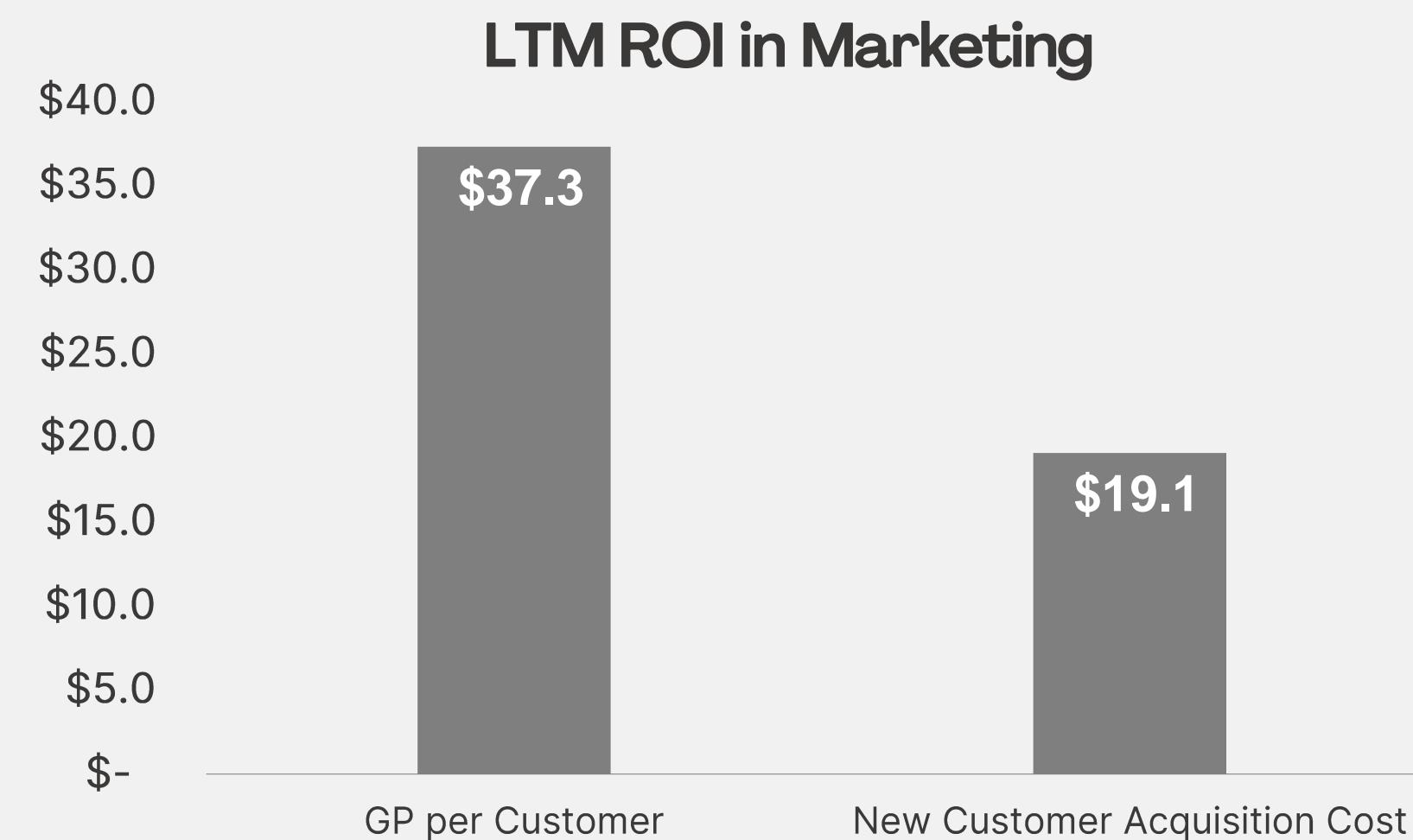
\$143 excl. GST
Avg. Order Value

PROVEN CUSTOMER ACQUISITION

New customers continue to be profitable on first purchase



- Unique website visitors averaged 6.4m per month throughout the year
- Conversion of site visit to transaction continues to improve in line with user experience
- Half on half movements reflect seasonality for both visits and conversion rate. Comparisons against FY20 are skewed by the emergence of COVID 19 in H2 FY20



- ROI remains profitable on first purchase
- Last 12 month ROI of 2.0 relatively consistent with the pcp, with Higher AOV's offsetting increases in customer acquisition cost (CAC) to \$19.1 (FY20: \$15.0)

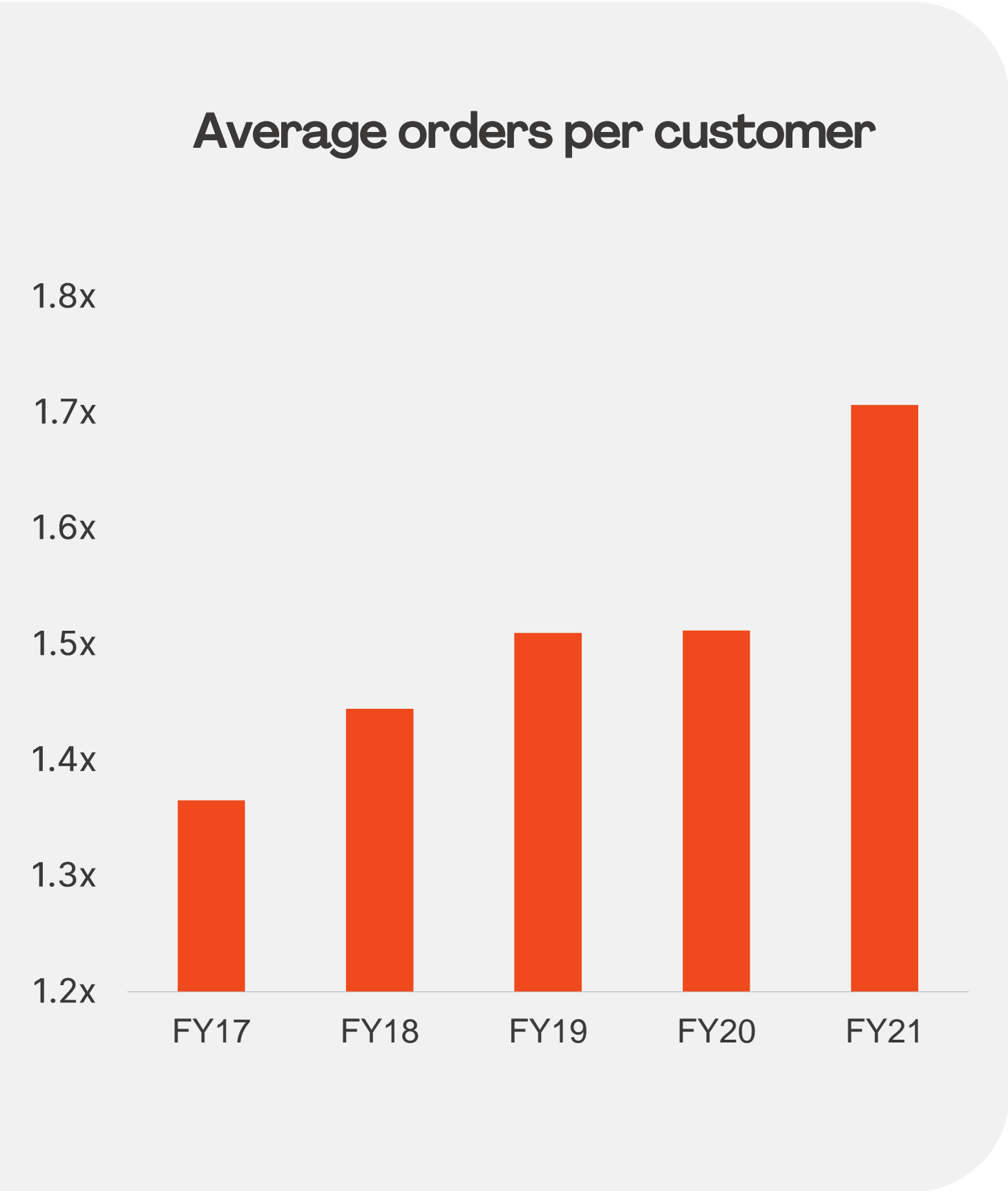
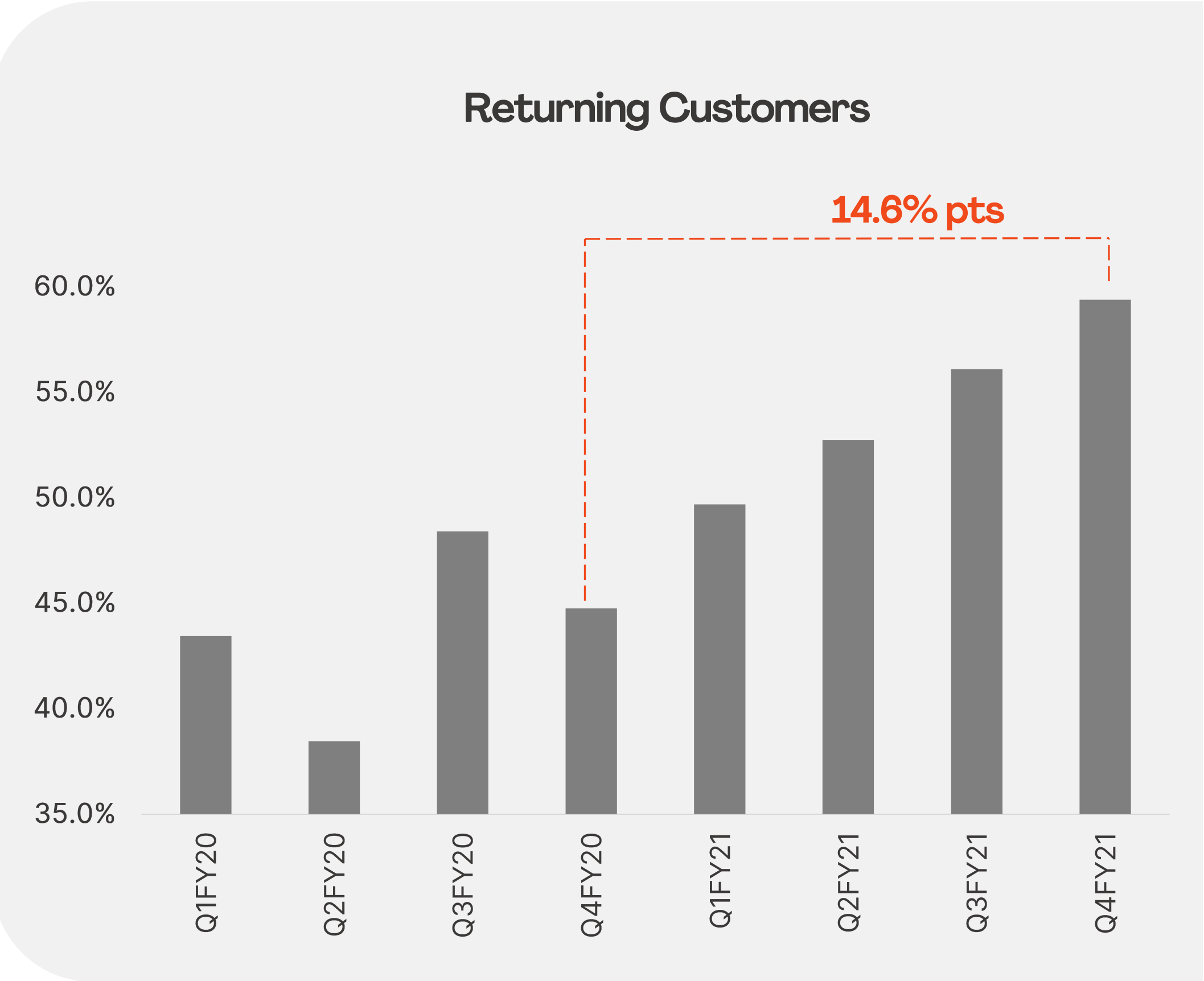
1. Number of transactions calculated as a percentage of unique visitors

2. New Customer Acquisition Cost is calculated as the total marketing spend for FY21 x 51.8% (being the estimated percentage of marketing spent on new customer acquisition) divided by the number of new customers during FY21.







3. Gross Profit per Customer is calculated as total Gross Profit for FY21 divided by the total number of customers that transacted in FY21.







INCREASING CUSTOMER LOYALTY

Even with record customer acquisition, 59.4% of transactions were from returning customers, with the average number of orders per customers increasing to 1.7 during FY21



Satisfied customers

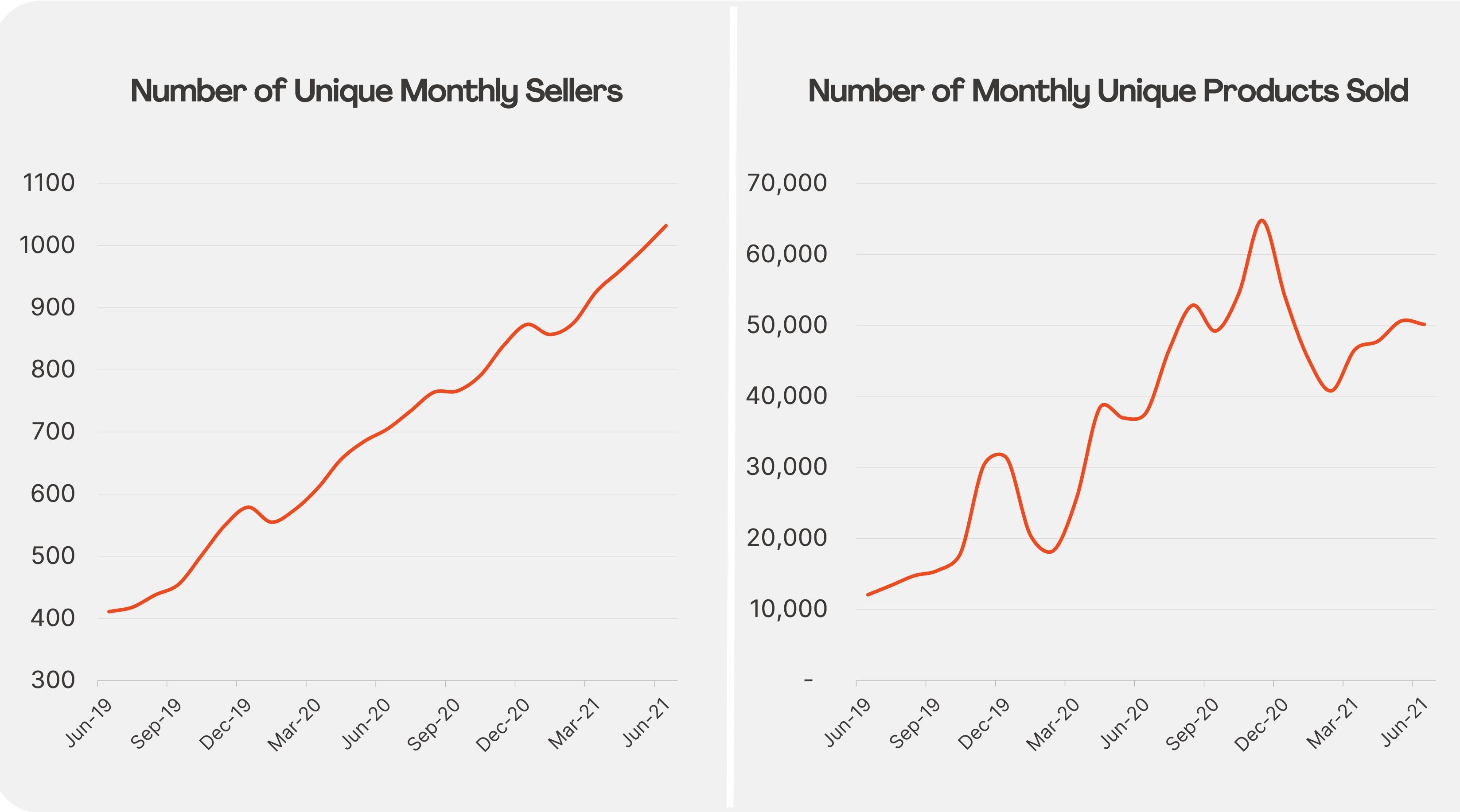
**Trustpilot**
MyDeal.com.au
Reviews 35,387 • Great
 4.2 ⓘ

**PRODUCT REVIEW**
FOR BUSINESSES
MyDeal.com.au
www.mydeal.com.au
 **4.0** from 10,627 reviews · [View Statistics](#)

1. Average Orders per Customer is calculated by taking the total number of transactions in FY21 divided by total active customers in FY21

MARKETPLACE METRICS

Our proprietary technology has allowed us to rapidly increase our seller base and product range.





2.1m

Products Shipped



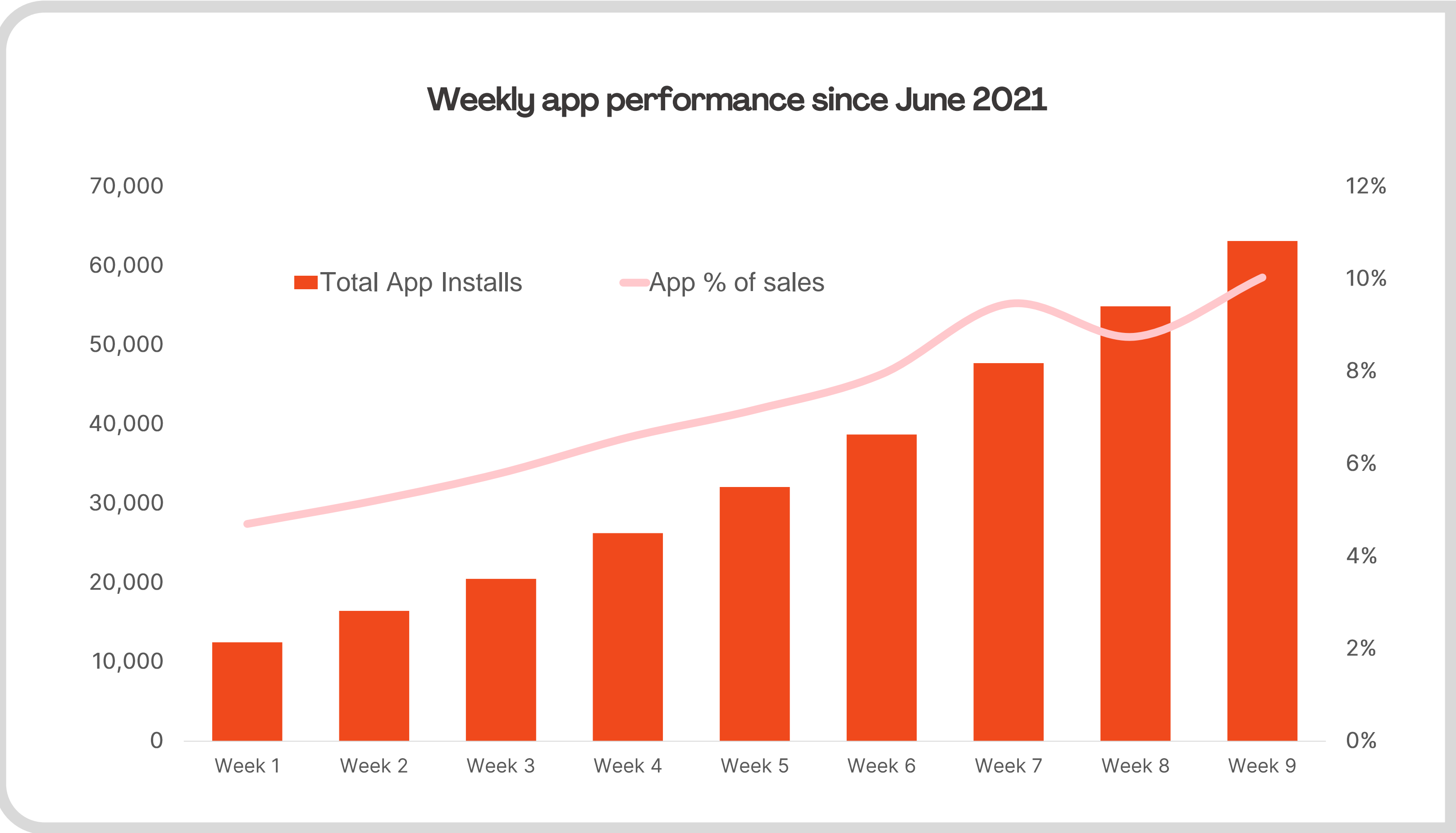




Turn-key integrations with many major ecommerce platforms and channel partners

MOBILE APPS

Rapid growth in app downloads is driving an increasing percentage of sales through app





63k
Apps Installed¹



10%
of total Sales²

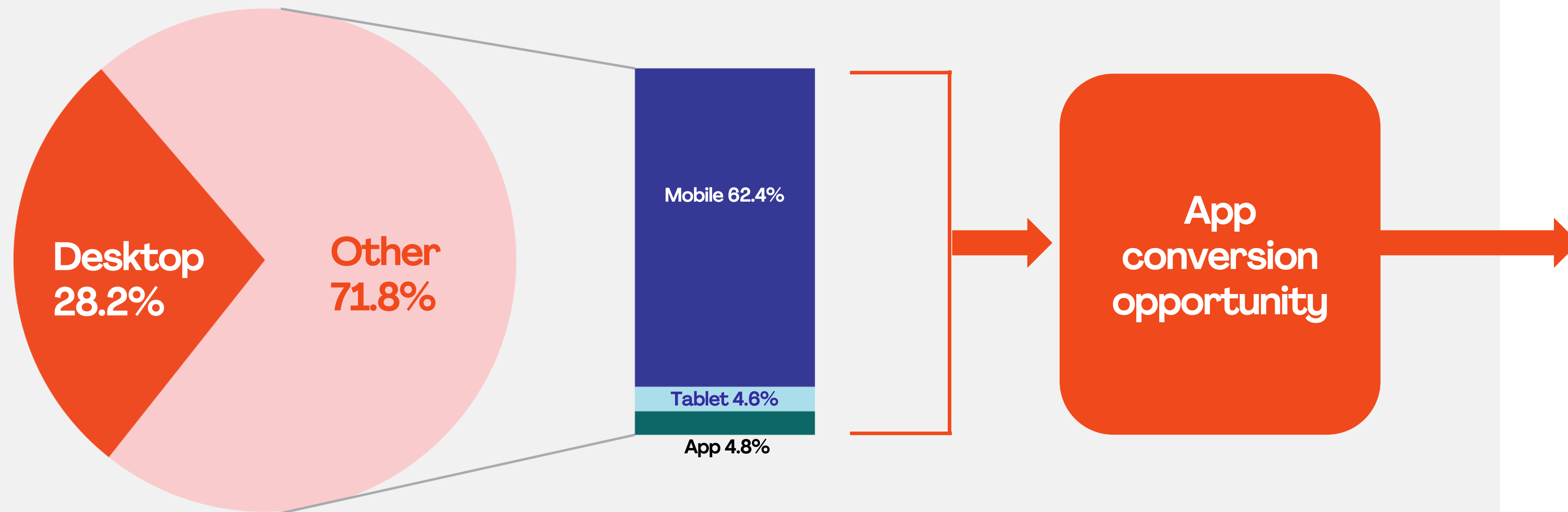
1. As at 8 August 2021

2. Weekly app Gross Sales as a percentage of total Gross Sales at 8 August 2021

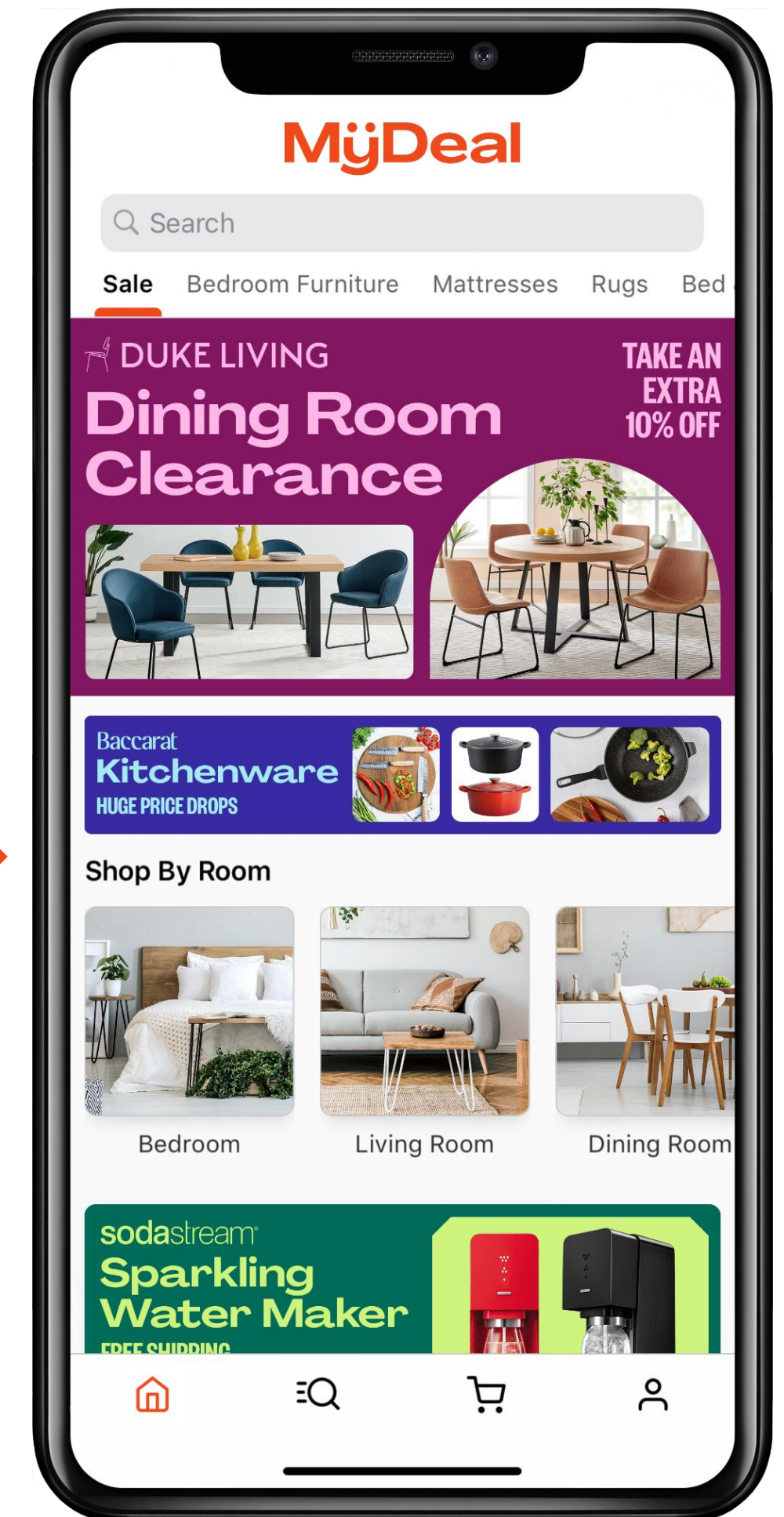
MOBILE APPS

App represents ~4.8%¹ of traffic and ~8% of Gross Sales in July 2021

Significant opportunity to convert mobile and web traffic to app visits and drive improved marketing ROI.



1. App traffic as a percentage of total traffic in July 2021. Google Analytics



Strategy & Outlook



INDUSTRY OVERVIEW

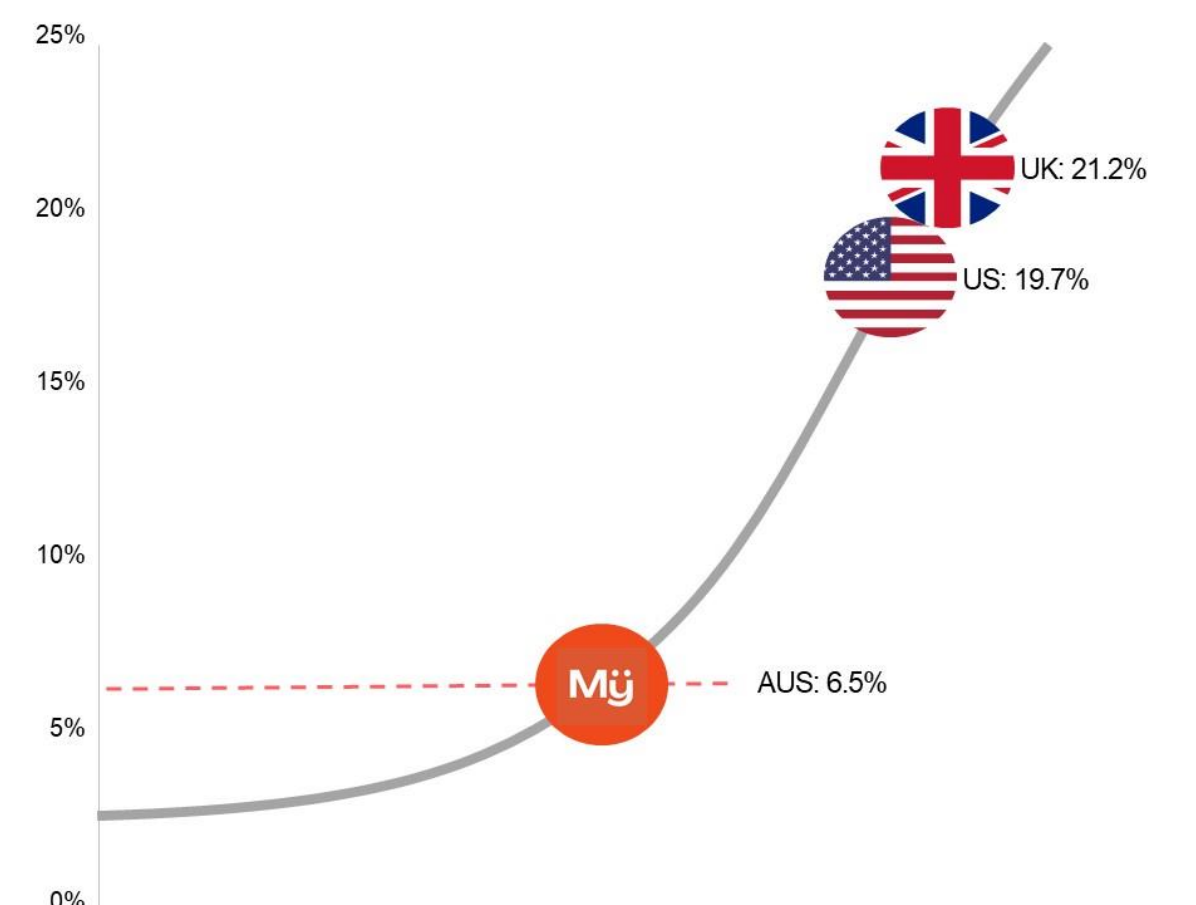
Despite an acceleration in adoption of online shopping through COVID-19, Australian ecommerce remains significantly underpenetrated compared to the UK and USA

- Significant growth is expected in Australia over the next 5 years with improvements in technology and millennials entering the core demographic age for home and lifestyle goods

**Total Addressable Market (TAM)
Australian Household Goods^{1,2}**



**Online Sales Penetration for
Furniture and Homewares³**



1. ABS 8501.0 - Retail Trade, Australia, June 2021 (TAM - Australian Household Goods)
2. Euromonitor International - Retailing in Australia, 2021 edition (May 2021) (TAM - Online Household Goods), Retailing in US (Feb 2021), Retailing in the UK (Feb 2021)
3. Euromonitor International - Home and Garden in Australia, 2021 edition (April 2021), Home and Garden in US (June 2021), Home and Garden in the UK (Apr 2021)



Online retail was estimated to be 12.5% of total retail trade in FY21¹



Australian online retail sales +58% in FY21²



Online household goods market in Australia expected to increase 37.5% from 2020 to 2025³

1. Euromonitor International - Retailing in Australia, 2020 edition (May 2021)
2. ABS: 8501.0 - Retail Trade, Australia, June 2021
3. Euromonitor International - Retailing in Australia, 2020 edition (May 2021)

ASPIRATION AND STRATEGY

We make life more affordable for all Australians by offering the best value on the biggest range of home and lifestyle products.

Build the biggest and best range of home and lifestyle products

- ✓ Secure recognised brands onto the platform including by sourcing and selling direct.
- ✓ Invest in private label
- ✓ Invest in technology to accommodate all sell-side arrangements (e.g. dropship)

Invest in customer loyalty

- ✓ Loyalty program
- ✓ Mobile-first approach
- ✓ Personalisation and customer lifecycle marketing

Build a brand

- ✓ Brand refresh
- ✓ Invest in above the line marketing

Become the marketplace of choice for all stakeholders

- ✓ Build enduring relationships with brands, sellers and suppliers
- ✓ Build tools and reporting to support our stakeholders
- ✓ Invest in people and culture
- ✓ Talk to our stakeholders and understand their needs

GROWTH INITIATIVES



Promote Native App

Drive traffic through the iOS and Android apps to improve mobile shopping experience, reduce marketing costs and increase customer retention.



Expand Private Label

Recruit buyers and operational staff to expand the product range.



Leverage proprietary marketplace technology

Roll out new marketplaces.



Personalisation & Data

Improve discovery by recommending relevant products, categories, brands and sellers at scale using real time 1-to-1 AI technology.



Brand & Marketing

Launch multi channel brand and advertising campaigns to increase awareness. Heightened focus on SEM, affiliates & social.



3rd Party Brands

Expand branded range.



Loyalty Program

Launch loyalty rewards program that incentivises customers to make repeat purchases.



Onboard New Sellers

Attract and onboard new sellers to grow product range.



B2B Sales

Roll out commercial/B2B sales offering.

PRIVATE LABEL

MyDeal is filling gaps in its range with private label products at competitive prices whilst enjoying higher gross margins (target 35-40%)



- ✓ After soft launch in late FY20, Private Label sales reached 5.2% of Gross Sales by Q4 FY21
- ✓ Product range exceeded 400 SKUs at June 2021. Opportunity to expand the range
- ✓ Secured geographic diversification in our network of factories and partners into Vietnam, Taiwan and Indonesia, with exclusivity on certain in-style products
- ✓ MYD sees significant opportunity to scale in FY22



\$8.8m
Gross Sales in FY21



43.1%
Gross Margins in FY21



420
Products

FY22 OUTLOOK

FY22 has started strongly with positive growth for the first 8 weeks on the pcip, noting this is before the launch of our multi channel brand and advertising campaigns.

MyDeal remains focused on:



Customer acquisition and retention



Expanding our private label range



Promoting our mobile apps for iOS and Android





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**Thank
You.**

