

MüDeal

H1 FY22 RESULTS PRESENTATION

ASX: MYD

28 February 2022

H1 FY22: ANOTHER RECORD HALF FOR MYDEAL

Execution of key initiatives driving record results

RECORD GROWTH IN GROSS SALES¹, REVENUE AND ACTIVE CUSTOMERS²:



\$152.6m

Gross Sales
YoY growth

↑20.4%



963k

Active customers
YoY growth

↑18.4%



\$32.9m

Revenue
YoY growth

↑55.1%

Growth supported by customer acquisition and improvement in repeat transactions.

STRONG IN-STOCK MOMENTUM:



\$15.9m

Gross Sales

↑267%

IN-STOCK REPRESENTS

11.9%

Gross Sales
in Q2 FY22

↑7.7pts

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.

H1 FY22: ANOTHER RECORD HALF FOR MYDEAL

Execution of key initiatives driving record results

**ADOPTION OF MOBILE
APP ACCELERATING:**



DOWNLOADS
with app now representing
15% of total Gross Sales.

**WELL CAPITALISED TO
EXECUTE GROWTH STRATEGY:**

**\$40.2M
CASH**

as at 31 December 2021
for continued investment in
customer acquisition, loyalty,
technology and innovation.

**JANUARY AND MTD FEBRUARY³
GROSS SALES UP 44% & 29%
RESPECTIVELY ON PCP:**



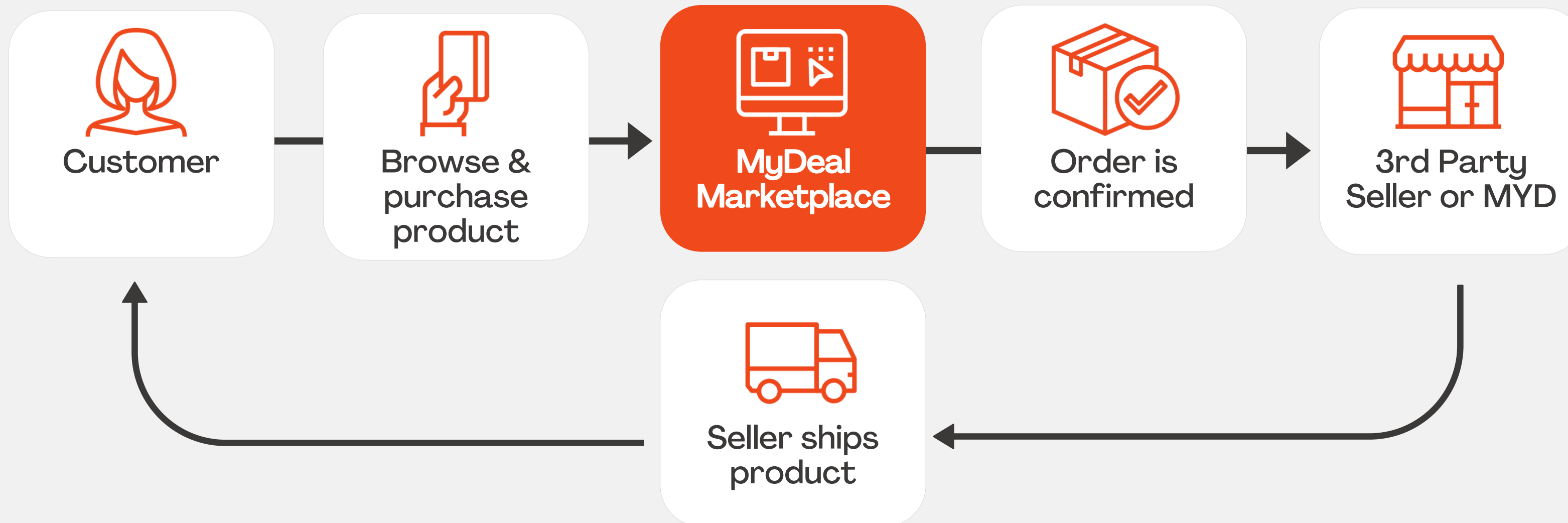
Strong start to H2; have hit

**1M ACTIVE
CUSTOMERS**

3. MTD February refers to [22 February 2022]

WHO WE ARE AT A GLANCE

Online marketplace and retailer 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.



1,345
Active Sellers¹

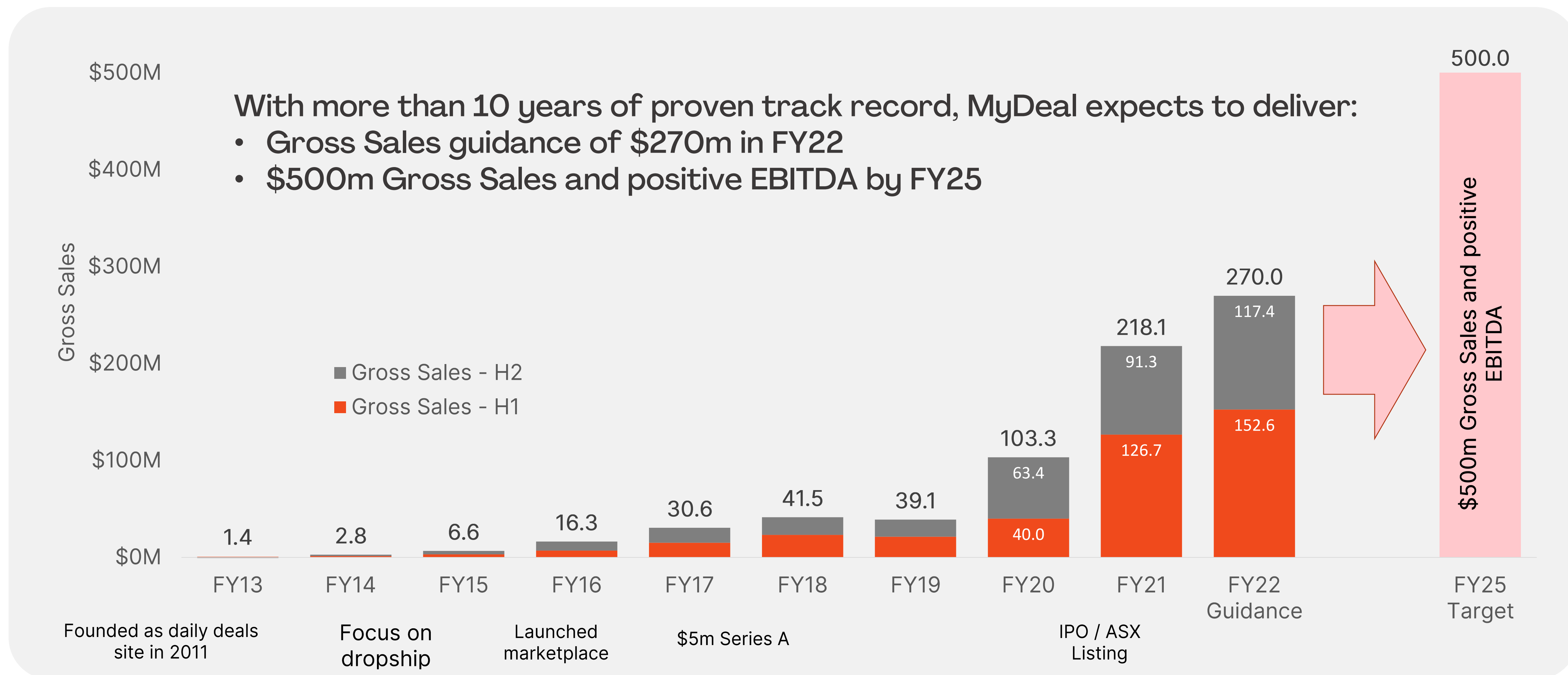


>6M
Products Listed



6.5m
Average Monthly
Website Visits

APPROACHING SCALE



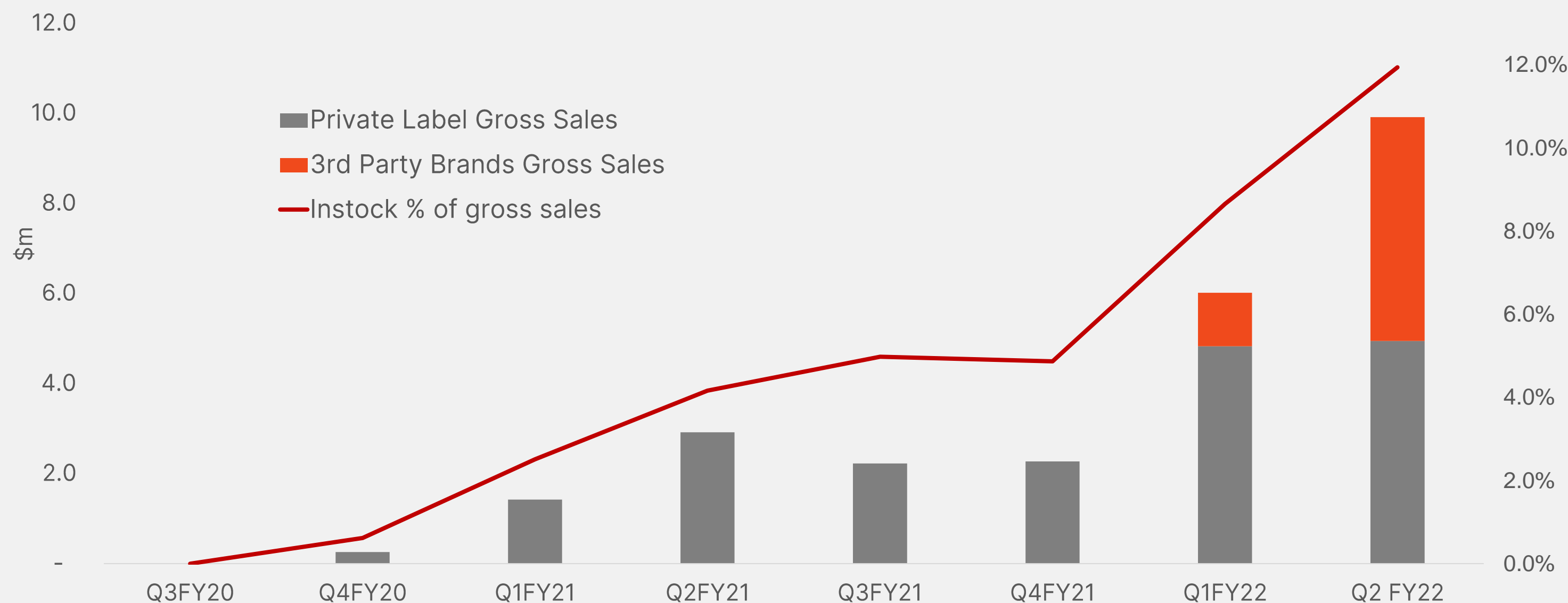
H1 FY22 FINANCIAL HIGHLIGHTS

	H1 FY21	H1 FY22	YoY Growth
Gross Sales	\$126.8m	\$152.6m	20.4%
Revenue	\$21.2m	\$32.9m	55.1%
Active Customers	813,764	963,882	18.4%
Repeat transactions	52.7%	60.1%	7.4 pts
Advertising % of Gross Sales ¹	11.0%	8.9%	2.1 pts

1. Advertising excludes \$1.9m of above the line brand related advertising during H1 FY22.

IN-STOCK: PRIVATE LABEL + 3RD PARTY BRANDS

In-stock showing strong momentum growing 267% YoY



- Private Label Gross Sales of \$9.8m (H1 FY21: \$4.3m) in H1 FY22 helped drive In-stock sales to 11.9% of Gross Sales in Q2
- 3rd Party Brands Gross Sales of \$6.2m following launch complements marketplace and private label ranges.
- Continued opportunity to expand the range as the business scales

1. Long term Private Label Target Margin 45%, 3rd Party Brands Target Margin 25%

In-stock H1 FY22 Metrics



\$15.9m

Gross Sales
(H1 FY21: \$4.3m)



31.4%

Gross Margins
(Target: 30-40%¹)



1,925

Products

PRIVATE LABEL BRANDS

MyDeal currently has three private label brands across Furniture and Homewares.
 Duke Living (*Home Furniture*), ErgoDuke (*Office Furniture*) and Esplanade Home (*Manchester & Bedding*).
 With two more private labels brands due to launch in March 22, Kubo (*Kitchenware*) and Nelio (*Storage*).

LAUNCHED



PRE-LAUNCH

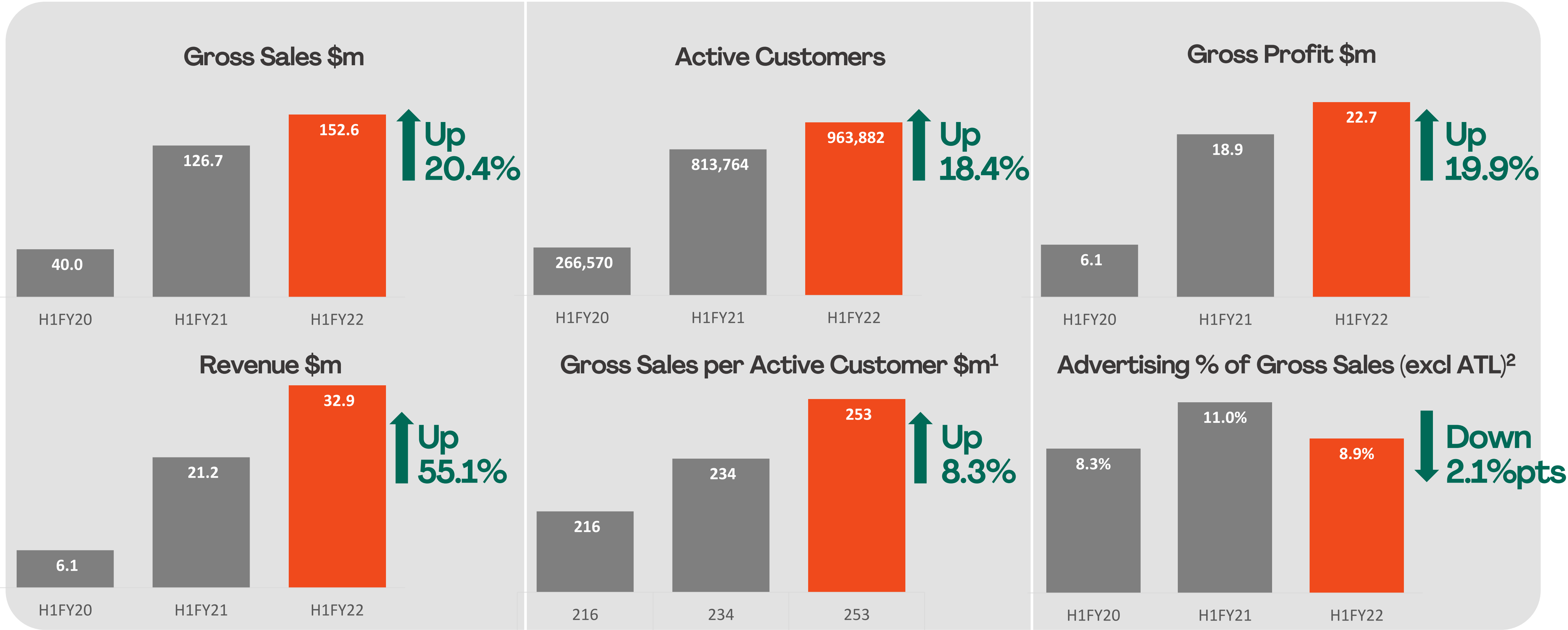
KUBO



H1 FY22 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. "Excludes above the line ('ATL') brand investment."

RECORD TOP LINE, INVESTMENT FOR SUSTAINABLE GROWTH

\$m	H1 FY21	H1 FY22
Gross Sales	126.8	152.6
Net Transaction Value ("NTV") ¹	118.7	143.2
Revenue	21.2	32.9
Gross Profit	18.9	22.7
Gross Profit Margin (% of NTV)	15.9%	15.8%
Other Income	0.5	0.0
<u>BAU Operating Expenses</u>		
Digital advertising	(13.9)	(13.5)
Wages (excluding SBP)	(2.0)	(4.3)
Distribution	(1.2)	(3.2)
Other	(3.3)	(4.4)
BAU EBITDA	(1.0)	(2.9)
<u>New Growth Investments</u>		
Branding investment	0.0	(1.9)
New marketplace investment	0.0	(0.5)
Adjusted EBITDA	(1.0)	(5.3)
IPO costs and SBP	(0.4)	(0.8)
EBITDA	(1.4)	(6.1)

Commentary

Gross Sales of \$152.6m, up 20.4%, driven by growth in active customer base of 18.4%, increasing orders from repeat customers and higher average order value

Revenue of \$32.9m, up 55.1%, and above Gross Sales growth, driven by the accounting revenue recognition of In-stock sales versus marketplace commission structure

Gross Profit of \$22.7m, up 19.9%. Stable H1 gross profit as a percentage of NTV³ at 15.8%

BAU Operating Expenses includes digital advertising which reduced YoY from 11.7% to 9.5% of NTV driven by greater ROAS efficiency. Wages increase following expansion of team to 85 to support long term growth. Distribution costs increase in dollar terms but importantly reduced as a % of In-stock NTV from 28.8% to 20.9%. Other costs include investment in offshore customer service and merchant fees

New Growth Investments includes \$1.9m brand investment following the brand refresh and through the line campaign. MyDeal also invested \$0.4m in new marketplace technology

Fixed costs⁴ excluding growth investment increased as a % of NTV from 3.1% to 5.1%

BAU EBITDA loss of \$2.9m reflects the underlying performance of the group excluding new growth investments. Adjusted EBITDA loss of \$5.3m reflects BAU EBITDA less new growth investments but excluding IPO costs and non-cash Share Based Payment expense

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, new marketplace investment and IPO transaction & SBP costs.

STRONG BALANCE SHEET TO SUPPORT GROWTH STRATEGY

\$m	30 Jun 2021	31 Dec 2021
Cash	42.7	40.2
Receivables	0.4	0.5
Inventories	5.3	11.3
Other current assets	0.9	2.0
Total current assets	49.3	54.0
Intangible assets	2.0	2.8
Plant and equipment	0.3	0.7
Other assets	0.1	0.7
Total assets	51.6	58.1
Payables	19.1	29.4
Provisions	0.6	0.7
Other liabilities	1.1	2.4
Total current liabilities	20.7	32.6
Borrowings	0.0	0.0
Other provisions & Liabilities	0.1	0.8
Total liabilities	20.8	33.3
Net assets	30.8	24.8

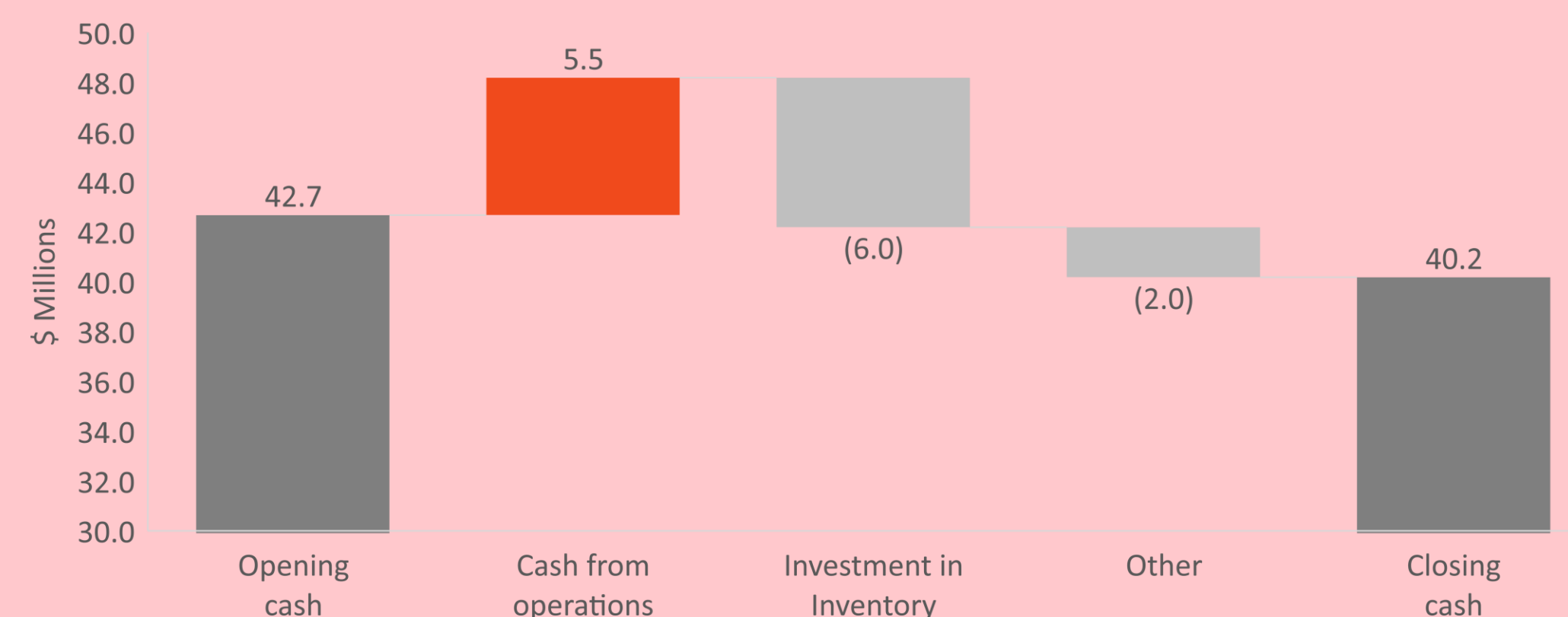
Commentary

Clean balance sheet with \$40.2m cash as at 31 December 2021 and no debt

Positive cash from operations driven by negative working capital marketplace model, offset by investment in private label inventory (\$6.0m)

Other cash outflows of (\$2.0m) include capitalised customer lists (\$0.4m) and software development costs of (\$0.8m) reflecting investment in the platforms

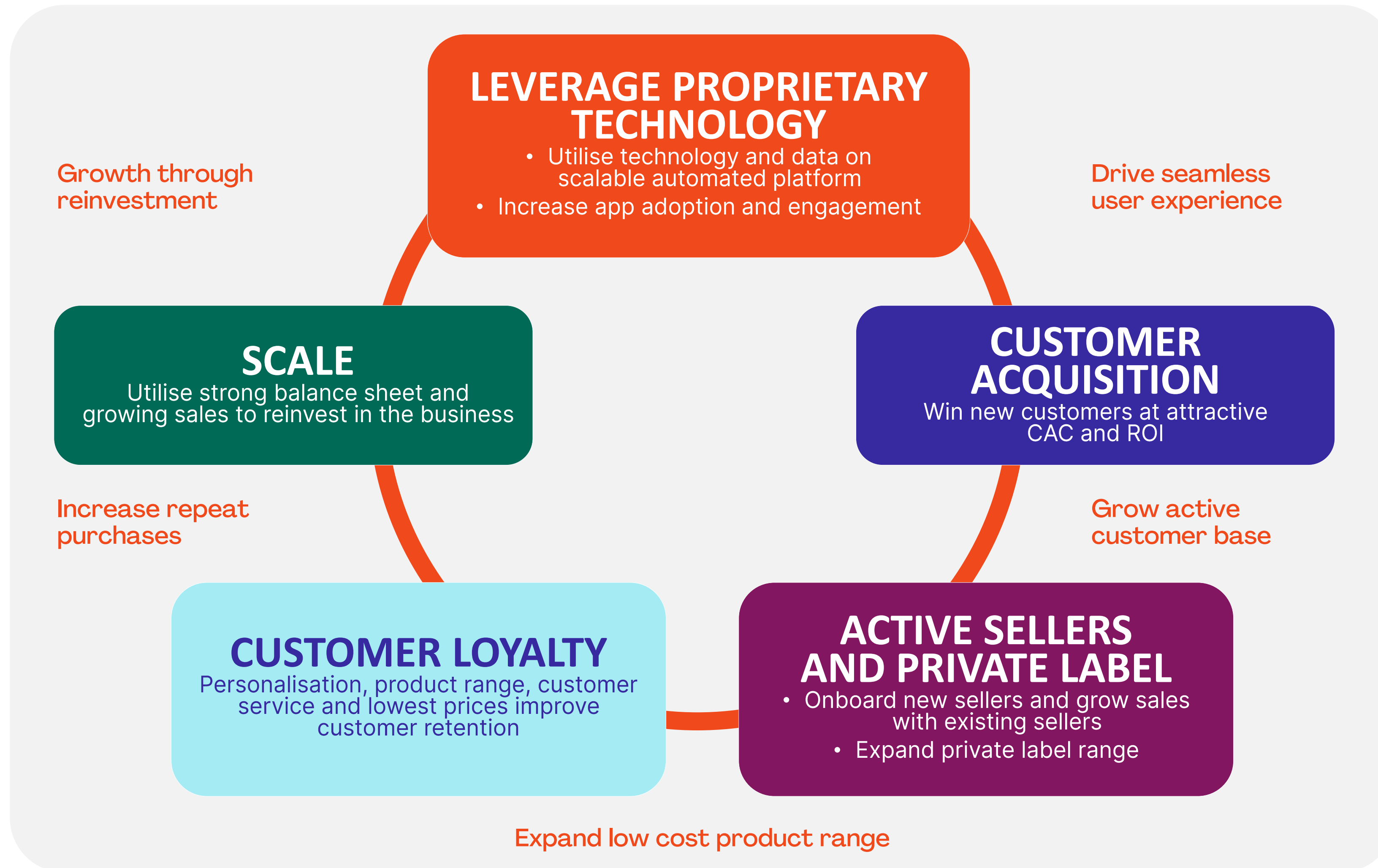
H1 Net Cash Flow Movement \$m



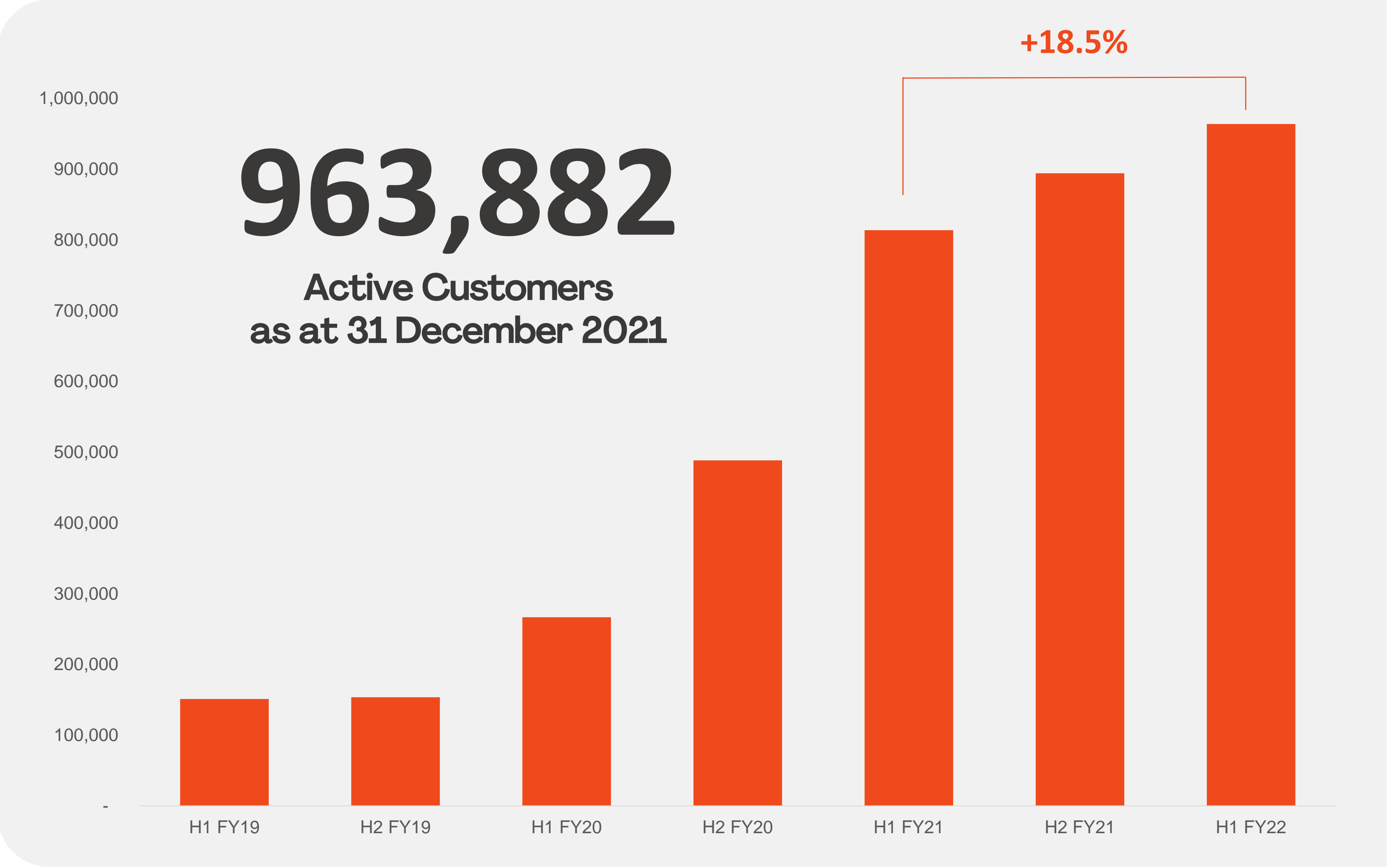


H1 FY22 Operational Update

OPERATIONAL EXECUTION OF THE FLYWHEEL



CONTINUED GROWTH IN ACTIVE CUSTOMERS



1.7m
Transactions LTM



2.3m
Products Shipped LTM

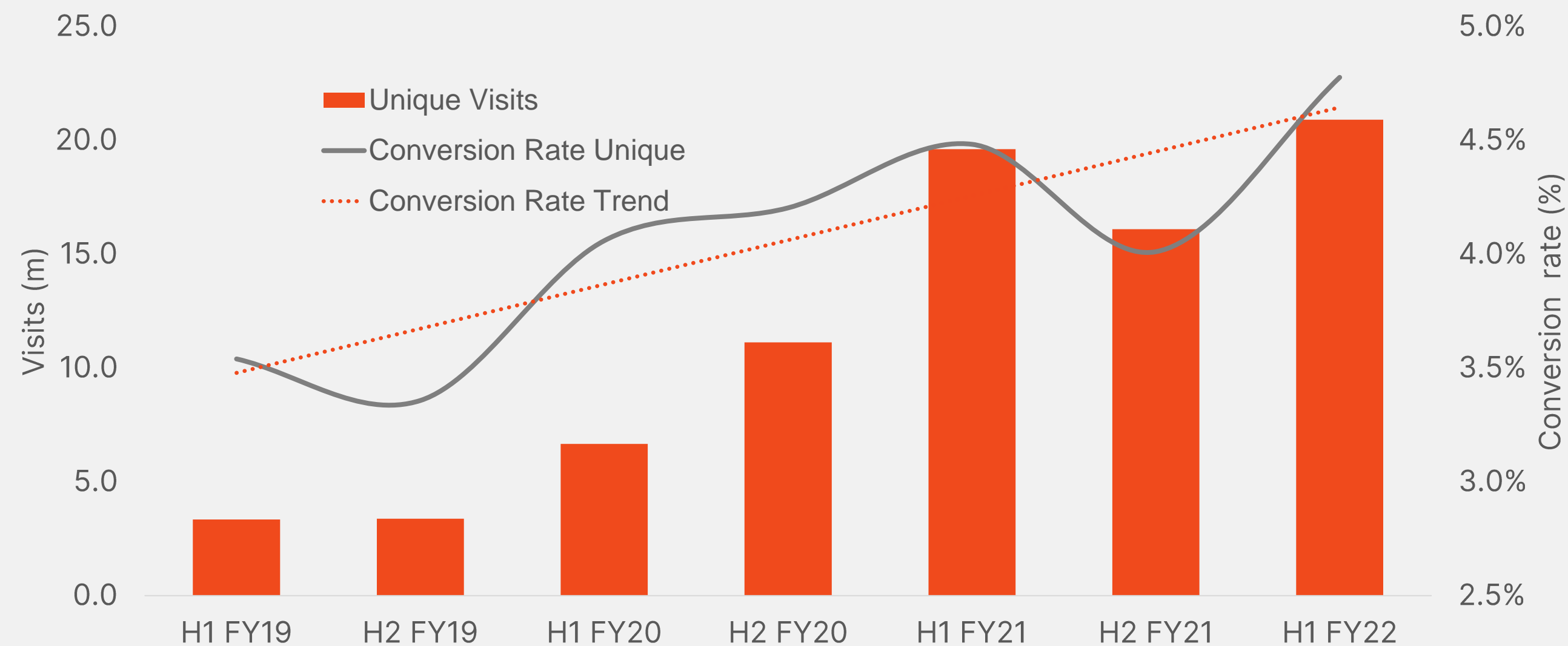


\$147 excl. GST
Avg. Order Value

PROVEN CUSTOMER ACQUISITION

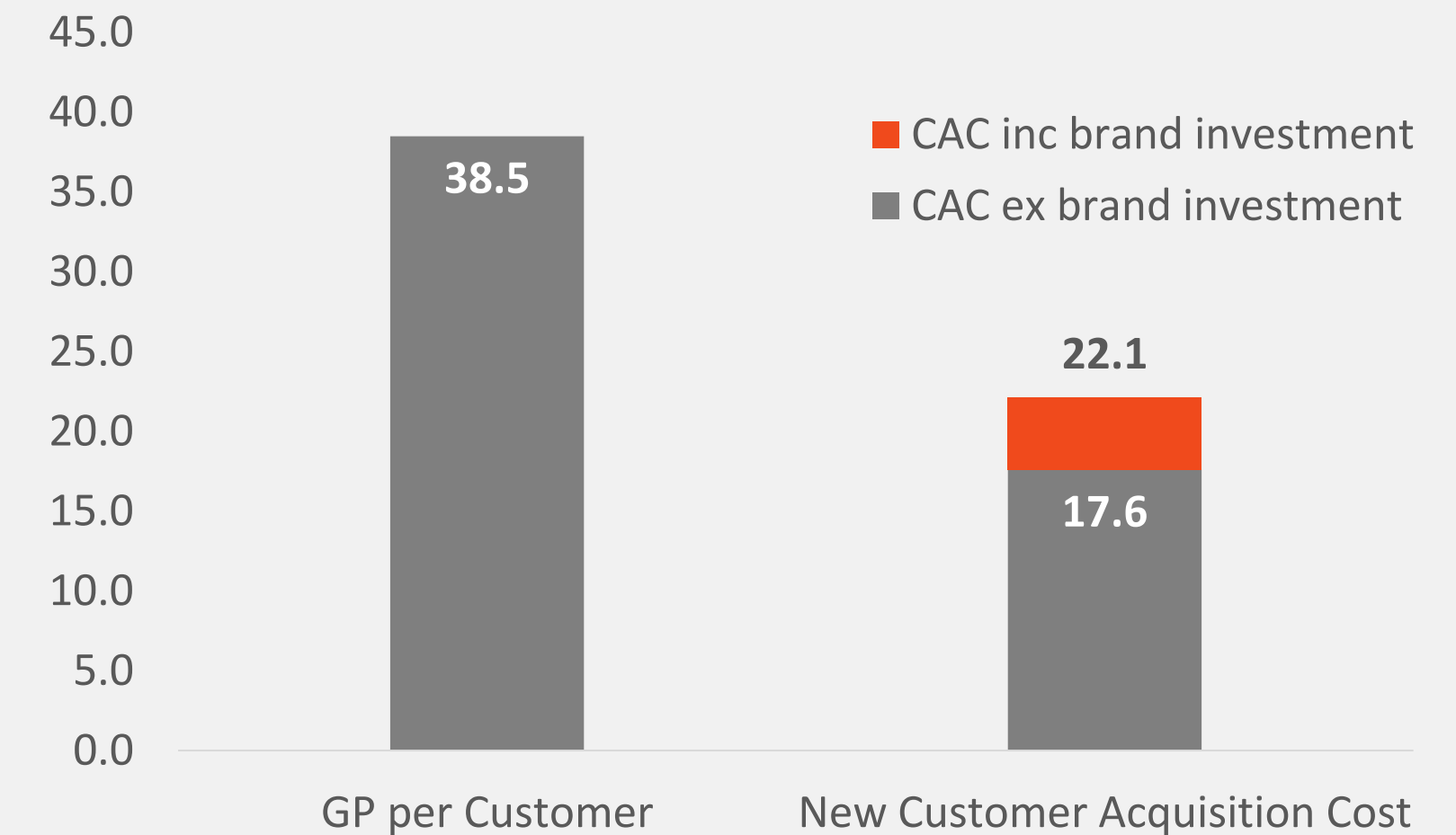
New customers continue to be profitable on first purchase

Unique Visits and Conversion Rate¹



- Conversion of site visit to transaction continues to improve in line with user experience

LTM ROI in Marketing



- ROI remains profitable on first purchase
- Last 12 month ROI of 1.9x, with Higher AOV's offset by increases in customer acquisition cost (CAC) to \$22.1 driven by investment in brand. Excluding ATL \$1.9m LTM ROI was 2.2x based on CAC of \$17.6

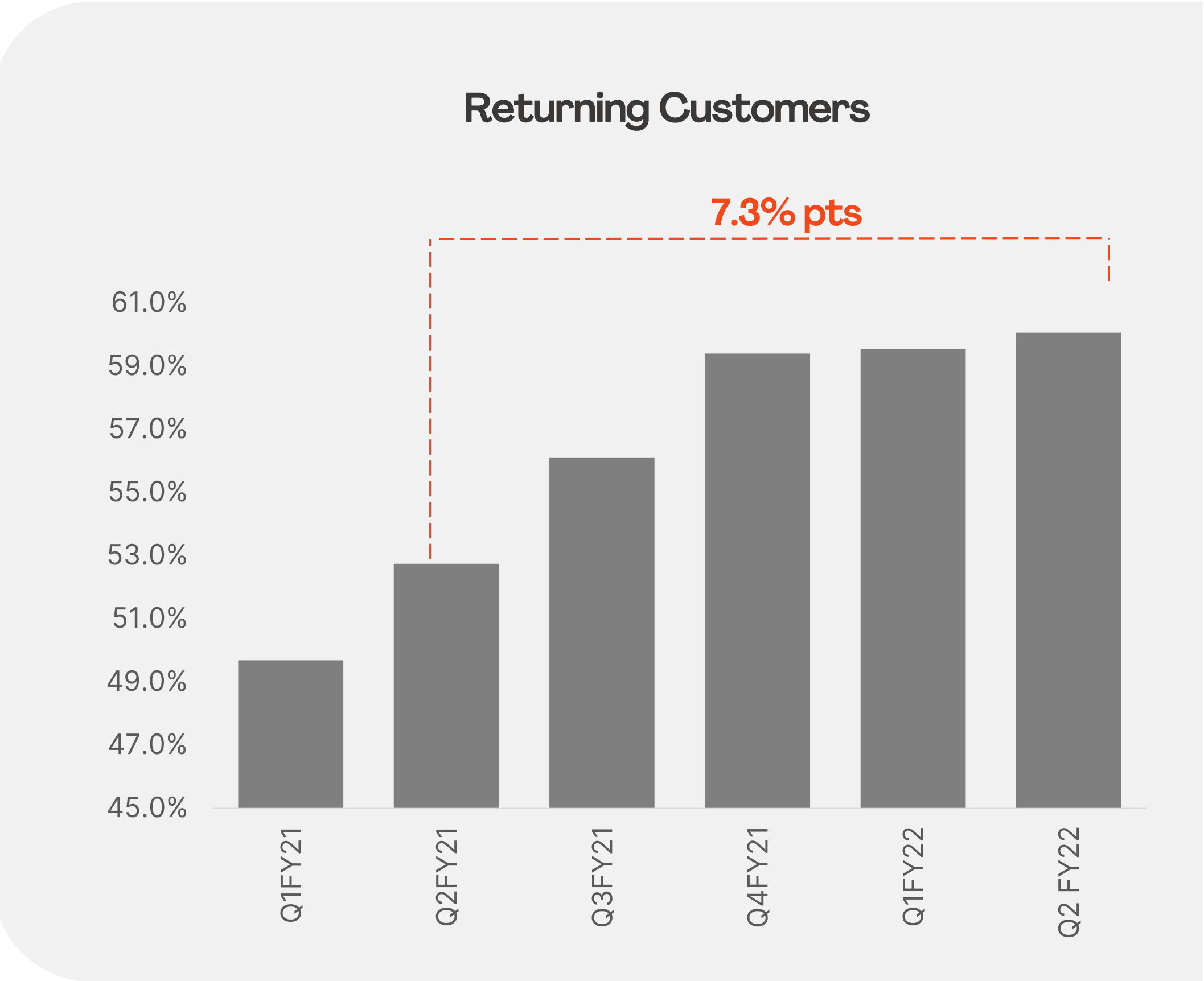
1. Number of transactions calculated as a percentage of unique visitors

2. New Customer Acquisition Cost is calculated as the total marketing spend for LTM Dec 21 x 52.7% (being the estimated percentage of marketing spent on new customer acquisition) divided by the number of new customers during LTM Dec 21.

3. Gross Profit per Customer is calculated as total Gross Profit for LTM Dec 21 divided by the total number of customers that transacted in LTM Dec 21.

INCREASING CUSTOMER LOYALTY

60.1% of transactions were from returning customers, with average orders per customer of 1.7x



Satisfied customers

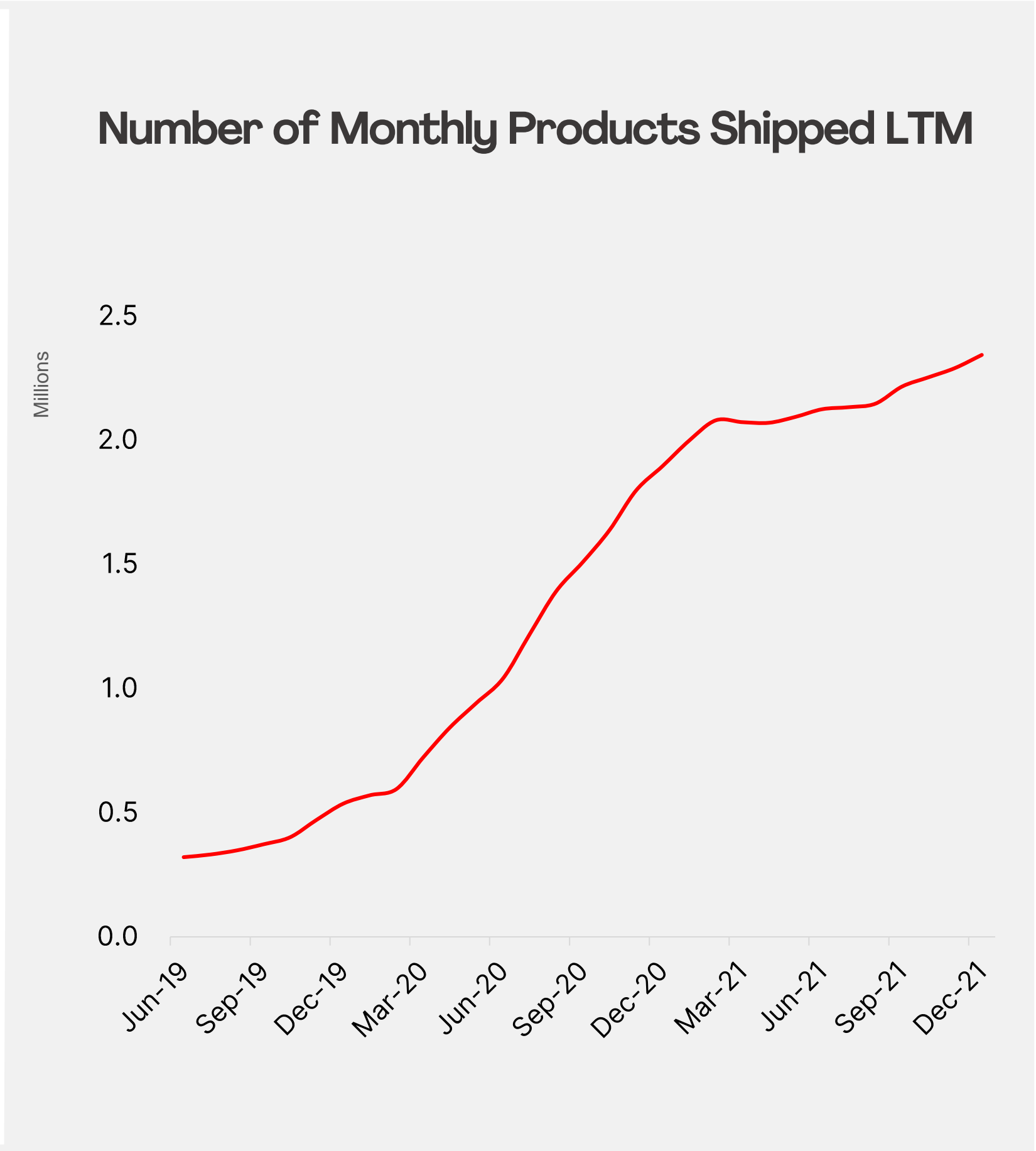
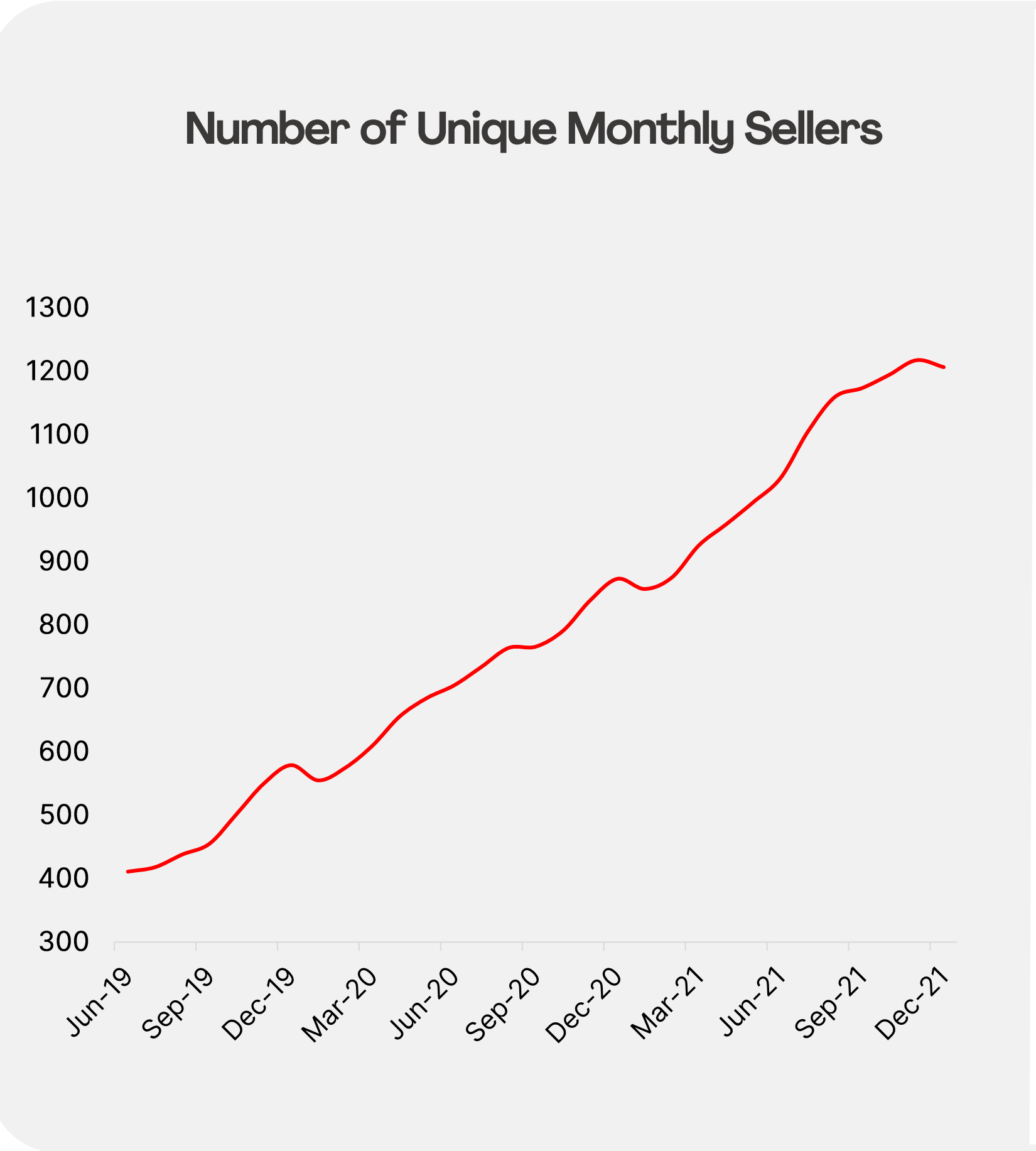
MyDeal.com.au
Reviews 42,896 • Great
★★★★☆ 4.2 ⓘ

MyDeal.com.au
www.mydeal.com.au
★★★★☆ 4.0 from 14,065 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.





2.3m

Products Shipped



MAROPOST





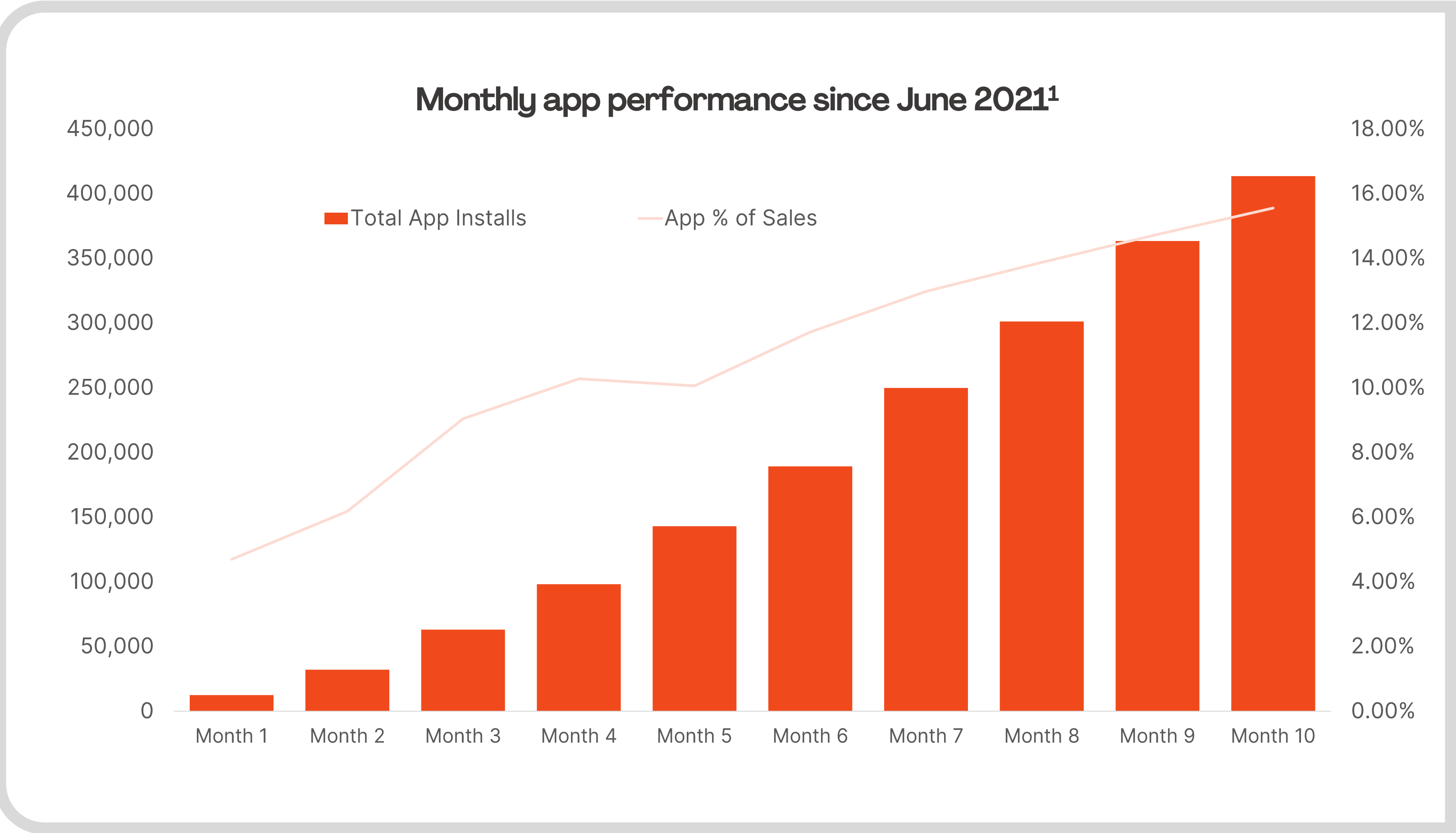


shopify

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



413k
Apps Installed¹



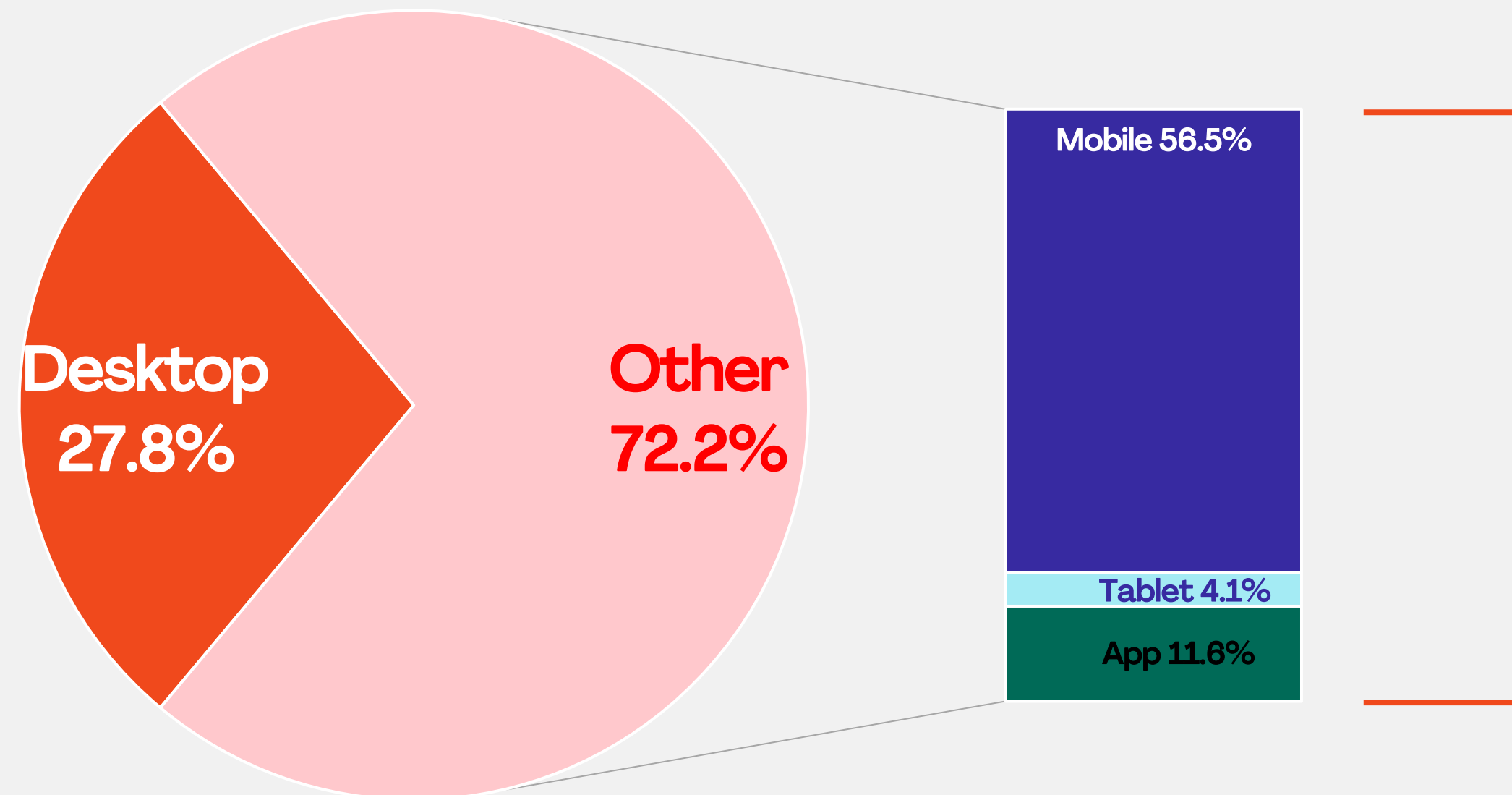
16%
of total Sales²

1. Data based on 4 week periods. As at 22 February 2022
2. Weekly app Gross Sales as a percentage of total Gross Sales as at 22 February 2022

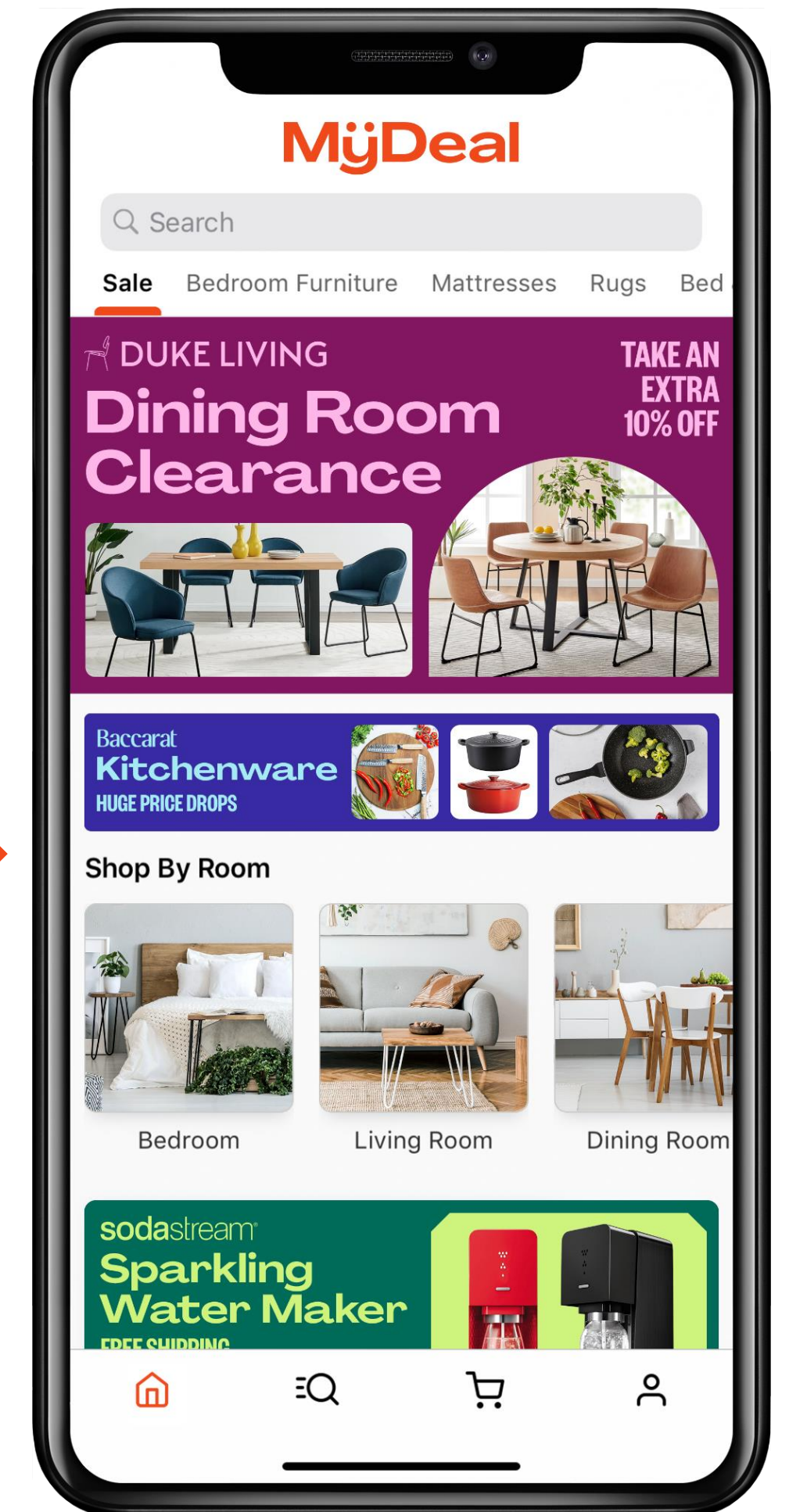
MOBILE APPS

Significant opportunity to convert mobile and web traffic to app visits

App users offer higher ROI through lower CAC and more frequent purchasing



1. App traffic as a percentage of total traffic in H1 2022. Google Analytics



Strategy & Outlook



INDUSTRY OVERVIEW

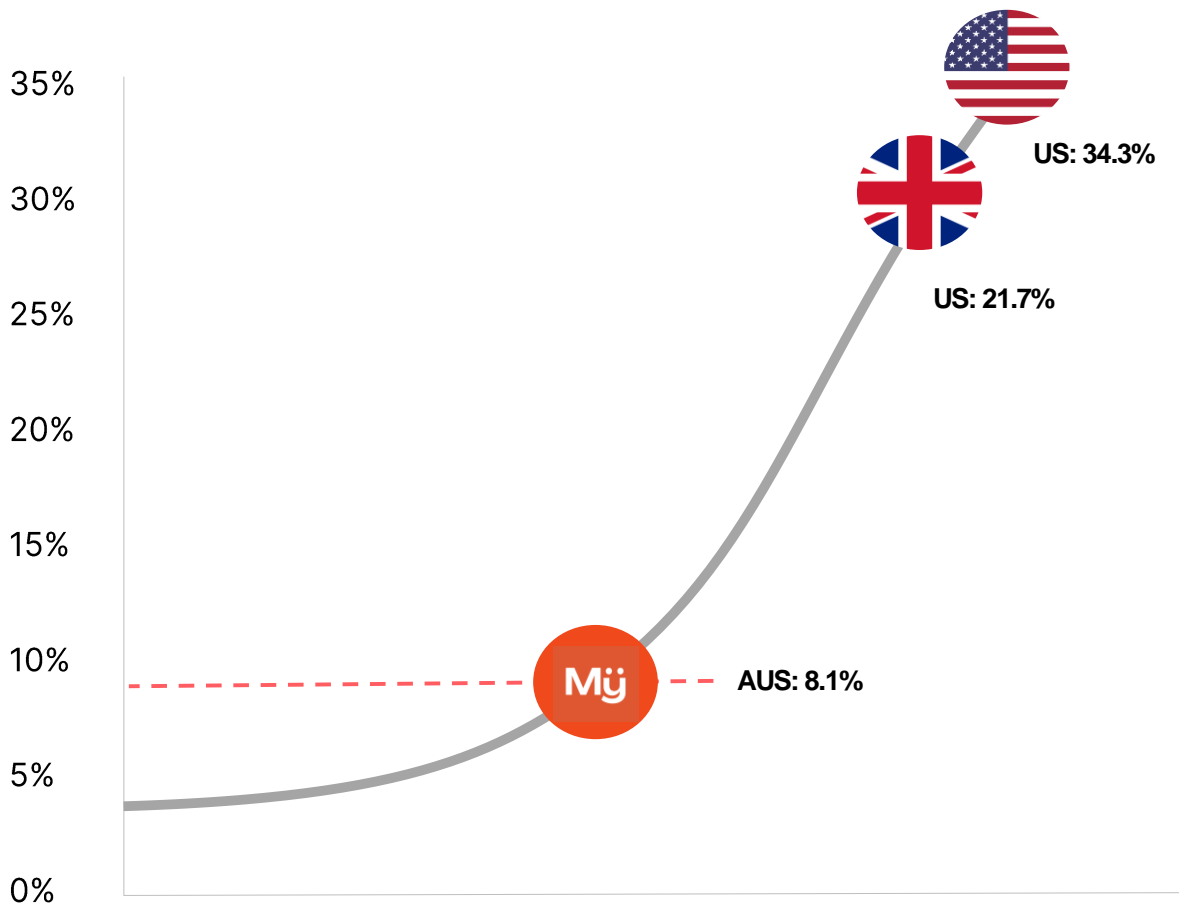
Despite an acceleration in adoption of online shopping through COVID-19, Australian ecommerce remains significantly underpenetrated compared to the UK and USA

- 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, December 2021 (TAM – Australian Household Goods)
 2. Euromonitor International – Retailing in Australia, 2022 edition (February 2022) (TAM – Online Household Goods), Retailing in US (Feb 2022), Retailing in the UK (February 2022)
 3. Euromonitor International – Home and Garden in Australia, 2022 edition (February 2022) , Home and Garden in US (February 2022), Home and Garden in the UK (February 2022)



Online retail was estimated to be 18.5% of total retail trade in 2021¹



Online household goods market in Australia expected to increase 52.5% from 2021 to 2026²

1. Euromonitor International – Retailing in Australia, 2022 edition (February 2022)
 2. Euromonitor International – Retailing in Australia, 2022 edition (February 2022)

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

- Invest in Instock ranging - both Private Label and Third Party Brands
- Invest in technology to accommodate all sell-side arrangements (e.g. dropship)

Invest in customer loyalty

- Mobile-first approach including increasing mobile app adoption
- Personalisation and customer lifecycle marketing
- Loyalty program

Make MyDeal famous

- Build on momentum following brand refresh
- Invest in above the line marketing to support efficiency of customer acquisition

Become the marketplace of choice for all stakeholders

- Build on strong 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 in H2 FY22 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.

POSITIVE OUTLOOK FOR FY22 AND BEYOND

Gross Sales for FYTD to 22 February 2022 are up ~24%

For FY22 MyDeal expects:

- Gross Sales of ~\$270m – which is a growth rate of 24% YoY
- Revenue of ~\$64m (~69% growth YoY with H2 at ~86% growth)
- H1 FY22 gross margin expected to be maintained for the full year

MyDeal is targeting \$500m Gross Sales and positive EBITDA by FY25





Appendices

APP 1: KEY CATEGORIES ON THE MARKETPLACE

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

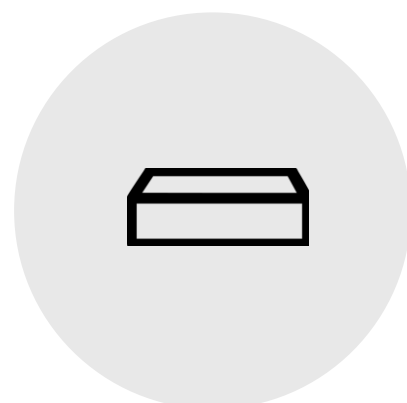
Top sub-categories include:



Bed and Bath



Bedroom Furniture



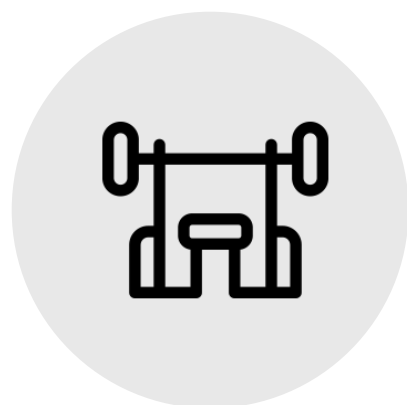
Mattresses



Living Room Furniture



Outdoor Furniture



Gym and Fitness



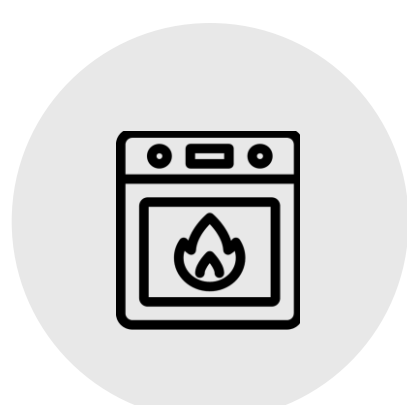
Dining Furniture



Office Furniture



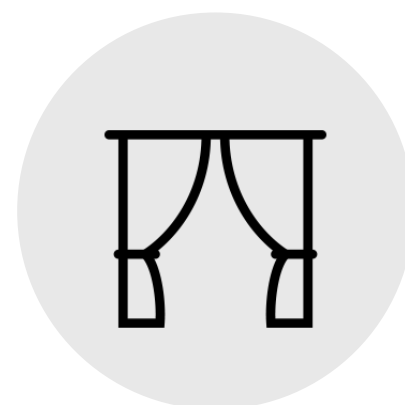
Outdoor Living



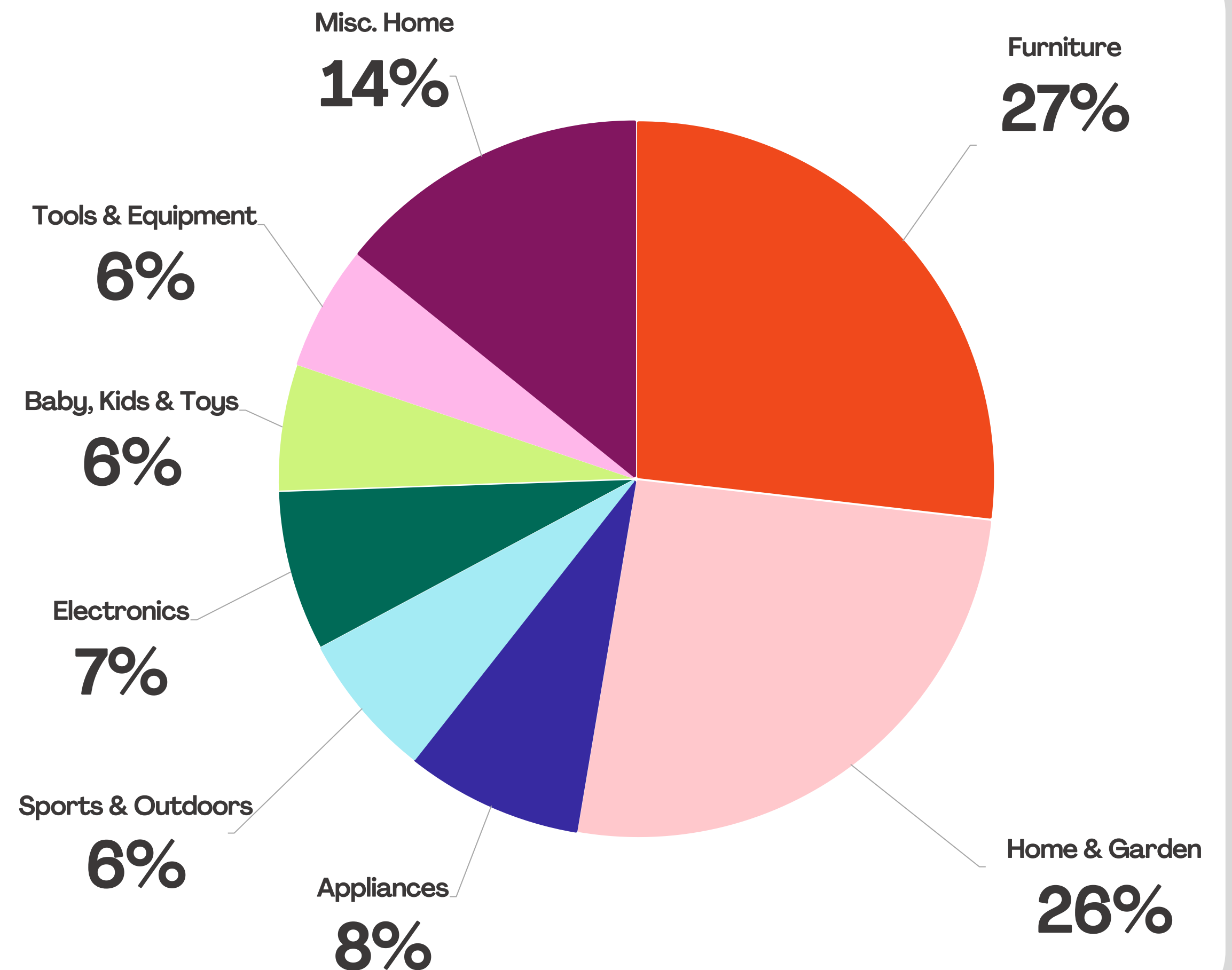
Kitchen Appliances



Animals & Pets



Home Decor



APP 2: SEGMENT RESULTS

Reportable Segment 31 December 2021

\$m	Marketplace	In-Stock	Unallocated	Consolidated
Gross Sales	136.6	15.9		152.6
Net Transaction Value ("NTV")	127.8	15.4		143.2
Revenue	17.8	15.1		32.9
Gross Profit	17.8	4.8		22.6
Gross Profit Margin (% of NTV)	14.0%	31.4%		15.8%
Other Income			0.0	0.0
Unallocated expenses			(29.5)	(29.5)
Loss before tax	17.8	4.8	(29.5)	(6.9)

Reportable Segment 31 December 2020

\$m	Marketplace	In-Stock	Unallocated	Consolidated
Gross Sales	122.4	4.3		126.7
Net Transaction Value ("NTV")	114.6	4.2		118.7
Revenue	17.1	4.1		21.2
Gross Profit	17.1	1.8		18.9
Gross Profit Margin (% of NTV)	14.9%	43.0%		15.9%
Other Income	0.3	0.2	0.0	0.5
Unallocated expenses			(21.1)	(21.1)
Loss before tax	17.4	2.0	(21.1)	(1.7)

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**Thank
You.**

