

26 August 2022

ASX and Media Release

MYDEAL EXCEEDS GUIDANCE TO DELIVER ANOTHER RECORD YEAR

Execution of key initiatives driving record financial results

Key highlights:

- Record Gross Sales¹ of \$272.2 million, up 24.8% on pcp
- Active Customers² up 17.6% on pcp to 1,051,701 as at 30 June 2022
- In-stock³ range up 267% on pcp to \$35.0 million in Gross Sales
- Revenue of \$65.4 million, up 70.8% on pcp
- Gross Profit of \$40.5 million, up 21.5% on pcp
- Strong cash balance as at 30 June 2022 of \$32.4 million
- Implementation of Scheme Implementation Agreement with Woolworths Group Limited on track

Leading online retail marketplace for home and lifestyle products, MyDeal.com.au Limited (**ASX: MYD, 'MyDeal' or the 'Company'**), today announced results for the full year ended 30 June 2022.

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

“It has been another highly successful year for MyDeal, as we exceeded FY22 guidance and continued to scale the business to greater heights. We delivered Gross Sales of \$272.2 million, representing growth of 24.8%, which was driven by the execution of the strategy we have implemented since listing.

“We continued to acquire customers at a significant pace, while also achieving efficiencies in our marketing activities, driving Active Customers numbers above 1,050,000. Just as new customers continue to enter our ecosystem, attracted by our extensive and increasingly curated range of products at highly affordable prices, more and more of our loyal shoppers are coming back for repeat purchases, with nearly two thirds of transactions coming from repeat customers in the last quarter.

“A key area of growth has been our in-stock business, which reached 17% of Gross Sales in Q4 FY22, despite still being a relatively new venture for the company. Third Party Brand ranges were added to the existing Private Label offering earlier in the year, providing another source of growth for MyDeal and more options for customers to purchase high demand brands and products at attractive prices.

¹ “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.

² “Active Customers” are customers who have bought products through the MyDeal platform during the last 12 months.

³ “In-stock” comprises private label and third party brands.

“Late in the financial year, MyDeal entered a binding Scheme Implementation Agreement with Woolworths Group, under which it is proposed that Woolworths will acquire a controlling interest in MyDeal for an all-cash consideration of \$1.05 per share. The Scheme booklet has since been released and the Board remains unanimously in favour of the deal, in the absence of a superior proposal and subject to the independent expert continuing to conclude that the Scheme is in the best interests of shareholders.”

Record Gross Sales through strong customer acquisition and retention

MyDeal delivered record Gross Sales of \$272.2 million, up 24.8% on the pcp. This was achieved through a consistent strategy focused on customer acquisition and retention, with Active Customers increasing 17.6% on the pcp to 1,051,701 as at 30 June 2022.

MyDeal’s customer acquisition strategy remained highly efficient with a last 12 month return on marketing investment (ROI) of 1.9x , or 2.4x when excluding above the line marketing (ATL) from customer acquisition cost (CAC), and acquisition remaining profitable on first purchase.

The continued strong performance on customer acquisition was consistent with improving conversion and growth in unique visitors to the MyDeal website. Unique visits reached 39.4m during the year (FY21 35.7m), while conversion rate improved to 4.6% in H2 FY22 (H2 FY21: 4.0%) reflecting optimisation of user experience and value proposition.

Customer loyalty metrics showed positive momentum with 64.6% of transactions coming from repeat customers in Q4 FY22, up from 59.4% in Q4 FY21. In addition, the average customer made 2.1 orders during the year, up from 1.7 average orders per customer in FY21.

One factor at play in both the efficiency of acquisition and the improvement in loyalty has been the success of the MyDeal app, with app customers showing higher engagement and conversion to sale. After just 15 months since launch, the app now represents 20% of sales.

Strong contribution from higher margin in-stock range

A key growth avenue for the Company has been the expansion and promotion of its in-stock range, which complements the marketplace through high demand SKUs at attractive prices, while offering higher margins.

In-stock Gross Sales were \$35.0 million in FY22, growing 296.8% yoy, and reached 17% of Gross Sales in Q4 FY22, despite being a relatively new addition to MyDeal’s business mix.

Private Label sales were \$19.3 million (FY21: \$8.8 million), while Third Party Brands delivered \$15.8 million in sales, after launching earlier in the financial year. Over 1,946 in-stock products were listed through the MyDeal platform as at 30 June and there remains opportunity to expand the range.

Investing for scale

Since listing, MyDeal has maintained a strategy of disciplined investment and deployment of IPO funds to accelerate growth and set the business up for scale over the medium term.

During FY22 the Company made strategic investments in customer acquisition, brand and talent, and distribution to support the in-stock business. The higher investment translated into planned BAU EBITDA and Adjusted EBITDA losses of \$7.9 million and \$11.9 million respectively, with BAU EBITDA reflecting the underlying performance of the group before new growth investments.

Above the line marketing was introduced for the first time in FY22, following MyDeal's successful brand refresh early in the year, with resulting improvements in brand awareness expected to deliver improvements in digital marketing efficiency over time.

A key priority for the Company has been to leverage its proprietary marketplace technology and experience through the launch of a new marketplace, Amazed.com, a global marketplace of activities and experiences built for locals, which was successfully launched in H2 FY22. Launch costs contributed \$0.9 million to new growth investments.

Cash from operations was positive \$1.4 million which was offset by \$3.2 million incremental investment in in-stock inventory, growth investments of \$4.0 million and transaction costs of \$0.2 million.

Proposed Acquisition by Woolworths on track

MyDeal and Woolworths Group have entered into a Scheme Implementation Agreement under which Woolworths Group agree to acquire 80.2% of the issued capital in MyDeal. The Scheme has been unanimously recommended by the MyDeal Board, in the absence of a competing offer.

Under the transaction MyDeal shareholders will receive an all-cash consideration of \$1.05 per share which represents a 62.8% premium to closing price prior to the announcement of the deal and a 5% increase on the IPO price. Management are set to retain a 19.8% holding in the company and will continue to lead the Company.

Post balance date, the Independent Expert concluded the Scheme is in the best interests of MyDeal shareholders, in the absence of a superior proposal, and the ACCC has determined that it will not oppose the Scheme.

Well capitalised for future growth

MyDeal maintains a clean balance sheet with \$32.4 million in cash as at 30 June 2022 and no debt, positioning the Company well for continued execution of its growth strategy.

FY23 has started strongly with July Gross Sales up 4.7% on the pcp, while cycling COVID lock downs in the prior year. MyDeal reaffirms its medium term guidance of \$500 million Gross Sales by FY25, at which point the Company is expected to be EBITDA positive.

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

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For further information, please contact:

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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 1,373 are considered Active Sellers⁴ as at 30 June 2022) 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/>

⁴ "Active Sellers" are sellers that have sold products through the platform within the last three months.

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