MySale Group Plc

Company Number 115584 (Jersey)

Annual report and financial statements - 30 June 2021

Directors	Carl Jackson – Executive Chairman Kalman Polak – Executive Director and Chief Executive Officer Mats Weiss - Executive Director and Chief Financial and Operations Officer Charles Butler – Senior Independent Director Dow Famulak- Independent Non-Executive Director Wally Muhieddine - Independent Non-Executive Director
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Company secretary	Almond + Company Limited, Core Building, 30 Brown Street, Manchester, M2 1DH, United Kingdom
Company number	115584 (Jersey)
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This Strategic report for MySale Group Plc ('MySale' or the 'Company') and its subsidiaries (collectively referred to as the 'Group') is set out under the following main headings:

1. Financial and operating highlights
2. Senior Independent Directors statement
3. Review of operations by the Chief Executive Officer
4. Review of operations by the Chief Financial Officer
5. Principal risks and uncertainties
6. Corporate social responsibilities
7. People
8. Corporate governance

Cautionary statement regarding forward looking statements

This document contains certain forward-looking statements. These forward-looking statements include matters that are not historical facts or are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates. Forward-looking statements are based on the information available to the directors at the time of preparation of this document and will not be updated subsequent to the issued of this document. The directors can give no assurance that these expectations will prove to be correct. Due to inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

1. Financial and operating highlights

Significant strategic and operational progress. Return to underlying profitability and well positioned for strong growth in FY22

MySale Group plc (AIM: MYSL) (the "Group"), a leading international online retailer, is pleased to announce its audited final results for the year to 30 June 2021.

Commenting on the results, Carl Jackson, Chief Executive Officer, said:

''It has been a year of significant strategic and operational progress, with a return to underlying profitability, leaving us well positioned for strong growth in FY22. The successful capital raise has allowed us to accelerate the transformation of the business, which is now focused on scaling our unique, value marketplace platform by being the partner of choice to more brands who want access to over three million customers. For our international suppliers, the platform also provides a counter seasonal solution for their excess fashion inventory.

"There are a number of opportunities ahead, both in our core apparel category, but also across beauty and homewares. The appointment of Kalman Polak as CEO and a strengthened leadership team will help accelerate our progress and we are already seeing momentum continuing into the current financial year, with Gross Merchandise Value in the first quarter over 50% ahead of the prior year period. Underpinned by a right sized cost base and a positive cash position, we therefore look forward with confidence."

I am pleased to report that our successful completion of the strategic initiatives outlined in June 2019 has resulted in the Group delivering an underlying EBITDA[1] of A$4.2m. (FY20: loss of A$2.7million)

We have made significant changes to the leadership team which has delivered immediate results, particular in the Group's marketplace platform, which has scaled rapidly in the later part of the year with the addition of over 200 new sellers. Looking forward, we will continue to scale at pace the number of marketplace sellers, invest in the proprietary platform and further strengthen the management team, underpinning future growth.

We have delivered improvements in gross margin as we increase our own-stock inventory channel, adopting a "test and repeat" strategy. We have also maintained strict control of our cost base and anticipate further operational efficiencies as we continue to scale the business"

During the year we raised A$9.3m from entities associated with both founders as well as the former CEO of Catch.com.au.

Year to 30 June (A$ million)	2021	2020	Variance
Statutory Revenue	A$117.9	A$131.0	-10.0%
Gross Merchandise Value (GMV)[2]	A$125.4	A$131.0	-4.3%
Gross Profit	A$46.4	A$43.9	5.7%
Underlying EBITDA[1]	A$4.2	A$(2.7)	255.6%
Reported loss before tax	A$(5.4)	A$(3.4)	-58.8%

Highlights

- Materially improved underlying profitability and strong operational performance with Group underlying EBITDA of A$4.2m ahead of market expectations, an improvement of A$6.9m from the A$2.7m loss in FY20.
- Gross profit increased to A$46.4m (FY20: A$43.9m).
- Raised A$9.3m from entities associated with both founders as well as the former CEO of Catch.com.au.
- Cash position of $A9.2m (FY20: A$6.7m).

[1] Underlying EBITDA is calculated as EBITDA adjusted for certain items including impairment losses/reversals related to goodwill and receivables, share-based payments, reorganisation costs, debt forgiveness, one-off cost and unrealised foreign exchange loss/gain. Refer to note 6 for reconciliation to reported loss.
[2] Gross merchandise value is total sales volume transacting through the platform (retail and marketplace).

Progress against strategic initiatives

- Through the year we have maintained a laser sharp focus on delivering our ANZ First Strategy focused on the simplification of the business and developing our proprietary Marketplace Platform offering our suppliers clearly differentiated solutions.
- Exceptional progress made with scaling our value marketplace with over 200 brand suppliers launched onto the new platform with significant new business and revenue momentum continuing into FY22.
- Successfully scaled the new own higher margin stock channel providing access to brands inventory that may not be available through other channels.
- Whilst we are focused on operating an Inventory Light Marketplace Platform, our own stock channel is a very important strategic pillar as it provides us access to brands' inventory that may not be available through other channels.

Post financial year end

- Recruited Kalman Polak as Chief Executive Officer.
- Further progress in scaling marketplace offering, with brand suppliers increasing by over 30% to over 300.
- Recruited a new Marketplace team, based in Melbourne, with deep industry knowledge.

Current Trading and Outlook

- Continued positive trading momentum in Q1 FY22, with GMV over 50% ahead Q1 FY21. We continue to focus on driving our marketplace offering which is expected to increase significantly in FY22, to become the Group's largest channel underpinned by also tactically scaling the higher margin, own stock channel. The Group's Gross profit is also approximately 15% ahead in Q1 FY22, compared to Q1, FY21.

2. Senior Independent Directors statement

Introduction

I am pleased with the Group's achievements over the past financial year. We have done what we said we would do, and have repositioned the business to be an inventory light platform for domestic and international brands to reach customers in ANZ. The business has returned to positive underlying EBITDA, with the marketplace platform sitting at the heart of the new strategy starting. This focus was already beginning to deliver in FY21 and we have seen an acceleration into FY22 current trading.

Our ambition is to be the partner of choice, allowing brands to access our curated value marketplace and giving them the opportunity to access over 3 million customers. For our international suppliers it provides a counter seasonal solution for their excess fashion inventory.

Market Opportunity[2]

The market opportunity for MySale remains as exciting as ever. For example, online retail penetration in Australia increased to 11.3% in 2021, up from 8.6% in 2020, reflecting the ongoing migration of retail expenditure to the online channel. Despite this increase, it is still lagging the UK (28%) and US (20%). In our largest market, Australia, online clothing & footwear retail sales were estimated at approximately A$5 billion in 2020, 21% of total clothing & footwear retail sales. This is forecast to increase to approximately $10 billion or 35.9% of retail sales by 2024.

Furthermore, the value segment is anticipated to continue to out-perform the broader clothing & footwear market. Research conducted amongst global fashion industry executives indicated that 36% expect conditions in the value segment to improve in 2021 relative to 2020, compared to 22% in the mid-market and 31% in the luxury segments.[3]

There are also categories beyond clothing & footwear, which bring opportunities for the business. As we scale the marketplace, we see an opportunity to access the homeware category, providing significant long term growth opportunities. In Australia, Furniture & Homewares online penetration is 5.1% in 2019, significantly behind the UK (16.6%) and US (15.2%).

Board Changes

Subsequent to the year-end, I am delighted to confirm the appointment of Kalman Polak as Chief Executive Officer. His extensive E-commerce experience gained at Catch.com.au will be invaluable supporting the acceleration of the 'ANZ First' strategy underpinned by growing our unique marketplace platform.

Carl Jackson has become Executive Chairman remaining with the business supporting Kalman to ensure a smooth and orderly transition.as an Executive Director.

I will remain on the board as a Senior Non-Executive Director whilst the business explores an ASX listing.

We have significantly strengthened our leadership team during the year and I believe we now have the right, highly motivated team to build upon the strong start we have made with the new strategy and take it to the next level.

Outlook

Whilst there is a positive story behind the FY21 financial performance, it is only just the start. The building blocks are now in place to drive long term shareholder value and I am pleased to see this positive momentum continuing into FY22 with strong year on year revenue and margin growth.

Charles Butler
Senior Independent
Director
04 October 2021

[2] Online retail market report by Frost & Sullivan

3. Review of operations by the Chief Executive Officer

Significant strategic, financial, and operational progress. Well, positioned for strong growth in FY22

It has been a year of unprecedented change, but also a year of significant, operational and financial progress. I would like to personally thank our loyal customers and suppliers, our dedicated team members, the Leadership team and Board members for their resilience and support throughout.

The collective efforts of the MySale team and the repositioning of the business have culminated in the business returning to profitability delivering underlying EBITDA[4] of A$4.2 million, ahead of market expectations, an improvement of A$6.9 million from the A$2.7 million loss in FY20.

The business is debt free with cash of A$9.2m (2020 – A$6.7m).

These results, however, do not yet fully reflect the benefits of our progress against our strategic plan.

Throughout the year we have maintained a laser sharp focus on delivering our ANZ First Strategy with the first six months predominantly focused on the continuation of our cost savings program, simplifying the business and improving gross profit through select own stock purchases whilst developing our proprietary Inventory Light Marketplace Platform which allows us to offer our suppliers clearly differentiated solutions.

As we entered the second half, we accelerated the pace of change strengthening the senior management team and scaling the marketplace platform significantly. During the year we raised A$9.3m from entities associated with both founders as well as the former CEO of Catch.com.au.

During the fourth quarter we began to see the material benefits of both our operational changes and the investments made. This gave a new, simplified rhythm to day-to-day operations, as the business shifted to scaling its marketplace revenue underpinned by growing the higher margin own stock channel.

Today, MySale is a simplified business focusing on customers, suppliers and cash generation. Whilst it is pleasing to see the benefits of the delivery against our strategy, we are not complacent about this.

The leadership team has been evolving the strategy to ensure we are well placed to seize the opportunities presented by the long-term online structural shifts which have accelerated in the last 18 months. We remain committed to delivering the ANZ First Strategy at the same time will harness the growing contribution from our marketplace channel. We believe these changes will stick and that we are well placed to benefit as we continually improve our customer experience.

Progress against strategic initiatives

ANZ First Strategy

The key pillars of the Australia New Zealand "ANZ" First Strategy are:

1. Source international brands to sell in ANZ
2. Source local ANZ brands to sell in ANZ
3. Marketing spend prioritised to ANZ region
4. Key personnel located in ANZ

Our focus is to be the leading value apparel, beauty and homewares curated Marketplace Platform offering solutions for our suppliers' excess inventory. Over 80% (FY20: 82%) of our revenue was generated from third party suppliers (3P) where we take no inventory risk.

MYSALE's three key inventory solutions connecting customers with products are:

- 3P: Marketplace: Sellers, offer inventory on MYSALE's websites and apps through MYSALE's marketplace solution at prices determined by the seller. Customers contract to purchase goods directly with the sellers. The sellers then receive the sale price for sold goods, less a commission charged by MYSALE for facilitating the transaction. The seller ships the stock directly to the customer. MYSALE does not take ownership or possession of offered products so as a result takes no inventory risk.

[4] Underlying EBITDA is calculated as EBITDA adjusted for certain items including impairment losses/reversals related to goodwill and receivables, share-based payments, and unrealised foreign exchange loss/gain. Refer to note 6 for reconciliation to reported loss.

- 3P: Order After Sale: MYSALE runs promotions to sell inventory on its websites and apps. Orders are placed with MYSALE by customers in advance of MYSALE purchasing the inventory from its brand suppliers. Once an order is received by MYSALE, the brand supplier delivers the stock to MYSALE's warehouse and MYSALE delivers the order to customers. MYSALE faces low inventory risks under this solution as it only purchases inventory from brand supplier after a customer has ordered the product from MYSALE.

- 1P: Own Stock: MYSALE selectively purchases inventory from brand supplier, in advance, storing the inventory in its warehouse, and offers the products for sale through its websites and apps at prices determined by MYSALE. MYSALE receives the proceeds of sales of own stock and delivers it directly to customers. MYSALE takes inventory risk on excess or slow moving stock and on returns

MYSALE also offers a 3P consignment solution (where brand suppliers deliver inventory to MYSALE for sale by MYSALE on behalf of the brand supplier through MYSALE's websites and apps) (FY21:A$4.9m, FY20: A$7.0m) and a 3P "dropship" solution (where customers purchase goods (from MYSALE) which are offered on its website and apps, but not actually owned or held by MYSALE, with those goods then being delivered by the brand supplier directly to the customer) (FY21:A$20.1m, FY20: A$28.7m).

Marketplace and Order After Sale operate a negative working capital model as we are able to generate cash by selling products to customers before we have to pay suppliers.

The balance of the revenues are from our higher margin own stock channel where there is a focus on buying width not depth and operating a "test and repeat" strategy. This channel represented 17.2% of sales (FY20: Nil) and is forecast to continue to scale in FY22 operating on stock turn of seven times.

Strengthened Leadership Team

In addition to the Board Changes outlined in the Senior Independent Directors statement, including the appointment of Kalman as CEO, we have strengthened the leadership team and restructured the business creating a new marketplace team, based in Melbourne, with deep industry knowledge. We are confident that these significant hires and dedicated expert resource will facilitate an acceleration of a range of strategic and operational actions aligned to our core values.

Right Sized Cost Base

FY21 reflected the progress we have made in executing our ANZ First Strategy, including significantly reducing our cost base. We now have the right cost base to support this strategy which requires less direct costs primarily as a result of the growth in the marketplace seller program where our suppliers sell directly to customers.

This represents the substantial completion of the cost reduction program announced as part of the Group refinancing and repositioning in August 2019.

We have a flexible cost structure, with fixed costs as a percentage of sales stable at 11.6% in FY21 (FY20:11.3%) that has and will allow us to deliver operational leverage as we scale revenue.

Marketplace Growth (3P)

Our customers are looking for the most comprehensive value fashion, beauty, and homeware assortment. Over the last six months we have taken major steps forward in scaling the marketplace seller program by allowing our suppliers to leverage and access our proprietary platform.

The Marketplace allows us to scale an Endless Aisle providing our customers access to adjacent and new categories that drive deeper engagement and long-term loyalty.

There are already over 200 brand suppliers launched onto our new marketplace seller platform (FY20: Nil) promoting over one million SKUs with significant opportunities for revenue growth underpinned by improving margins as we continue to scale the fashion suppliers both domestically and internationally.

We are also very excited by the opportunity that the New Zealand market offers our Australian suppliers, having launched in 2010 we have an established and exciting business that represents a significant growth opportunity for our marketplace suppliers.

Own Stock Channel (1P)

Whilst we are focused on operating an Inventory Light Marketplace Platform, our own stock channel is a very important strategic pillar as it provides us access to brands inventory that may not be available through other channels.

Committing to our suppliers inventory represent a key success criterion in establishing long term relationships. It allows us access great brands and whilst we to take an inventory position, the channel delivers a higher margin.

As an Inventory Light Marketplace Platform, it is about buying width not depth and operating a “test and repeat strategy”

The MySale Way

Last year we announced the launch of the MySale Way, a new purpose for the Group that was encapsulated in the following core principles: Customer and Suppliers First; Entrepreneurial Thinking; Opportunities not Problems, Earn trust, Keep it Simple and Operate at Pace.

We aim to embed the MySale Way within the organization, to build a company culture to operate at pace and think bigger putting our Customer and Suppliers First.

There has been great progress with our customer satisfaction scores with over 10,000 4 and 5-Star reviews increasing our Trust Pilot score to 4.1 (FY20: 1.2). In parallel, we have materially improved our same day dispatch and continue to be very disciplined with our suppliers as we continue to increase the focus on the customer experience.

COVID-19

COVID-19 has presented both challenges and opportunities for online retailers and MYSALE is no exception. Despite the statewide lockdowns in Australia and New Zealand during FY21 we did not experience any major business disruption. There have been operational challenges including the supply of inventory and reliability of international shipping which we have successfully navigated due to the flexibility of our business model and scaling the number of marketplace sellers using our online platform.

For our employees, COVID-19 has enabled us to review our workplace flexibility with colleagues who are able to work from home are doing so. Where this is not possible, we have put in place social distancing protocols for our office and warehouse team. It has also allowed us to accelerate the recruitment of a new marketplace team in Melbourne and continue to evaluate which roles can be relocated overseas.

Modern Slavery

We are committed to maintaining the highest ethical standards and seek to partner with suppliers that share our commitment to excellence and to operating with integrity. The board of directors have approved the Modern Slavery Statement pursuant to the Modern Slavery Act 2018 for the financial year ended 30th June 2021.

Diversity & Inclusion

We are proud to foster a culture of talented individuals from a diverse range of backgrounds and cultures spanning across all our departments and geographical locations. We continue to focus on the objective of being a diverse and inclusive culture, embracing our employee’s individual and personal attributes that make up the MySale Way.

Current Trading and Future Outlook

There is no doubt COVID-19 pandemic has and continues to change the global retail industry, with an acceleration in the structural shift to online. We believe that much of this channel switch will be permanent and we are well paced to take advantage of these changes.

Cumulatively, over three million unique customers have used our websites to discover branded fashion, beauty, and homeware products at enviable prices, we have a core base of highly valuable customers with improving underlying metrics and are at an inflection point in our journey.

We are now taking a more dynamic trading stance, reflecting the step change in the number of suppliers integrated onto our curated marketplace platform with refreshed branding and increased and more efficient marketing spend.

Entering FY22, the positive trajectory we saw in Q4 has continued, with our strategies gaining traction and the new team achieving an operational rhythm that has delivered strong year on year revenue and margin growth. Whilst we are cognisant of the ongoing impact of COVID-19, state lockdowns and vaccine rollout, we continue to expect an acceleration in growth with the main revenue driver being the marketplace channel underpinned by increasing the higher margin own stock channel.

In terms of strategic priorities for the coming year, we will accelerate the investment in our technology, user experience, search capability and delivery solutions as we expand the curated Inventory Light Marketplace Platform adding new categories that will drive frequency and increase our share of wallet. In turn, this will accelerate the flywheel effect of offering more choice, driving more traffic, and delivering operational leverage that will deliver incremental revenue and margin that will flow through to the bottom line.

Whilst our near-term and absolute focus is an ANZ First Strategy there is potential to complement our existing geographical footprint by expanding our existing foothold in Singapore. Whilst these are not core to the growth strategy, and we are being cautious in our deployment of resource, they offer optionality in the future.

We continue to evaluate the potential listing of the Group on the ASX in FY22. As a result, we will also be looking to broaden and strengthen the board.

In closing, we remain committed to supporting our suppliers grow their business providing them with diversified solutions for their excess inventory quickly and efficiently.

There remains a significant growth opportunity for MySale, the business has stabilised, and we will continue to accelerate the ANZ First Strategy and embrace opportunities aligned to this strategy.

Carl Jackson
Executive Chairman
04 October 2021

4. Financial review by the Chief Financial Officer

We have made good progress against the ANZ First Strategy fixing our financial foundations and whilst there was a decline in revenues as we focussed on the quality of revenue, as outlined in the FY19 strategic review, this was offset by a reduction in the cost base and improved gross profit resulting in the Group trading ahead of management expectations delivering an underlying EBITDA of A$4.2 million an improvement of A$6.9 million from the A$2.7 million loss in FY20.

Financial Performance	2021	2020
Statutory Revenue	$117.9	$131.0
Gross Merchandise Value (GMV)	$125.4	$131.0
Core Gross Merchandise Value	$122.0	$107.2
Gross Profit	$46.4	$43.9
Underlying EBITDA	$4.2	$-2.7
Underlying EBITDA / Revenue (%)	3.6%	-2.1%
Total Operating Expenses	$42.2	$46.6

Looking forward, it is important we mitigate the shift in revenue between online sales and marketplace and whilst not a statutory measure under IFRS, management considers Gross Merchandise Value (GMV) [5]and Underlying EBITDA[6] as key performance indicators for assessing the underlying operating performance of the business.

Products sold through our marketplace have lower gross margins but very high contribution to the bottom line as we do not take any inventory risk or operational responsibility. Reported revenue from the sale of these products is significantly lower. As we scale the marketplace this will result in a shift in the proportion of sales to marketplace and would lead to a decrease in revenue[7] as a percentage of GMV, but an increase in gross margin.

The underlying EBITDA improvement was driven primarily by an improvement in the gross margin and lower associated costs that resulted in an improvement in the cost base to sales ratio that will continue to improve as we scale the business.

What the headline figures don't show is what we have done this year to improve the balance sheet, improve liquidity and profitability which will be further explained below.

Following the successful capital raise of A$9.3 million from entities associated with both founders as well as the former CEO of Catch.com.au our balance sheet is now in a better position compared to June 2020.

Statutory Revenue and Gross Merchandise Value (GMV)

For the year ended 30 June 2021, Gross Merchandise Revenue (GMV) and Statutory Revenue decreased by 4.3% and 10.0% respectively in line with management expectations.

	2021	2020	Variance
Statutory Revenue	$117.9	$131.0	-10.0%
Less: Commission Revenue	$1.0	0.0	NA
Add: Marketplace Seller	$8.6	0.0	NA
Gross Merchandise Value [GMV]	$125.4	$131.0	-4.3%

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[5] Gross merchandise value is total sales volume transacting through the platform (retail and marketplace).
[6] Underlying EBITDA is calculated as EBITDA adjusted for certain items including impairment losses/reversals related to goodwill and receivables, share-based payments, and unrealised foreign exchange loss/gain. Refer to note 6 for reconciliation to reported loss.
[7] As set out in the revenue recognition policy in Note 2, only commission portion from Marketplace Seller program is recognised as revenue not full transaction value.

As part of the FY19 strategic review and ANZ First Strategy we announced that we were exiting all aged non-core inventory. In FY21 non-core revenue[8] was A$3.4 million representing a year-on-year reduction of 86% (FY20: A$23.8 million).

	2021	2020
Core Gross Merchandise Value	$122.0	$107.2
Non-core Gross Merchandise Value	$3.4	$23.8
TOTAL	**$125.4**	**$131.0**

By successfully exiting the non-core aged inventory it has not only generated free cash flow but also had significant operational benefits including creating additional warehouse space and reducing operational complexity.

In parallel we have successfully developed our new Own Stock channel, which achieved revenues of A$21.6 million representing 17.2% of statutory revenue in FY21 (FY20: nil).

Inventory levels increased to A$5.5 million (FY20: A$2.8million) as we executed our strategy of increasing the amount of higher margin own stock focussing on buying width not depth and adopting a test and repeat strategy.

The table below provide further information on the breakdown of GMV.

Gross Merchandise Value Breakdown	**2021**	**2020**
1P Revenue	**$25.0**	**$23.8**
Core Revenue	$21.6	$0.0
Non-Core revenue	$3.4	$23.8
3P Revenue	**$91.8**	**$107.2**
Marketplace	**$8.6**	**$0.0**
TOTAL	**$125.4**	**$131.0**

3P GMV declined by A$15.4 million to A$91.8 million (FY20: A$107.2million) as we shifted GMV to the core 1P channel and marketplace.

The financial results do not represent the progress made in the launch of the new marketplace channel which delivered GMV of A$8.6 million and statutory revenue of A$1.0 million, in FY21 (FY20: nil). As we scale the business the marketplace channel will take a larger share of overall GMV, however it will not show comparative growth in statutory revenue as it is presented net of costs, on a commission basis.

We continued to execute towards our ANZ First Strategy, growing our ANZ share of overall revenue.

	2021	2020
ANZ	$110.8	$118.1
Asia	$7.1	$12.9
TOTAL	**$117.9**	**$131.0**

[8] Core Revenue: Revenues excluding revenue from legacy inventory
Non-core revenue: Revenue from legacy inventory, inventory purchase on and before 30 June 2019

Gross Profit and Gross Margin

Gross profit for FY21 increased to A$46.4 million (FY20: A$44.0 million).

One of the key drivers was the strong performance of the high margin new Own Stock channel that increased revenues to A$21.6m (FY20: nil) representing 17.2% (FY20: nil) of revenue.

Gross margin has increased in FY21 to 39.4% (FY20: 33.5%) as the share of revenue from new Own Stock increase from nil to 17.2%

Inventories

Inventories increased to A$5.5 million (FY20: A$2.8 million) as we executed our strategy of increasing the amount of higher margin own stock.

Stock Turn is 17 times this year (FY20: 9 times).

Cash

Cash and cash equivalents increased to A$9.2 million (FY20: A$6.7 million) with the Group operating on a debt free basis.

During the FY21 the group raised A$9.3 million from entities associated with both founders as well as the former CEO of Catch.Com.au. Furthermore, we have continued to invest in the growth of the new Own Stock channel with a closing inventory of A$4.2 million.

Operating Expenses

As part of our ANZ First Strategy our cost reduction programme took an annualised A$4.4 million out of our cost base[9]. Whilst there are always further cost saving opportunities, we now have the right balance between fixed and variable costs that will allow us to scale delivering operational leverage.

	2021	2020	Variance
Fixed Costs	$13.6	$14.8	-8.1%
Variable Costs	$28.6	$31.8	-10.1%
Total Operating Expenses	$42.2	$46.6	-9.4%

Fixed Costs have reduced to A$13.6million (FY20: A$14.8 million) representing 11.6% of sales. Variable costs are stable and aligned to revenue although we anticipate further improvements in the operational and marketing efficiencies

We now have the right size cost base that will ensure we deliver operational leverage as we as we scale the marketplace.

Profit/Loss Before Tax

The reported loss before tax for the year is A$5.4 million (FY20: A$3.4 million loss). This reported loss is after the inclusion of one-off and non-cash items such as adjustments of deferred tax assets, depreciation, and one-off costs.

Profit/loss after tax and earnings per share

The reported loss after tax for the year is A$8.4 million (FY20: A$3.6 million loss). This reported loss is after the inclusion of a number of one-off and non-cash items which are shown in more detail below and in note 6 to the financial statements in order to provide greater insight as to the underlying profitability of the Group.

Note 31 to the financial statements shows the detailed calculations of basic loss per share for the financial year which after tax was 0.96 cents per share loss (FY20: 0.53 cents loss) and was 0.50 cents profit (FY20: 0.41 cents loss) on underlying EBITDA.

[9] Cost base is the different between gross profit and underlying EBITDA

Taxation

The group has recorded a tax expense of A$3.1 million for the year (FY20: A$0.2 million). Further detail of the tax expenses is provided in note 9 to the financial statements. The Group has A$109.3 million (FY20: A$103.6 million) of carried forward tax losses that may be available to use for further offset. A deferred tax asset is only recorded where it is probable that these losses will be recoverable. Included within the FY21 is an expense of A$3.8m, related to the non-cash write off of deferred tax assets previously recognised. This is due to the consideration of a number of factors that determine the potential recoverability of the underlying deferred tax asset, including historical performance and the inherent uncertainty over future profitability over an extended period beyond two years

Net Assets

During FY21 we have improved our current asset position by A$5.2 million which due primarily to an increase in cash and cash equivalent (A$2.5 million) and a reduction in trade and other payable (A$-4.7 million) which was off-set by an increase in inventories (A$2.8 million)

Working Capital

The Group's closing cash balance was A$9.2 million (FY20: A$6.7 million) and is debt free with no bank or trade borrowings.

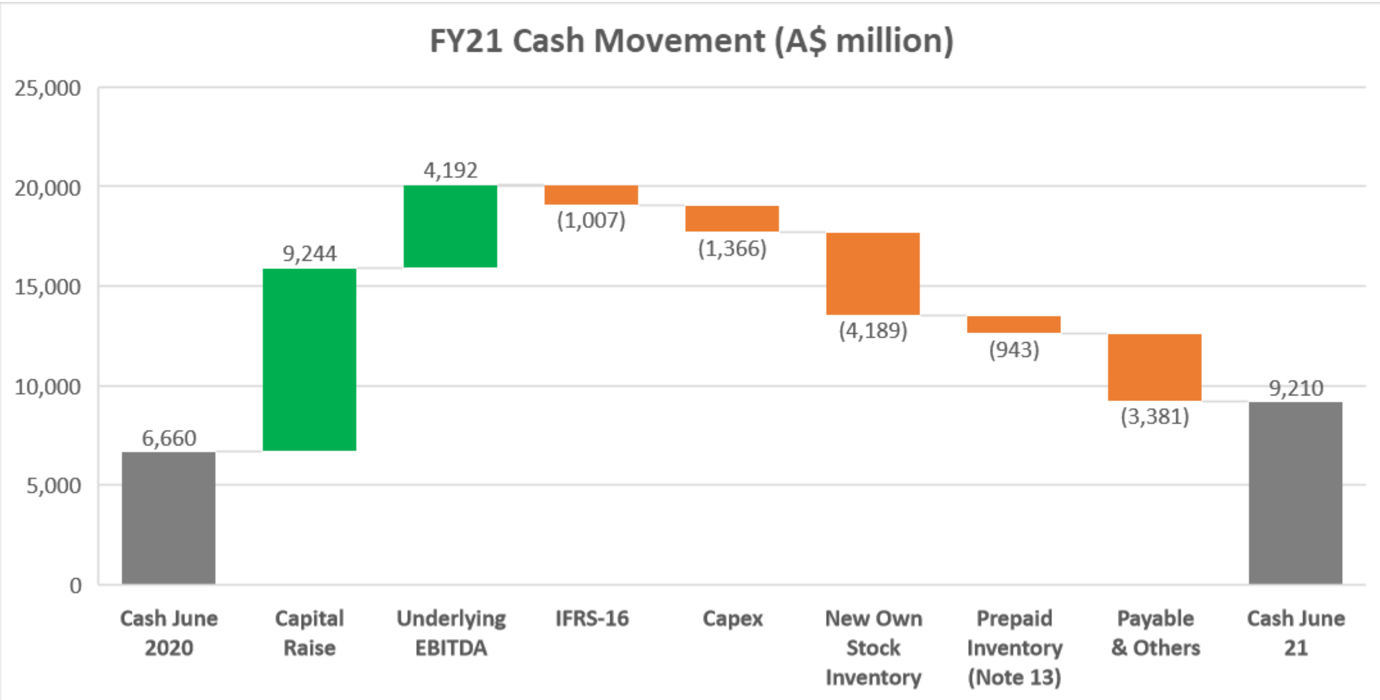
In FY21 our net cash position has improved as a result of raising additional capital, but also by successfully reducing our aged non-core inventory and further decreasing our cost base by A$4.4 million.

During FY21 the group raised A$9.3 million from entities associated with both founders as well as the former CEO of Catch.com.au.

Total capital expenditure was A$1.4 million (FY20: A$2.6 million) as we focused on benefiting from the historical investment made in the technology platform and prioritizing the development projects in line with the business priorities.

We continue to invest in the growth of the new own stock channel with closing inventory A$4.2 million.

The table below provide further information to the cash movement for the year.



Banking Facilities

Subsequent to the refinancing the Group is debt free and no longer relying on overdraft financing to support the business operations. The sell down of aged non-core inventory and the transition to an inventory light business model has reduced the overall reliance on external financing to support inventories and other working capital requirements.

Going Concern Statement

The consolidated financial statements have been prepared on a going concern basis. The Directors have prepared a going concern assessment covering the 12-month period from the signing of these financial statements, which demonstrates that the Group is capable of continuing to operate as a going concern. The Directors assessment considers the principal risks and financial forecast that have been prepared whilst considering various levels of disruption for the COVID-19 pandemic.

The Group has modelled a number of scenarios for the period ending December 30, 2022, with the base case being consistent with the approved FY22 budget. The financial modelling scenarios take out account of the following:

- The Group is debt free and has a closing cash position of A$9.2 million
- 80% of revenue is generated from 3P channels where the Group receives payment from the customer before purchase the product. There is no inventory risk
- Inventory levels are A$5.5 million achieving a 17 times stock turn

As a result of the financial modelling and taking account of the above points, the Directors have concluded the Group has sufficient financial resources to continue meets its obligations as they fall due for the 12-months from the approval of these accounts.

Conclusion

To conclude, whilst there is a positive story behind the FY21 financial performance it is also about looking forward. There has been excellent progress by the trading teams in scaling the marketplace platform while tactically increasing the amount of higher margin own stock inventory.

Having started FY22 strongly we are constantly reviewing the accelerating revenue and evolving margin mix ensuring it is aligned to our cost base. We remain very confident about the opportunities ahead knowing we have a high growth marketplace underpinned by the higher margin own stock channel. The group now operates a right sized cost-based operating on a debt free basis that meaning we are in a good position to trade profitably with a strong balance sheet.

Mats Weiss

Mats Weiss
Chief Financial Officer
04 October 2021

5. Principal risks and uncertainties

The management of the business and the execution of the Group's strategies are subject to a number of risks which could adversely affect the Group's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the Group, but those considered by management to be the principal risks:

Product inventory
The Group requires a continuous source of inventory, from existing suppliers or new suppliers, at appropriate prices, on appropriate terms, in a timely manner and/or in sufficient volume. A key driver for the Group's success is its ability to source product from a wide variety of brands, styles, categories and product types at discounted prices. The Group does not have contractual assurances of continued supply, pricing or access to new products from existing suppliers. However, the Group maintains strong relationships with suppliers and provide them with an effective mechanism to distribute their products. To maintain its reputation, the Group depends on suppliers to provide high quality, genuine, product merchandise that meets with members' expectations. If the Group is unable to continue to source such products, member engagement and purchases would likely reduce while costs increase and as a result, the Group's operating results and financial condition could be adversely affected.

Membership base
The Group needs to attract new 'active' members, in sufficient numbers. In order to expand its membership base, the Group is appealing to members who have historically used other methods to purchase products, such as in-store, retailers' own websites or the websites of the Group's competitors. The 'flash sale' model (the flash sale model is a discount or promotion that is offered for a short period of time for a limited selection of stock at heavily discounted prices) operated by the Group needs to continue to be successful. The Group's strategies require existing members to make repeat purchases from the Group. The Group's current 'lapsed client strategy' uses personalised emails, vouchers and prompting emails to attempt to re-engage members to purchase product regularly. If these strategies fail, the Group's membership base may be reduced which could have an adverse effect on the Group's operating results and financial condition.

Coronavirus (COVID-19) pandemic
The World Health Organisation declared COVID-19 as a pandemic in March 2020. The pandemic has and continues to cause significant disruption to businesses and world economics with Governments placing restrictions on movement of individuals and trade.

The Group's performance is subject to global economic conditions, which included the impact of COVID-19 pandemic. Deterioration in these conditions may reduce consumer spending. Adverse economic changes in any of the regions in which the Group sells its products could reduce consumer confidence and could negatively affect sales and have an adverse effect on the Group's operating results and financial condition. Despite the statewide lockdowns in Australia and New Zealand during FY21 we did not experience any major business disruption. There have been operational challenges including the supply of inventory and reliability of international shipping which we have successfully navigated due to the flexibility of our business model and scaling the number of marketplace sellers using our online platform.

Cost efficiencies
The Group targets a 'cost per acquisition' ('CPA') that is acceptable based on the expected member value and the Group's likelihood of recovering the acquisition costs. Increasing the Group's membership base is necessary to avoid the Group incurring significantly higher marketing expenses and as a result, higher CPA, which could have an adverse effect on the Group's operating results and financial condition.

Cash
The management of the Group's cash is of fundamental importance. During the FY21 the group raised A$9.3 million from entities associated with both founders as well as the former CEO of Catch.Com.au. The Group maintains all cash balances with large, appropriately capitalised, international financial institutions. The Group relies on access to its cash in order to trade successfully and restrictions to such access could have a material and adverse effect on the Group's financial condition and financial results. The move to an inventory light strategy means the business now operates on a negative working capital model where the business is able to generate cash quicky by selling products to customers before it has to pay its suppliers, reducing the cash risk on the Group's operating results and financial condition.

Financial risks
The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The key financial risks are detailed in note 24 to the consolidated financial statements. Failure to manage financial risks could have an adverse effect on the Group.

Competition and sales model

Competitive pressures, changes in product and fashion and hence consumer demand are continuing risks which could result in the loss of sales. The Group manages this risk by the continuous sourcing of new products, adding new sales categories and marketing to stimulate member interest and by maintaining strong relationships with its members.

If members cease to find the flash sale model shopping experience fun, entertaining and good value, or otherwise lose interest in shopping in this manner, the Group's member base and buying patterns may decline and could negatively affect net sales and have an adverse effect on the Group's operating results and financial condition.

The Group does not take delivery of products from a large number of suppliers until after it has been ordered by members and therefore delivery times may be longer than some other competitors. If the Group seeks to decrease delivery times in order to tackle the competition and meet member demand, additional shipping costs are likely to be incurred. These costs may not be able to be passed on in full or at all to members.

Changes in indirect tax rules

Changes in local indirect tax, such as sales taxes, good and services tax and value-added taxes, and duty treatment in any of the markets in which the Group operates could have an impact on the sales of products in those markets. Such changes could reduce the attractiveness of the Group's sales offering and have a material and adverse effect on the Group's financial condition and financial results.

Technology

The Group's Information Technology ('IT') systems are integral to its operations. The technology supports the Group's websites and mobile applications, logistics management, product information management, administration management systems, security systems and third-party data centre hosting facilities. If the IT systems do not function properly there could be system disruptions, corruptions in databases or other electronic information, delays in sales events, delays in transaction processing, website slowdown or unavailability, loss of data or the inability to accept and fulfil member orders which, if sustained or regular, could adversely affect the Group's business, operating results and financial condition.

Data security and data privacy

The Group's business is highly dependent on engaging with members via daily emails and app notifications. These inform members of the day's sales events, prompting them to visit the relevant website or mobile application and purchase products. The Group relies on the successful delivery of messages to members and also that members actually open and read the messages. Webmail prioritisation, 'spam' and blocking filters and local laws on sending emails could affect the Group's business, prospects, operating results and financial condition.

The Group is subject to data and privacy regulations, particularly General Data Protection Regulation ('GDPR'). Failure to comply with legal or regulatory requirements relating to data security or data privacy in the course of the Group business activities, results in reputational damage, fines or other adverse consequences, including criminal penalties and consequential litigation, adverse impact on the Group's financial results or unfavourable effects on the Group's ability to do business.

Unauthorised access to customer database, either from external attack or internal control weaknesses, could lead to reputational damage, compliance issues, substantial regulatory fines and loss of customer confidence. The Company has implemented a disaster recovery plan and cyber insurance to support the business in the event of an incident occurring.

Logistics and distribution networks

The Group uses third-party logistics providers to manage, process and ship product between Group locations and directly to members. There is a risk that the Group may experience network interruptions (including third parties' delivery services) which may prevent the timely or proper delivery of products. These could damage the Group's reputation, deter repeat customers, deter suppliers from dealing with the Group and adversely affect its business, operating results and financial condition.

Loss of people

The Group's senior executive team is instrumental in implementing the Group's business strategies and executing business plans which support the business operations and growth. The sourcing teams have strong supplier relationships which are central to the Group's ability to source discounted, quality products. Service agreements are in place and the risk of the loss of key personnel is mitigated by regular reviews of remuneration packages (including long-term incentive schemes) and succession planning within the team.

Trademarks and brand reputation

Maintaining and enhancing the brand is critical to the Group's strategies going forward. If the Group fails to meet member (and supplier) expectations, receives negative publicity or unfavourable member reviews and complaints on social media platforms, these could damage the brand and reduce consumer use of the Group's websites and mobile applications. If the Group fails to maintain the brand or if excessive expenses are incurred in this effort, the Group's business, operating results and financial condition may be materially and adversely affected.

Sustainability and climate change

The Group's long-term success and viability will depend on the social and environmental sustainability of its business model, the resilience of its supply chain and the Group's ability to manage the impact of climate change across its operations. The Group is committed to sustainability in its processes and supply chain. The Group works closely with strategic suppliers to provide value Northern hemisphere apparel to Southern hemisphere customers, thus preventing such inventory being destroyed or dumped in landfills. The risk of climate change is one for the entire world who must act collectively.

Brexit

Brexit is the withdrawal of the UK from the European Union (EU). The withdrawal agreement was ratified by the UK on 23 January 2020 and by the EU on 30 January 2020; it came into force on 31 January 2020. Failure to prepare for the UK's departure from the EU causes disruption to and creates uncertainty around the Group's business including: the ability to recruit; as well as impacting the Group's relationships with existing and future customers, suppliers and colleagues. To date these disruptions, have no effect on the Group's business, financial results and operations.

6. Corporate social responsibilities

The Group's approach is to make a positive difference to the people, environment and communities in which it works. Examples include engaging not-for-profit employment agencies, to motivate and upskill the local unemployed community to sustain employment with the Group and investing in warehousing training programs such as a Certificate 3 in Warehousing and Logistics for the Group's Australian staff. To reduce waste and the impact on the environment the Group does not put copies of customer invoices in its parcels, but rather provides them online.

7. People

Equal opportunity

The Group is committed to an active equal opportunities policy. It is the Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Group.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate re-training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has a practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group, which is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

8. Corporate governance

Introduction

High standards of corporate governance are a key priority for the Board of MySale Group Plc and, in line with the London Stock Exchange's requirement that AIM-listed companies adopt and comply with a recognised corporate governance code, the Board applies the principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), where they consider it appropriate, as the basis of the Group's governance framework. It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to the business.

The Board acknowledge the importance of the QCA Code's aims that: *"Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust*" and the ten principles of corporate governance set out in that Code. The Group's current approach to complying, as appropriate, with those principles is set out below.

Quoted company Alliance Corporate Governance Code Principles

Deliver growth

1. Establish a strategy and business model which promote long-term value for shareholders

MySale Group Plc has an established strategy to deploy its international ecommerce platform to connect brand suppliers with consumers.

The Board has identified the tactics that it believes will support the strategic aims and improve the Group's performance:

- Leverage market leading position in ANZ
- Utilise technology to improve customer experience and business efficiency
- Build international brand partnerships to provide a wide product selection
- Selective M&A where and when appropriate to expand the business model

Key pillars of the Australia New Zealand "ANZ" First Strategy are;

- Source international brands to sell in ANZ
- Source local ANZ brands to sell in ANZ
- Marketing spend prioritised to ANZ region
- Key personnel located in ANZ
- Pivot the business toward an inventory light Marketplace Platform

The Group ANZ first strategy is focused on the opportunities in Australia and New Zealand has accelerated the shift onto its unique proprietary Marketplace platform, which transforms cost efficiency & scalability, and facilitates the move to a negative working capital model. A key focus in scaling the international supply base, to take advantage of the unique counter seasonal opportunity in the market.

We continue to be a leading value apparel and home online retail platform in ANZ offering unique solutions for our brand suppliers. We are absolutely focussed on the fashion and home categories, leveraging the counter seasonal opportunity. There is a significant market opportunity and we are ideally placed to provide Northern hemisphere brands access to the Southern hemisphere markets.

The retail landscape is continually evolving and brands are increasingly recognising the benefits of a more integrated inventory partnership that allows them to accelerate the sell through of their discounted inventory outside of their core business.

Our focus is for MySale to be the leading value apparel and home online retail platform in ANZ offering unique solutions for our brand suppliers. These solutions clearly differentiate us from most major retailers, which we see as a significant advantage and extremely difficult for others to replicate. Our new set-up allows us to operate an Inventory Light Marketplace Platform offering a large selection and delivering great value to our customers every day, through a combination of brand, fashion, price and quality.

2. Seek to understand and meet shareholder needs and expectations

The Company recognises the importance of engaging with its shareholders and reports formally to them when its full-year and half-year results are published. At the same time, Executive directors present the results to institutional investors, analysts and the media. The Non-executive directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and independent Non-executive directors attend meetings with investors and analysts as required.

The Chief Executive Officer provides the Board with a summary of the content of any engagement the Executive directors have had with investors to ensure that major shareholders' views are communicated to the Board as a whole. The Board is also provided with brokers' and analysts' reports when published. This process enables the Chairman and the other Non-Executive director to be kept informed of major shareholders' opinions on strategy and governance, and for them to understand any issues or concerns.

Shareholders are encouraged to attend the annual general meeting at which the Group's activities and results are considered, and questions answered by the directors. General information about the Group is also available on the Company's website. This includes an overview of activities of the Group and details of all recent regulatory announcements.

The Group maintains a dedicated email address at shareholder.notifications@mysale.com which investors may use to contact the Company which, together with the Group's address, are prominently displayed on the Group's website. Investors may also make contact requests through the Company's Nominated Advisor and Broker, N+1 Singer.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

In addition to its shareholders, the Company believes its main stakeholder groups are its employees, customers, brand suppliers and relevant statutory authorities in its areas of operation.

The Group recognises the increasing importance of corporate social responsibility and endeavours to take it into account when operating its business in the interests of its stakeholders, including its investors, employees, customers, suppliers, business partners and the communities where it conducts its activities.

The Group believes that having empowered and responsible employees who display sound judgment and awareness of the consequences of their decisions or actions, and who act in an ethical and responsible way, is key to the success of the business.

The operation of a profitable business is a priority which in turn means investing for growth and operating in a sustainable manner. The Group has therefore adopted core principles which provide a framework to operating with integrity and respect for all stakeholders.

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the countries where it operates. The Group recognises the obligation to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, religion, gender, language or disability and these are codified within the operational documents and procedures of the Group.

The Group has the aim that communities in which it operates should benefit directly from its presence through the wealth and jobs created, and the investment of its time and money in the community.

Health and safety

The directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. The Group's Chief Executive Officer is the person with overall responsibility for health and safety matters.

The Group seeks to meet legal requirements aimed at providing a healthy and secure working environment to all employees and understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all employees. All employees are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work.

Environment

The directors are committed to minimising the impact of the Group's operations on the environment. The Group recognises that its business activities have an influence on the local, regional and global environment and accepts that it has a duty to carry these out in an environmentally responsible manner. It is the Group's policy to endeavour to meet relevant legal requirements and codes of practice on environmental issues so as to ensure that any adverse effects on the environment are minimised.

Consumer

The Group has deployed policies and procedures to ensure its compliance with consumer laws and regulations within each jurisdiction of operation. These policies and procedures and reviewed by external experts on a regular basis.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board, with the assistance of the Audit Committee, maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established principles and a continuous process for identifying, evaluating and managing the risks the Group faces.

Further details of the principal risks faced by the Group and how they are mitigated are contained on pages 15 and 16 of this report.

The Board considers risk to the business on an ongoing basis and the Group formally reviews and documents the principal risks at least annually. Both the Board and senior management are responsible for reviewing and evaluating risk and the Executive directors meet on a regular basis to review ongoing trading performance, discuss budgets and forecasts and any new risks associated with ongoing trading, the outcome of which is reported to the Board.

The Board, via delegated authority to the Audit Committee, is also responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The agreed processes include comprehensive budgeting systems with an annual budget approved by the Board, monthly consideration of actual operational results compared with budgets, forecasts and regular review by the Board of year end forecasts.

Maintain a dynamic management framework

5. Maintain the Board as a well-functioning, balanced team led by the chair

The Chairman is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other Non-executive director. The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Non- executive directors as the Company fulfils its growth objectives.

To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board and Committee meetings. All directors have access to the advice and services of the Chief Financial Officer (or the Chief Executive Officer in the absence of a CFO), who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the directors to obtain independent professional advice, at the Group's expense, if necessary.
The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. Further details of the composition of the Board and Committee are set out on page 22 of this report.

	Plc Board Meetings		Audit		Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Dow Famulak	12	12	2	2	2	2
Wally Muhieddine	12	12				
Charles Butler	12	12	2	2	2	2
Carl Jackson	12	12				
Mats Weiss	12	12	2	2		
Kalman Polak	N/A	N/A	N/A	N/A	N/A	N/A

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

At the time of this report the Board comprises of two executives and three non-executive directors. The skills and experience of the Board are set out in their biographies on pages (26) and (27) of this report. The experience and knowledge of each of the directors gives them the ability to constructively challenge the strategy and to scrutinise performance. The Board also has access to external advisors where necessary.

Throughout their period in office the directors are continually updated on the Group's business, the industry and competitive environment in which it operates, corporate social responsibility matters and other changes affecting the Group by written briefings and meetings with senior executives. Advisors provide updates on changes to the legal and governance requirements of the Group, and directors, on an ongoing and timely basis.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The performance of the Board, its Committees and that of the individual directors is monitored by the Chairman on an ongoing basis. The Chairman considers the operation of the Board and performance of the Directors on an ongoing basis as part of his duties and will bring any areas of improvement he considers are needed to the attention of the Board. However, the Board recognises the need to put in place an annual formal evaluation process for the Board, its Committees and individual Directors. The effectiveness of the Board, its Committees and Directors will be reviewed on an annual basis.

8. Promote a corporate culture that is based on ethical values and behaviours

The Group adopts a policy of equal opportunities in the recruitment and engagement of staff as well as during the course of their employment. It endeavours to promote the best use of its human resources on the basis of individual skills and experience matched against those required for the work to be performed.

The Group recognises the importance of investing in its employees and, as such, the Group provides opportunities for training and personal development and encourages the involvement of employees in the planning and direction of their work. These values are applied regardless of age, race, religion, gender, sexual orientation or disability.

The Group is committed to an active equal opportunities policy. It is the Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Group.

The Group recognises that commercial success depends on the full commitment of all its employees and commits to respecting their human rights, to provide them with favourable working conditions that are free from unnecessary risk and to maintain fair and competitive terms and conditions of service at all times.

The Group places considerable value on the involvement of its employees and has a practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group, which is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Chairman, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other Non-executive directors. The Chief Executive Officer, Carl Jackson, is responsible for the operational management of the Group and the implementation of Board strategy and policy. By dividing responsibilities in this way, no one individual has unfettered powers of decision-making.

There is a schedule of matters reserved for decision by the Board which enables the Board to provide leadership and ensure effectiveness. Such matters include business strategy and management, financial reporting (including the approval of the annual budget), Group policies, corporate governance matters, major capital expenditure projects, materials acquisitions and divestments and the establishment and monitoring of internal controls.

The appropriateness of the Board's composition and corporate governance structures are reviewed through the ongoing Board evaluation process and on an ad hoc basis by the Chairman together with the other directors, and these will evolve in parallel with the Group's objectives, strategy and business model as the Group develops.

Board Committees

The Board has established Audit and Remuneration Committees.

The Audit Committee has the primary responsibility for monitoring the adequacy and effectiveness of the Group's systems of internal financial control and risk management, ensuring that the financial performance of the Group is properly measured and reported on, reviewing and challenging reports from management and the external auditor relating to the Company's accounting and internal controls and appraising the need for an internal audit function, in all cases having due regard to the interests of shareholders. The full terms of reference of the Audit Committee are available on the Company's website.

The members of the Audit Committee are:

Charles Butler	Chair
Dow Famulak	Member

The executive directors, other members of the senior management team or the Company advisors or the independent Auditors may be invited to attend all or part of any Audit Committee meeting, where appropriate, and minutes of meetings are circulated to all Board members, unless it would be inappropriate to do so.

The Remuneration Committee is responsible for reviewing the performance of the executive directors and for determining the terms and conditions of their employment, level of remuneration including short-term and long-term incentives, having due regard to the interest of shareholders in all matters. The full terms of reference of the Remuneration Committee are available on the Company's website.

Details on the structure of the Company's remuneration policy and the emoluments paid to the Board members during the financial year are set out on pages 27 to 28 of this report.

The members of the Remuneration Committee are:

Dow Famulak	Chair
Wally Muhieddine	Member

The executive directors, head of human relations or the Company's advisers may be invited to attend all or part of any Remuneration Committee meeting, where required, and minutes of meetings are circulated to all Board members, unless it would be inappropriate to do so.

Build Trust

10. Communicate how the Company is governed and is performing

The Group formally reports its performance to all stakeholders with the publication of full year and half-year results. These publications are supplemented by three regular trading updates each year together with any ad hoc announcement required in order to ensure appropriate market sensitive information is available to all interested parties.

The Company holds and Annual General Meeting each year at which a trading update is provided and shareholders and encouraged to participate. The results of the resolutions voted upon at the Annual General Meeting are formally published.

The Board maintains a healthy dialogue with all its stakeholders. Throughout the course of the financial year the Board communicates with shareholders directly and uses external advisors to canvass shareholders on any views, concerns and expectations they may wish to express indirectly.

By Order of the Board.

Charles Butler
Senior Independent
Director
04 October 2021

High standards of corporate governance are a key priority for the Board of Directors (the 'Board') of MySale Group Plc and, in line with the London Stock Exchange's requirement that AIM-listed companies adopt and comply with a recognised corporate governance code, the Board applies the principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'), where they consider it appropriate, as the basis of the Group's governance framework. It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to the business.

The Board of Directors

As at the date of signing of these financial statements, the Board consisted of five directors as shown below. All non-executive directors are considered independent under the criteria identified in the QCA Code and together they bring considerable knowledge, skills and experience to the Board and its deliberations.

The members of the Board are:

Charles Butler	Senior Independent Director
Carl Jackson	Executive Chairman
Kalman Polak	Chief Executive Officer (appointed 05 October 2021)
Mats Weiss	Chief Financial & Operations Officer
Dow Famulak	Independent Non-Executive Director
Wally Muhieddine	Independent Non-Executive Director

Biographies for each of the directors who served during the year ended 30 June 2021 or who are currently on the Board are set out in the Directors' report under 'Information on directors and their interests'.

Schedule of matters reserved specifically for the Board include:

- overall business strategy of the Group;
- review of key operational and commercial matters;
- review of key financial matters, including changes to the Group's capital structure, borrowing facilities, acquisitions, disposals and material capital expenditure;
- membership of the Board and its standing Committees, including delegation of authority to the Audit and Remuneration Committees;
- approval of full year and half-year financial statements and any interim management statements or other financial disclosures;
- regulatory and shareholder communications; and
- appointment and performance review of key advisors.

The Board meets formally on a regular basis to consider strategy, performance and the framework of internal controls. Prior to each meeting, all directors receive appropriate and timely information including briefing papers which enable them to discharge their duties. Directors have access to the advice and services of the company secretary and external legal and financial advisers who together provide guidance and confirmation that Board procedures are followed, and applicable rules and regulations are complied with. With the prior approval of the chairman, directors are able to obtain independent professional advice in the furtherance of their duties, at the Company's expense.

Details of the service contracts of the executive directors and the letters of appointment of the non-executive directors are set out in the Directors' remuneration report.

In order to facilitate the business of the Company, and in line with the recommendations of the QCA Code, the Board has delegated certain of its responsibilities to the Audit Committee or Remuneration Committee, as appropriate.

Audit Committee

The Audit Committee has the primary responsibility for monitoring the adequacy and effectiveness of the Group's systems of internal financial control and risk management, ensuring that the financial performance of the Group is properly measured and reported on, reviewing and challenging reports from management and the external auditor relating to the Group's accounting and internal controls and appraising the need for an internal audit function, in all cases having due regard to the interests of shareholders. The full terms of reference of the Audit Committee are available on the Company's website.

The members of the Audit Committee are:

Charles Butler	Chair
Dow Famulak	Member

The Audit Committee met two times during the financial year.

The executive directors, other members of the senior management team or the company advisors or the independent auditors may be invited to attend all or part of any Audit Committee meeting, where appropriate, and minutes of meetings are circulated to all Board members, unless it would be inappropriate to do so.

Remuneration Committee

The Remuneration Committee is responsible for reviewing the performance of the executive directors and for determining the terms and conditions of their employment, level of remuneration including short-term and long-term incentives, having due regard to the interest of shareholders in all matters. The full terms of reference of the Remuneration Committee are available on the Company's website.

Details on the structure of the Company's remuneration policy and the emoluments paid to the Board members during the financial year are set out in the Directors' remuneration report.

The members of the Remuneration Committee are:

Charles Butler	Chair
Wally Muhieddine	Member

The executive directors, head of human relations or the company's advisers may be invited to attend all or part of any Remuneration Committee meeting, where required, and minutes of meetings are circulated to all Board members, unless it would be inappropriate to do so.

Internal financial controls

The Board place considerable importance on maintaining full control and direction over appropriate strategic, financial, organisational and compliance issues, and have in place an organisational structure with formally defined lines of responsibility and delegation of authority. There are established procedures for planning, capital expenditure, information and reporting systems and for monitoring the Group's business and its performance. Adherence to specified procedures is required at all times and the Board actively promotes a culture of quality and integrity. Compliance is monitored by the Audit Committee which, in turn, reports its findings to the Board.

The Board, via delegated authority to the Audit Committee, is also responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The agreed processes include comprehensive budgeting systems with an annual budget approved by the Board, monthly consideration of actual operational results compared with budgets, forecasts and regular review by the Board of year end forecasts. The Board reports to shareholders half-yearly.

The Group's control systems address key business and financial risks. Matters arising are reviewed on a regular basis.

As the Company is listed on the Alternative Investment Market ('AIM'), it is not required to prepare a Directors' remuneration report. The following narrative disclosures are prepared on a voluntary basis for the Group and are not subject to audit, unless otherwise specified.

Principles used to determine the nature and amount of remuneration

The objective of the Group's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns the remuneration for executive directors and key senior management with the achievement of strategic objectives and the creation of value for shareholders. The Board ensures that the remuneration for executive directors and key senior management satisfies the following key criteria for good reward governance practices:

- is competitive and is acceptable to shareholders;
- aligns executive compensation with company performance and shareholder return; and
- is transparent.

The Remuneration Committee, as detailed in the Corporate governance, is responsible for reviewing the performance of the executive directors and senior employees of the Group and for determining the terms and conditions of their employment, level of remuneration including short-term and long-term incentives, having due regard to the interest of shareholders in all matters. The number of times the Remuneration Committee met is detailed in the Corporate Governance section of this report.

Remuneration of directors

The fees payable to the directors shall not exceed an aggregate amount of £1,500,000 per annum or such greater amount as shall be determined by the Company's shareholders by ordinary resolution. This is distinct from any salary, remuneration or other amounts which may be payable to the directors.

The directors are entitled, under the Articles, to be paid all reasonable expenses as they may properly incur in attending meetings of the directors, committee meetings of the directors, shareholders meetings, or otherwise in connection with the discharge of their duties.

Executive directors' remuneration

The Group's remuneration policy for executive directors considers a number of factors and is designed to:

- have regard to the director's experience and the nature and complexity of their work in order to pay a competitive salary, in line with comparable companies, that attracts and retains directors of the highest quality;
- reflect the director's personal performance;
- link individual remuneration packages to the Group's long-term performance and continued success of the Group through the award of annual bonuses and share-based incentives;
- provide post-retirement benefits through contributions to individual's pension schemes; and
- provide employment-related benefits that may include the provision of a company car or cash alternative, life assurance, insurance relating to the director's duties, housing allowance, medical insurance and permanent health insurance.

Directors' service agreements, salaries, bonuses and other incentive schemes

Each executive director has a service contract with the Group. Executive directors' salaries are reviewed annually in line with the remuneration reviews for all other Group employees. The basic annual salaries and key benefits as of 30 June 2021 are as follows:

Executive director	Base salary	Pension contributions	Taxable benefits	Group entity with which the contract is with
Carl Jackson	A$371,250	A$35,269	A$30,000	Ozsale Pty Limited
Mats Weiss	A$300,000	A$28,500		Ozsale Pty Limited

Executive directors' employment contracts are continuous. They may be terminated by either party by six months' written notice. The Company may at its sole and absolute discretion terminate the employment of an executive director by making a payment in lieu of any unexpired notice period equal to their basic salary for that period. Executive directors have agreed to confidentiality undertakings, without limitation as to time, and have agreed to non-compete, non-solicitation of staff and non-interference in supply restrictive covenants that apply for a period of 12 months following termination of employment with the Group.

Executive directors are eligible to participate in a discretionary annual bonus scheme on the terms decided by the Remuneration Committee and may also participate in any benefits arrangements the Group has in place for categories of employees of which they are a member, subject to and in accordance with the terms and/or rules of those arrangements from time to time.

Non-executive directors' remuneration

The remuneration of non-executive directors is a matter for the chairman of the Board and the executive directors and no director is involved in any decisions as to their own remuneration. Charles Butler, Dow Famulak and Wally Muhieddine entered into letters of appointment on 23 October 2017, 3 December 2019 and 3 December 2019 respectively. Each receives a fee for their services which takes into account the role undertaken. They do not receive any pension or other benefits from the Group.

The annual fees for non-executive directors, effective at the date of this report, are as follows:

Non-executive director	Base fee	Group entity with which the appointment is with
Charles Butler	£75,000	MySale Group Plc
Dow Famulak	£45,000	MySale Group Plc
Wally Muhieddine	£45,000	MySale Group Plc

The appointment of any non-executive director is terminable on three months' written notice.

The following information is subject to audit.

Directors' remuneration for the year ended 30 June 2021 was as follows:

Name	Basic salary / fees	Bonus	Taxable benefits	Pension contributions	Total 2021	Total 2020
Non-executive directors:						
Dow Famulak	£45,000	-	-	£1,163	£46,163	£25,324
Wally Muhieddine	A$85,000	-	-	-	A$85,000	A$50,750
Charles Butler	£75,000	-	-	£1,315	£76,315	£75,066
Executive directors:						
Carl Jackson	A$371,250	-	A$30,000	A$38,119	A$439,369	A$407,150
Mats Weiss	A$300,000	-		A$28,500	A$328,500	A$88,442
Jamie Jackson	-	-	-	-	-	£193,316

Employee Share Plan

Details of the operation of the Company's employee share plan can be found in note (33) to the financial statements. Shares granted under the Loan Share Plan ('LSP') are as follows:

Name	Balance 1 July 2020	Granted	Exercised	Cancelled	Balance 30 June 2021	Exercise price (£)	Date of exercise	Market price on exercise (£)
Charles Butler	11,250,000	-	-	-	11,250,000	£0.02000	-	-
Dow Famulak	3,835,227	-	-	-	3,835,227	£0.03520	-	-
Wally Muhieddine	3,835,227	-	-	-	3,835,227	£0.03520	-	-
Mats Weiss	12,938,061	-	-	-	12,938,061	£0.02428	-	-

Share price information

The market price of Mysale Group Plc ordinary shares on 30 June 2021 was £0.075 (2020: £0.056) and the range during the financial year was between £0.0175 and £0.1125 (2020: £0.018 and £0.063).

The directors present their report, together with the audited financial statements and independent auditors' report, on the consolidated group (referred to hereafter as the 'consolidated entity', 'Group' or 'MySale') consisting of MySale Group Plc and the subsidiaries it controlled at the end of, or during, the year ended 30 June 2021.

MySale Group Plc is a public company, limited by shares, listed on the AIM (Alternate Investment Market), a sub-market of the London Stock Exchange. The Company is incorporated and registered under the Companies (Jersey) Law 1991. The company is domiciled in Australia. The registered office of the Company is Ogier House, The Esplanade, 44 Esplanade Street. Helier, JE4 9WG, Jersey and principal place of business is at 3/120 Old Pittwater Road, Brookvale, NSW 2100, Australia. Company number 115584 (Jersey). Incorporated as of 28 May 2014.

Directors

The directors who have served on the Board of MySale Group Plc during any part of the financial year and up to the date of this report are set out below:

Charles Butler
Carl Jackson
Mats Weiss
Dow Famulak
Wally Muhieddine
Kalman Polak (appointed 05 October 2021)

Information on directors and their interests

Biographies for the directors in office at the 30 June 2021 and their interests in the ordinary shares of the Company, are shown below:

Name:	Charles Butler
Title:	Senior Independent Director
Age:	49
Experience and expertise:	Charles was appointed to the Board in October 2017 and took over the role of Chairman in November 2018. He has over two decades experience in senior and board level positions in growth and digital technology businesses. Amongst Charles' broad executive experience, notable roles include Chief Executive Officer of Market Tech Holdings, a property and digital technology group which he led from successful IPO through to its subsequent takeover, and Group CEO at NetPlay TV, the interactive gaming company. Charles is a member of the Institute of Chartered Accountants in England and Wales.

Name:	Carl Jackson
Title:	Executive Director and Chief Executive Officer
Age:	58
Experience and expertise:	Carl joined MySale in 2009 and has over 29 years of international operational, sales and commercial management experience gained from a number of retail and consumer venture capital investments including senior management retail experience and 15 years in retail and consumer brand private equity. Carl has led MySale's expansion into New Zealand and South-East Asia to over 10 million members and has ongoing responsibility for the Group's day-to-day operations and new market expansion.

Name:	Mats Weiss
Title:	Chief Financial & Operations Officer
Age:	49
Experience and expertise:	Mats was appointed to the Board in March 2020. He has more than 20 years' experience from senior finance roles across FMCG and Entertainment industries. Amongst Mats' experience, his most recent role was as Regional Vice President for Twentieth Century Fox, leading the finance function for APAC and Emerging Markets.

Name:	Dow Famulak
Title:	Independent Non-Executive Director
Age:	60
Experience and expertise:	Dow was appointed to the Board in December 2019 and has significant global experience in building, transforming and commercialising businesses, having worked with a range of high-profile consumer fashion brands over a 30-year career. He is currently based in London in his role as Advisor to the CEO for Global Brands Group, one of the world's leading branded fashion accessories, footwear, and apparel companies. He was previously President of Global Brands Group from 2014 to September 2019, and before then held roles with Li & Fung and Colby International Ltd.

Name:	Wally Muhieddine
Title:	Independent Non-Executive Director
Age:	51
Experience and expertise:	Wally was appointed to the Board in December 2019. He is an expert in media and marketing and has been at the forefront of the evolution of TV advertising in Australia. For the last 16 years he has been at the helm of one of Australia's most successful advertising agencies working closely with leading brands to grow their awareness and sales. Advertising Advantage has offices and services clients in Australia, Europe and the United States of America. He is a valued adviser to local and international CEO's in sectors including fashion, finance, FMCG, online and retail.

Name:	Kalman Polak
Title:	Chief Executive Officer
Age:	43
Experience and expertise:	Kalman Polak is an e-commerce executive who has spent the last 15 years building Australia's #1 online shopping site, Catch.com.au and he is the founder of GroceryRun.com.au. Most recently, he was Head of Markertplace for Catch.com.au and under his stewardship this new arm of the business achieved great success. Kalman's broad experience includes working across many facets of e-commerce including buying, merchandising, operations, customer service and marketing. He has a deep understanding of UX and UI coupled with an acute ability to interpret analytics and data to identify market opportunities and future trends.

Directors' beneficial interests in the shares of the Company at the 30 June 2021 are:

Name	Ordinary shares	Percentage holding
Charles Butler	17,000	-
Carl Jackson(1)	103,745,000	12.69%
Dow Famulak	1,100,000	0.13%

(1) Held by Jackson Capital Pty Ltd as trustee for the Jackson Family Trust.

Information on company secretary

Name:	Almond + Company Limited
Title:	Company Secretary
Experience and expertise:	Almond + Company Limited is a UK incorporated professional corporate company secretary, providing corporate governance and company secretarial services to quoted and unquoted companies.

Results and dividends

The results for the financial year are set out in the statement of profit or loss and other comprehensive income. No dividend has been paid during the financial year and the directors do not recommend a final dividend in respect of the year ended 30 June 2021 (June 2020: A$nil).

The directors are responsible for the maintenance and integrity of the Company's website.

Going concern
COVID-19 has impacted all aspects of the Group's business. The Group has considered the additional costs and revenue incurred as a result of the pandemic and has determined that COVID-19 impacts should not be treated as an exceptional item. The Group will continue to monitor closely the impact of the COVID-19 outbreak, and apply guidance issued by the World Health Organisation and local governments appropriately. As always, the safety of our customers and colleagues remains paramount.

The directors have, at the time of approving the financial statements a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements. The directors have also assessed the prospects of the Company and the Group over a 18 month period to 31 December 2022 and have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the 18 month period under review.

The Group has conducted extensive stress-testing given the impacts of COVID-19 on customer demand and behaviours, none of which have resulted in a change to the assessment of the Group as a going concern. The directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements. Further details of the steps taken by the Group are included in the going concern accounting policy in note 2 to the financial statements.

Substantial shareholdings
At the reporting date, the Company had been notified of the following interests of 3% or more of the share capital of the Company, other than those of the directors above:

Name	Number of shares held	Percentage holding
Shelton Capital Limited	143,237,124	17.53%
Lombard Odier Asset Management Europe Ltd	134,878,825	16.50%
Schroders Plc	130,788,136	16.00%
InterTrader Limited	57,811,818	7.07%

Charitable and political donations
The Group made no charitable or political donations (2020: A$nil) during the financial year.

Indemnity and insurance of officers
The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. The Company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision. This was in place throughout the year and up to the date and approval of the financial statements.

Independent auditor
BDO LLP have expressed their willingness to continue as auditors. A resolution for the reappointment of BDO LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Audit information
Each of the directors at the date of the Directors' report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware and he has taken all the reasonable steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

By Order of the Board

Charles Butler
Senior Independent Director
London
04 October 2021

The directors are responsible for preparing the financial statements of the Group in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

Companies (Jersey) law requires the directors to prepare Group financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs as adopted by the EU') and applicable law.

Under companies (Jersey) law 1991 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group as at the end of the financial period and of its profit or loss for that period. In preparing the Group financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Directors' report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- the directors' report includes a fair review of the development and performance of the business and the position of the Group; and
- the Strategic report contains a description of the principal risks and uncertainties that the Group faces.

By Order of the Board

Charles Butler
Senior Independent Director
London
04 October 2021

Independent auditor’s report to the members of MySale Group plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s affairs as at 30 June 2021 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

We have audited the financial statements of Mysale Group plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 30 June 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The Group’s continuing losses, along with other factors, including cash burn rate, decreasing revenue year on year, impact of COVID-19 pandemic, are indicators that the risk associated with the Group’s going concern status is greater than normal. The calculations supporting the going concern assessment require management to make highly subjective judgements. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.

Significant judgements and estimates related to going concern are disclosed in Note 2 of the annual report and financial statements. Our response to this key audit matter, and our evaluation of the Directors’ assessment of the Group’s ability to continue to adopt the going concern basis of accounting included:

- we obtained an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the Group’s financial performance including forecasting and budgeting processes and the Group’s risk assessment process;
- We evaluated the Directors’ cash flow forecast model including the relevance and reliability of underlying data used to make the assessment by agreeing to supporting documentation, including management accounts, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other;
- We performed analyses of changes in key assumptions including a reasonably possible (but not unrealistic) reduction in forecast revenue to understand the sensitivity in the cash flow forecasts for a period of twelve months from the date of approval of the financial statements.

- We reviewed the stress test analysis prepared by management to see when the Group will run out of cash. As part of this, we challenged the stress test applied, including specifically in relation to revenue growth and other key metrics**.** We checked the arithmetic accuracy, and that the stress tests were appropriate based on our understanding of the business.
- we evaluated the Directors' plans for future actions such as revenue growth and gross profit margins in relation to the going concern assessment including whether such plans are feasible in the circumstances, with reference to management accounts and other supporting documentation.
- We evaluated the adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment and any material uncertainties that may exist in accordance with IAS 1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2020: 100%) of Group loss before tax 99% (2020: 99%) of Group revenue 96% (2020: 100%) of Group total assets		
Key audit matters		2021	2020
	Revenue recognition	✓	✓
	Going concern	✓	✓
Materiality	Group financial statements as a whole A$1,178,000 (2020:A$1,310,000) based on 1% (2020: 1%) of revenue		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In determining the scope of our audit we considered the level of work to be performed at each component in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole.

The group operates through a number of components in Jersey, Australia, New Zealand and South-East Asia. Ozsale Pty Limited, the component in Australia, was considered by us to be significant as it is the principal trading component in the Group. We completed full scope audits on Mysale Group plc and Ozsale Pty Limited. The audit of Mysale Group plc was completed by the group engagement team and Ozsale Pty Limited was audited by our network firm in Australia.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

The Group engagement team was involved in the planning and direction of the audit of Ozsale Pty Limited. As part of our audit strategy, we issued group audit engagement instructions and discussed the instructions with the component auditor. A senior member of the group audit team held discussions with the component auditor and local management. The group audit team performed a review of the component audit files and we discussed the audit findings with the component auditor.

The non-significant components, which contributed 0.6% of total revenue of the Group, were subject to desktop reviews or specific procedures in relation to specific areas of the financial statements carried out by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Conclusions related to going concern, we have determined the matter below to be the key audit matter to be communicated in our report.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Revenue recognition See Note 4 and relevant accounting policies in Note 2.	The key audit matter is the existence of revenue recognised during the year, revenue recognised around the year end, including the recognition of the correct revenue in the year based on performance obligations completed as defined per IFRS 15, and the related amounts deferred at year end for all deliveries in transit. We assessed revenue recognition as a key audit matter as revenue forms the basis for certain of the Group's key performance indicators, both in external communications and for management incentives.	Our audit work included, but was not restricted to, the following: • Reviewed the revenue recognition policy for the material sources of revenue and checked revenue has been recognised in accordance with IFRS 15; • Tested a sample of revenue transactions throughout the year by tracing to supporting documentation, including proof of delivery and cash receipts; • Use data analytics technique to reconcile revenue from the underlying sales system to revenue recognised in the general ledger and cash collected from key payment providers. To ensure all orders from the website which are recognised in the sales system have been correctly recorded in the general ledger. • Checked that revenue has been recognised in the correct period for a sample of items sold before and after the year end by confirming to supporting documentation, including proof of delivery. • Tested a sample of deferred revenue balances at the year-end to supporting documentation, including proof of delivery to confirm performance obligations had not been met until post year-end. • Reviewed the financial statement disclosures relating to revenue to check that they comply with the IFRS 15 accounting standard requirements.
Key observations Based on procedures performed, consider that revenue has been recognised appropriately and in accordance with accounting standards.		

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2021 A$	2020 A$
Materiality	1,178,000	1,310,000
Basis for determining materiality	1% of revenue	1% of revenue
Rationale for the benchmark applied	Due to the loss making nature of the Group revenue was considered the most appropriate benchmark.	
Performance materiality	883,500	972,750
Basis for determining performance materiality	75% of materiality The level of performance materiality to be applied was based on our assessment of the Group's internal controls and the impact of these on our proposed audit strategy. We have considered the level of expected errors and managements attitude to correcting proposed audit adjustments when reaching our conclusion of the level of performance materiality to be applied.	

Component materiality

We set materiality for each significant component of the Group based on a percentage of 75% of Group materiality which was based on our assessment of the risk of material misstatement of the significant components. Component materiality was A$883,500. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of A$58,900 (2020: A$39,300). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies (Jersey) Law 1991 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies (Jersey) Law 1991 and ISAs (UK) to report on certain opinions and matters as described below.

Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion: • proper accounting records have not been kept by the Parent Company or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the components and the relevant tax compliance regulations in the jurisdictions in which the Group operates, of which the key ones relate to the reporting framework (IFRS and the Companies (Jersey) Law 1991), labour law, health and safety and taxation. We obtained an understanding legal and regulatory frameworks that are applicable to the Group by making enquiries of management and corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee and attendance at all meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the Group.

- We enquired of management and obtained and reviewed supporting documentation, concerning the Group's policies and procedures relating to:

  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

The engagement partner has assessed and confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations

- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud we carried out the following procedures:

- Journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business and manual consolidation entries;

- Challenging the assumptions and judgements made by management in respect of significant accounting estimates.

- In areas impacting Group key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk, as described in the revenue recognition key audit matter section above.

- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
David Butcher
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David Butcher (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

4 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MySale Group Plc
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Revenue	4	117,893	131,032
Cost of sales		(71,476)	(87,152)
Gross profit	4	46,417	43,880
Other operating (losses)/gains, net	5	(1,120)	8,626
Interest income		78	4
Expenses			
Selling and distribution expenses		(31,955)	(37,015)
Administration expenses		(18,267)	(20,746)
(Recovery)/impairment of receivables	11	(217)	2,262
Finance costs	7	(299)	(400)
Loss before income tax expense		(5,363)	(3,389)
Income tax expense	9	(3,085)	(171)
Loss after income tax expense for the year attributable to the owners of MySale Group Plc		(8,448)	(3,560)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	22	432	(2,125)
Other comprehensive income/(loss) for the year, net of tax		432	(2,125)
Total comprehensive loss for the year attributable to the owners of MySale Group Plc		(8,016)	(5,685)
		Cents	**Cents**
Basic earnings per share	31	(0.96)	(0.53)
Diluted earnings per share	31	(0.96)	(0.53)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on page 43 to 77

MySale Group Plc
Balance sheet
As at 30 June 2021

	Note	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Assets			
Current assets			
Cash and cash equivalents	10	9,210	6,660
Trade and other receivables	11	3,001	4,107
Inventories	12	5,518	2,761
Income tax receivable		-	15
Other assets	13	1,695	634
Total current assets		19,424	14,177
Non-current assets			
Property, plant and equipment	14	764	1,216
Right-of-use assets	15	3,487	5,362
Intangibles	16	26,370	30,168
Other assets	13	1,777	1,629
Deferred tax	9	322	3,407
Total non-current assets		32,720	41,782
Total assets		52,144	55,959
Liabilities			
Current liabilities			
Trade and other payables	17	14,304	18,985
Contract liabilities	18	7,047	6,186
Lease liabilities	19	1,593	1,581
Employee benefits		1,116	1,148
Provisions	20	1,089	1,280
Total current liabilities		25,149	29,180
Non-current liabilities			
Lease liabilities	19	3,705	5,048
Employee benefits		584	450
Total non-current liabilities		4,289	5,498
Total liabilities		29,438	34,678
Net assets		22,706	21,281
Equity			
Stated capital	21	338,215	328,971
Other reserves	22	(124,350)	(124,979)
Accumulated losses		(191,139)	(182,691)
Equity attributable to the owners of MySale Group Plc		22,726	21,301
Non-controlling interests		(20)	(20)
Total equity		22,706	21,281

The above balance sheet should be read in conjunction with the accompanying notes on page 43 to 77

The financial statements of MySale Group Plc (company number 115584 (Jersey)) were approved by the Board of Directors and authorised for issue on 04 October 2021. They were signed on its behalf by:

Carl Jackson
Chairman

Charles Butler
Senior Independent Director

04 October 2021

The above balance sheet should be read in conjunction with the accompanying notes on page 43 to 77

MySale Group Plc
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Stated capital account A$'000	Other reserves A$'000	Accumulated losses A$'000	Non-controlling interest A$'000	Total equity A$'000
Balance at 1 July 2019	306,363	(123,125)	(179,131)	(20)	4,087
Loss after income tax expense for the year	-	-	(3,560)	-	(3,560)
Other comprehensive loss for the year, net of tax	-	(2,125)	-	-	(2,125)
Total comprehensive loss for the year	-	(2,125)	(3,560)	-	(5,685)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares, net of transaction costs (note 21)	22,608	-	-	-	22,608
Share-based payments (note 32)	-	271	-	-	271
Balance at 30 June 2020	328,971	(124,979)	(182,691)	(20)	21,281

Consolidated	Stated capital account A$'000	Other reserves A$'000	Accumulated losses A$'000	Non-controlling interest A$'000	Total equity A$'000
Balance at 1 July 2020	328,971	(124,979)	(182,691)	(20)	21,281
Loss after income tax expense for the year	-	-	(8,448)	-	(8,448)
Other comprehensive income for the year, net of tax	-	432	-	-	432
Total comprehensive (loss)/income for the year	-	432	(8,448)	-	(8,016)
Transactions with owners in their capacity as owners:					
Share-based payments (note 32)	-	197	-	-	197
Issue of ordinary shares, net of transaction costs (note 21)	9,244	-	-	-	9,244
Balance at 30 June 2021	338,215	(124,350)	(191,139)	(20)	22,706

The non-controlling interest has 49% equity holding in Simply Send It Pty Limited. Refer to note 30 for details.

	Note	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Cash flows from operating activities			
Loss before income tax expense for the year		(5,363)	(3,389)
Adjustments for:			
Depreciation and amortisation		7,007	7,520
Net loss on disposal of property, plant and equipment		155	390
Net loss on disposal of intangibles		4	128
Share-based payments		197	-
Interest income		(78)	(4)
Interest expense		299	400
		2,221	5,045
Change in operating assets and liabilities:			
Decrease in trade and other receivables		1,106	7,320
(Increase)/decrease in inventories		(2,757)	13,202
Decrease in other operating assets		(1,194)	2,502
Decrease in trade and other payables		(4,311)	(17,307)
Increase/(decrease) in contract liabilities		861	(4,222)
Decrease in other provisions		(88)	(578)
		(4,162)	5,962
Interest received		78	4
Interest paid		(299)	(51)
Income taxes paid		-	(321)
Net cash (used in)/from operating activities		(4,383)	5,594
Cash flows from investing activities			
Payments for property, plant and equipment	14	(135)	(980)
Payments for intangibles	16	(1,231)	(1,633)
Net cash used in investing activities		(1,366)	(2,613)
Cash flows from financing activities			
Proceeds from issue of shares, net of transactions costs	21	9,244	22,608
Repayment of borrowings		-	(5,200)
Repayment of leases	25	(1,007)	(1,163)
Net cash from financing activities		8,237	16,245
Net increase in cash and cash equivalents		2,488	19,226
Cash and cash equivalents at the beginning of the financial year		6,660	(12,323)
Effects of exchange rate changes on cash and cash equivalents		62	(243)
Cash and cash equivalents at the end of the financial year	10	9,210	6,660

The above statement of cash flows should be read in conjunction with the accompanying notes on page 43 to 77

Note 1. General information

MySale Group Plc is a group consisting of MySale Group Plc (the 'Company' or 'parent entity') and its subsidiaries (the 'Group'). The financial statements of the Group, in line with the location of the majority of the Group's operations and customers, are presented in Australian dollars and generally rounded to the nearest thousand dollars.

The principal business of the Group is the operating of online shopping outlets for consumer goods like ladies, men's and children's fashion clothing, accessories, beauty and homeware items.

MySale Group Plc is a public company, limited by shares, listed on the AIM (Alternate Investment Market), a sub-market of the London Stock Exchange. The Company is incorporated and registered under the Companies (Jersey) Law 1991. The company is domiciled in Australia.

The registered office of the Company is Ogier House, The Esplanade, 44 Esplanade Street. Helier, JE4 9WG, Jersey and principal place of business is at 3/120 Old Pittwater Road, Brookvale, NSW 2100, Australia. Company number 115584 (Jersey). Incorporated as of 28 May 2014.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 04 October 2021.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') which have been endorsed by the European Union that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a material impact on the Group.

New Accounting Standards and Interpretations not yet mandatory or early adopted

International Financial Reporting Standards ('IFRS') and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Basis of preparation

These financial statements have been prepared in accordance with applicable Jersey Law and International Financial Reporting Standards ('IFRS' or 'IFRSs') as adopted for use in the European Union (the 'EU') and IFRS Interpretations Committee interpretations (together 'EUIFRS').

Parent company financial information
Under Article 105(11) of the Companies (Jersey) Law 1991, a parent company preparing consolidated financial statements need not present solus (parent company only) financial information, unless required to do so by an ordinary resolution of the Company's members. The Company's members did not pass an ordinary resolution on this matter and hence Parent Company financial information has not been presented for the year.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Going concern

The consolidated financial statements have been prepared on a going concern basis. In reaching their assessment, the Directors have considered a period extending at least 12 months from the date of approval of these financial statements.

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position, are set out in (section (4) of the Strategic Report]. In addition, note 24 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The Group prepare budgets and cashflow forecasts to ensure that the Group can meet its liabilities as they fall due.

Note 2. Significant accounting policies (continued)

As at 30 June 2021, the Group's current liabilities exceeds current assets by A$5,725,000 (2020: A$15,003,000) and the Group incurred a loss after tax of A$8,448,000 (2020: A$3,560,000) and net cash used in operating activities of A$4,383,000 (2020: net cash from operating activities of A$5,285,000).

The uncertainty as to the future impact on the Group of the COVID-19 pandemic has been considered as part of the Group's adoption of the going concern basis. The Directors continue to monitor developments and the potential impact of any new measures imposed due to COVID-19 on the operational and financial risks of the Group.

Immediate action has been taken to protect the cash resources of the business until further certainty is gained. These measures include, but are not limited to:

- strengthening the cash position by raising an additional A$9,244,000 as of 8 October 2020 (note 22); and
- obtaining government support as part of various economic stimulus initiatives.

The Directors have prepared cash flow forecasts covering a period to 31 December 2022. This assessment has included consideration of the forecast performance of the business for the foreseeable future and the cash available to the Group. In preparing these forecasts, the Directors have considered a number of detailed sensitivities, including a worst case scenario considering the potential impact of Covid-19.

If revenue were to fall in line with the worst case model, the Group would take further remedial action to counter the reduction in profit and cash through a cost cutting exercise that would include staff redundancies and general cost control measures.

Included in the Group's current liabilities is balance for contract liabilities (non-cash liabilities) of A$7,047,000 (2020: A$6,186,000). Excluding this the Group's current assets exceed current liabilities by A$1,322,000 (2020: current liabilities exceed assets by A$8,817,000).

Additionally, the Group has a proven track record of raising capital to assist with cash flow needs as and when required.

Based on current trading, the worst case scenario is considered unlikely. However, it is difficult to predict the overall impact and outcome of COVID-19 at this stage, particularly if the second wave continues in to 2022. Nevertheless, after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MySale Group Plc as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 2. Significant accounting policies (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, balance sheet and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions
Foreign currency transactions are translated into the entity’s functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into the Group's presentational currency, the Australian dollar, using the exchange rates at the reporting date. The revenues and expenses of foreign operations included in each of the statement of profit or loss and other comprehensive are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods
The Group's revenue mainly comprises the sale of goods online, in-store, and by wholesale to businesses. Revenue is recognised when control of the goods has transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled.

The Group operates mostly an online retail business selling men's, ladies and children's apparel, accessories, beauty and homeware items. Revenue from sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Sales represent product delivered less actual and estimated future returns, and slotting fees, rebates and other trade discounts accounted for as reductions of revenue. Online sales are usually by credit card or online payment.

It is the Group's policy to sell its products to the customer with a right of return within 30 days. Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. Refer to note 20 for details.

Note 2. Significant accounting policies (continued)

Commission revenue
Commission revenue is generated when the Group, acting as an agent, uses its Marketplace to arrange the sale of products by suppliers to its customers. The supplier of the products to the customer is the principal in the principal-agency agreement. Commissions are recognised at the time the goods are sold.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised in profit or loss over the period necessary to match with the costs that they are intended to compensate. Government grants relating to COVID-19 wage subsidies in Australia, New Zealand and Singapore are netted off against employee costs in profit or as detailed in note 8.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

MySale Group Plc (the 'head entity') and its wholly-owned Australian subsidiaries plus Apac Sale Group Pte. Ltd. have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Current and non-current classification
Assets and liabilities are presented in the balance sheet based on current and non-current classification.

Note 2. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables consist of wholesale debtor and online customer. Wholesale debtors are generally due for settlement within 30 days of recognition and online customers are generally due for settlement within 3-43 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Right of return assets
Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Inventories
Goods for resale are stated at the lower of cost and net realisable value on a 'weighted average cost' basis. Cost comprises purchase, delivery and direct labour costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

A provision is made to write down any obsolete or slow-moving inventory to net realisable value, based on management's assessment of the expected future sales of that inventory, the condition of the inventory and the seasonality of the inventory.

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5-7 years
Plant and equipment	3-7 years
Fixtures and fittings	5-10 years
Motor vehicles	4-5 years

Note 2. Significant accounting policies (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Externally acquired intangible assets are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. Useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer relationships
Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of three years.

ERP system and software
Acquired enterprise resource planning ('ERP') systems and software costs are initially capitalised at cost which includes the purchase price, net of any discounts and rebates, and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of these systems beyond its specifications and which can be reliably measured, is added to the original costs incurred. These costs are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of between three and five years.

Costs associated with maintenance are recognised as an expense in profit or loss when incurred.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Due to their short-term nature they are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Refund liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Long-term employee incentive plan
The Group operates an employee incentive plan to reward and retain key employees. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees. There are no cash-settled share-based compensation benefits.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Monte-Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Share capital
Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of MySale Group Plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares. Diluted earnings per share is not calculated if anti-dilutive.

Value Added Tax ('VAT'), Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT/GST, unless the VAT/GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT/GST receivable or payable. The net amount of VAT/GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The VAT/GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the tax authority.

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives
Certain comparatives have been reclassified, where necessary, to be consistent with current period presentation, particularly in the statement of cash flows, with no effect on the results and net assets..

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Judgements

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Estimates

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Impairment of non-financial assets
The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Provision for impairment of inventories
The provision for obsolete and slow-moving inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. Refer to note 12 for further details.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, right-of-use assets and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 16 for further details.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Significant judgement is required to determine the amount of deferred tax assets that can be recognised based on the estimates and assumptions made in relation to the timing and level of future taxable amounts that will be available. The assessment of impairment was made by looking into the next two years of forecasted taxable profits. Refer to note 9 for further details.

Note 4. Operating segments

Identification of reportable operating segments
The Group's operating segments are determined based on the internal reports that are reviewed and used by the Board of Directors (being the CODM) in assessing performance and in determining the allocation of resources.

Note 4. Operating segments (continued)

The CODM reviews revenue and gross profit by reportable segments, being geographical regions. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in these financial statements.

The Group operates separate websites in each country that it sells goods in. Revenue from external customers is attributed to each country based on the activity on that country's website. Similar types of goods are sold in all segments. The Group's operations are unaffected by seasonality.

Intersegment transactions
Intersegment transactions were made at market rates and are eliminated on consolidation.

Segment assets and liabilities
Assets and liabilities are managed on a Group basis. The CODM does not regularly review any asset or liability information by segment and, accordingly there is no separate segment information. Refer to the balance sheet for Group assets and liabilities.

Major customers
During the year ended 30 June 2021 there were no major customers (2020: none). A customer is considered major if its revenues are 10% or more of the Group's revenue.

Operating segment information

Consolidated - 2021	Australia and New Zealand A$'000	South-East Asia A$'000	Total A$'000
Revenue			
Sales to external customers transferred at a point in time	109,726	7,141	116,867
Commission revenue recognised at a point in time	1,026	-	1,026
Total revenue	110,752	7,141	117,893
Gross profit	43,580	2,837	46,417
Other (loss)/gain, net			(1,120)
Selling and distribution expenses			(31,955)
Administration expenses			(18,267)
Finance income			78
Finance costs			(299)
Impairment of receivables			(217)
Loss before income tax expense			(5,363)
Income tax expense			(3,085)
Loss after income tax expense			(8,448)

Note 4. Operating segments (continued)

Consolidated - 2020	Australia and New Zealand A$'000	South-East Asia A$'000	Total A$'000
Revenue			
Sales to external customers transferred at a point in time	118,107	12,925	131,032
Commission revenue recognised at a point in time	-	-	-
Total revenue	118,107	12,925	131,032
Gross profit	38,943	4,937	43,880
Other gain/(loss), net			8,626
Selling and distribution expenses			(37,015)
Administration expenses			(20,746)
Finance income			4
Finance costs			(400)
Recovery of receivables			2,262
Loss before income tax expense			(3,389)
Income tax expense			(171)
Loss after income tax expense			(3,560)

Note 5. Other operating (losses)/gains, net

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Net foreign exchange (losses)/gains	(921)	893
Net loss on disposal of property, plant and equipment	(157)	(23)
Debt forgiveness *	-	7,723
Other (losses)/income	(42)	33
Other operating (losses)/gains, net	(1,120)	8,626

* In the prior year, the Group agreed with its financier Hong Kong and Shanghai Banking Corporation Plc ('HSBC') to extinguish all borrowing facilities, Corporate Guarantees and Indemnities with a repayment of A$10,914,000. As part of this repayment HSBC agreed to provide the Group with a debt forgiveness amount of A$7,723,000.

Note 6. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation)

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
EBITDA reconciliation		
Loss before income tax	(5,363)	(3,389)
Less: Interest income	(78)	(4)
Add: Interest expense	299	400
Add: Depreciation and amortisation	7,007	7,526
EBITDA	1,865	4,533

Underlying EBITDA represents EBITDA adjusted for certain items, as outlined below.

Note 6. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation) (continued)

	Consolidated	
	2021 A$'000	2020 A$'000
Underlying EBITDA reconciliation		
EBITDA	1,865	4,533
(Recovery)/impairment of receivables	217	(1,505)
Debt forgiveness (note 5)	-	(7,723)
Share-based payments	197	271
Reorganisation costs *	652	1,796
One-off costs of non-trading, non-recurring nature including acquisition expenses	357	660
Unrealised foreign exchange movements	904	(763)
Underlying EBITDA	4,192	(2,731)

* Costs in relation to the closure of overseas operations.

Management has presented the EBITDA and underlying EBITDA as these are performance measures used to monitor and understand the Group's financial performance. EBITDA is calculated by adjusting loss before income tax from continuing operations to exclude the impact of taxation, interest income, interest expense, depreciation and amortisation. Underlying EBITDA is calculated as EBITDA adjusted for certain items including impairment losses/reversals related to goodwill and receivables, share-based payments and unrealised foreign exchange movements. Underlying EBITDA and EBITDA are not defined performance measures in IFRS Standards.

Note 7. Expenses

	Consolidated	
	2021 A$'000	2020 A$'000
Loss before income tax includes the following specific expenses:		
Sales, distribution and administration expenses:		
Staff costs (note 8)	15,625	17,823
Marketing expenses	10,130	8,297
Delivery costs	11,395	14,776
Short-term leases	512	1,577
Low value leases	-	26
Merchant and other professional fees	3,782	4,638
Depreciation and amortisation	7,007	7,526
Loss on disposal of property, plant and equipment	157	81
Loss on disposal of intangibles	4	115
Impairment/(Recovery) of receivables	217	(1,505)
Other administration costs	1,393	4,407
Total sales, distribution and administration expenses	50,222	57,761
Finance costs		
Interest and finance charges paid/payable on borrowings	-	159
Interest and finance charges paid/payable on lease liabilities	299	241
Finance costs expensed	299	400

Note 8. Staff costs

	Consolidated	
	2021 A$'000	2020 A$'000
Aggregate remuneration:		
Wages and salaries *	13,359	14,922
Social security costs	1,106	1,344
Long term employee incentive plan (note 32)	197	271
Other staff costs and benefits	963	1,286
Total staff costs	15,625	17,823

* During the financial year and related to the COVID-19 pandemic, certain entities within the Group received JobKeeper support payments from the Australian government and wage subsidies from the New Zealand and Singapore governments. These subsidies were passed on to the eligible employees and have been recognised in the financial statements net of employment costs over the relevant periods. The net impact (gross amount less top up payments to casual employees) recognised in profit or loss during the financial year was A$1,101,000 (2020: A$947,000) in respect of JobKeeper and A$43,000 (2020: A$91,000) in respect of New Zealand and Singapore wage subsidies.

	Consolidated	
	2021	2020
The average monthly number of employees (including executive directors and those on a part-time basis) was:		
Sales and distribution	68	81
Administration	54	89
	122	170

Details of Directors' remuneration and interests are provided in the audited section of the Directors' remuneration report and should be regarded as part of these financial statements.

Note 9. Income tax

	Consolidated	
	2021 A$'000	2020 A$'000
Income tax expense		
Current tax	-	160
Adjustment recognised for prior years	-	11
Write-off of deferred tax asset	3,085	-
Aggregate income tax expense	3,085	171
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(5,363)	(3,389)
Tax at the statutory tax rate of 30%	(1,609)	(1,017)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of overseas tax rates	(104)	65
Non-taxable income or expense	(11)	(2,456)
Tax-exempt income	-	(18)
	(1,724)	(3,426)
Prior year tax losses not recognised now recognised	-	34
Change in unrecognised deductible temporary differences	1,724	3,552
Impairment of deferred tax assets	3,085	-
Adjustment recognised for prior periods	-	11
Income tax expense	3,085	171

The tax rates of the main jurisdictions are Australia 30% (2020: 30%), Singapore 17% (2020: 17%) and New Zealand 28% (2020: 28%). Company profits are subject to Jersey Corporate Income Tax at a rate of 0%.

	Consolidated	
	2021 A$'000	2020 A$'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised:		
Tax losses	-	299
Accrued expenses	36	258
Provisions	483	2,553
Sundry	(347)	(285)
Property, plant and equipment	-	242
Right-of-use assets	150	380
Intangibles	-	(40)
Deferred tax asset	322	3,407
Movements:		
Opening balance	3,407	3,369
Exchange differences	-	38
Write-off to profit or loss	(3,085)	-
Closing balance	322	3,407

Note 9. Income tax (continued)

Deferred income tax assets are recognised for tax losses, non-deductible accruals and provisions and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. Deferred tax assets have not been recognised for trading losses totalling A$109,256,000 (2020: A$103,548,000), given the lack of visibility over the level of future profitability of the Group.

Note 10. Cash and cash equivalents

	Consolidated	
	2021 A$'000	2020 A$'000
Current assets		
Cash at bank	9,100	6,550
Bank deposits at call	110	110
	9,210	6,660

Note 11. Trade and other receivables

	Consolidated	
	2021 A$'000	2020 A$'000
Current assets		
Trade receivables	1,715	2,479
Less: Allowance for expected credit losses	(17)	(183)
	1,698	2,296
Other receivables	-	369
Sales tax receivable	1,303	1,442
	3,001	4,107

Trade receivables include uncleared cash receipts due from online customers which amounted to A$1,713,000 (2020: A$2,261,000).

Allowance for expected credit losses
The Group has recognised a loss of A$217,000 (2020: recovery of A$2,262,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2021.

Note 11. Trade and other receivables (continued)

The ageing of the trade receivables and the merchant receivables (uncleared cash receipts due from online customers) and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021	2020	2021	2020	2021	2020
Consolidated	%	%	A$'000	A$'000	A$'000	A$'000
Merchant receivables:						
1-30 days overdue	-	0.10%	1,652	2,061	-	2
31-60 days overdue	-	56.44%	44	74	-	42
Over 61 days	100.00%	100.00%	17	126	17	126
			1,713	2,261	17	170
Trade receivables:						
Not overdue	-	-	27	96	-	-
1-30 days overdue	-	-	-	109	-	-
Over 61 days	100.00%	100.00%	(25)	13	-	13
			2	218	-	13
			1,715	2,479	17	183

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2021	2020
	A$'000	A$'000
Opening balance	183	5,389
Unused amounts reversed	-	(2,262)
Receivables written off during the year as uncollectable	(166)	(2,944)
Closing balance	17	183

Note 12. Inventories

	Consolidated	
	2021	2020
	A$'000	A$'000
Current assets		
Goods for resale	8,790	8,968
Obsolete and slow-moving inventory provision	(3,272)	(6,207)
	5,518	2,761

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2021 amounted to A$964,000 (2020: expense of A$948,000) and has been included in 'cost of sales' in profit or loss.

Note 13. Other assets

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Current assets		
Prepayments	161	284
Prepaid inventory*	1,033	90
Right of return assets	501	260
	1,695	634
Non-current assets		
Deposit given for lease agreements	1,213	1,629
Lease receivables	564	-
	1,777	1,629
	3,472	2,263

* Prepaid inventory relates to the costs of goods for resale that have been paid for by the Group but not delivered to its distribution centres for further dispatch to the customers who placed the orders as at the reporting date. The corresponding cash received in advance from customers are accounted for within the contract liabilities category in the balance sheet which includes the total amount of cash received for the goods not delivered to customers at the reporting date.

Note 14. Property, plant and equipment

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Non-current assets		
Leasehold improvements - at cost	1,013	1,949
Less: Accumulated depreciation	(521)	(1,185)
	492	764
Plant and equipment - at cost	4,886	5,027
Less: Accumulated depreciation	(4,650)	(4,670)
	236	357
Fixtures and fittings - at cost	704	940
Less: Accumulated depreciation	(668)	(845)
	36	95
Motor vehicles - at cost	79	209
Less: Accumulated depreciation	(79)	(209)
	-	-
	764	1,216

Note 14. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements A$'000	Plant and equipment A$'000	Fixtures and fittings A$'000	Motor vehicles A$'000	Total A$'000
Balance at 1 July 2019	309	615	243	19	1,186
Additions	622	48	1	-	671
Disposals	-	-	(65)	(16)	(81)
Depreciation expense	(167)	(306)	(84)	(3)	(560)
Balance at 30 June 2020	764	357	95	-	1,216
Additions	41	101	-	-	142
Disposals	(114)	(25)	(16)	-	(155)
Exchange differences	(1)	(3)	(3)	-	(7)
Depreciation expense	(198)	(193)	(41)	-	(432)
Balance at 30 June 2021	492	236	36	-	764

Depreciation expense is included in 'administration expenses' in profit or loss.

Note 15. Right-of-use assets

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Non-current assets		
Property and equipment - right-of-use	6,180	6,505
Less: Accumulated depreciation	(2,693)	(1,143)
	3,487	5,362

The Group leases buildings for its offices, warehouses and retail outlets under agreements of between one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Group leases office equipment under agreements of less than one year. These leases are either short-term or low value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 15. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Property A$'000	Equipment A$'000	Total A$'000
Balance at 1 July 2019	-	-	-
Opening cost on adoption of IFRS 16	1,673	51	1,724
Additions	4,781	-	4,781
Depreciation expense	(1,130)	(13)	(1,143)
Balance at 30 June 2020	5,324	38	5,362
Additions	300	-	300
Transfers out*	(625)	-	(625)
Depreciation expense	(1,537)	(13)	(1,550)
Balance at 30 June 2021	3,462	25	3,487

* Relates to a sublease which has been recognised as a lease receivable during the financial year and included in note 13.

For other lease related disclosures refer to the following:
- note 7 for details of short-term and low value lease expensed in profit or loss;
- note 19 for lease liabilities as at the reporting date;
- note 24 for undiscounted future lease commitments; and
- note 25 and the statement of cash flows for repayment of lease liabilities.

Note 16. Intangibles

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Non-current assets		
Goodwill - at cost	21,233	21,214
Customer relationships - at cost	3,906	3,850
Less: Accumulated amortisation	(3,906)	(3,718)
	-	132
Software - at cost	29,189	28,001
Less: Accumulated amortisation	(24,203)	(19,608)
	4,986	8,393
ERP system	4,885	4,905
Less: Accumulated amortisation	(4,734)	(4,476)
	151	429
	26,370	30,168

Note 16. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill A$'000	Customer relationships A$'000	Software A$'000	ERP system A$'000	Total A$'000
Balance at 1 July 2019	21,221	144	12,196	919	34,480
Additions	-	-	1,621	12	1,633
Disposals	-	-	(112)	(3)	(115)
Exchange differences	(7)	-	-	-	(7)
Amortisation expense	-	(12)	(5,312)	(499)	(5,823)
Balance at 30 June 2020	21,214	132	8,393	429	30,168
Additions	-	-	1,213	-	1,213
Disposals	-	-	(2)	(2)	(4)
Exchange differences	19	-	(1)	(1)	17
Amortisation expense	-	(132)	(4,618)	(275)	(5,025)
Balance at 30 June 2021	21,233	-	4,986	151	26,370

Amortisation expense is included in 'administration expenses' in profit or loss.

Goodwill is allocated to the Group’s cash-generating units ('CGUs') identified according to business model as follows:

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Online flash	19,477	19,458
Online retail	1,756	1,756
	21,233	21,214

The Group's retail websites are OO.com, Deals Direct, and Top Buy. All other websites owned by the Group are online flash websites.

The recoverable amounts of the CGUs were determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period were extrapolated using the estimated growth rates stated below.

Management determined budgeted gross margin based on expectations of market developments. The growth rates used were conservative based on industry forecasts. The discount rates used were pre-tax and reflected specific risks relating to the CGUs.

Online flash

Key assumptions used for value-in-use calculations:

	Consolidated 2021 %	Consolidated 2020 %
Budgeted gross margin	29.09%	29.50%
Five year compound growth rate	25.49%	3.00%
Long-term growth rate	2.00%	2.00%
Pre-tax discount rate	9.00%	9.00%

Note 16. Intangibles (continued)

Based on the assessment, no impairment charge (2020: none) is required. Management has performed a number of sensitivity tests on the above rates and note that there is no impairment indicators arising from this analysis. The recoverable amount exceeded the carrying amount by A$138,276,000 (2020: A$79,700,000).

Online retail

Key assumptions used in value-in-use calculation

	2021 %	2020 %
Budgeted gross margin	28.73%	28.30%
Five year compound growth rate	25.49%	0.80%
Long-term growth rate	2.00%	2.00%
Pre-tax discount rate	9.00%	9.00%

Based on the assessment, no impairment charge (2020: none) is required. The recoverable amount exceeded the carrying amount by A$6,318,000 (2020: A$3,010,000).

Sensitivity
As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. Sensitivity analysis has been performed on the value-in-use calculations, holding all other variables constant, to:

- apply a 1% increase in pre-tax discount rate from 9.00% to 10.00%. No impairment would occur in the online flash CGU. The recoverable amount exceeded the carrying amount by A$116,245,000;
- apply a 100 basis point decrease in margin from 28.73% to 27.73%. No impairment would occur in the online flash CGU. The recoverable amount exceeded the carrying amount by A$95,274,000;
- apply a 10% decrease in growth rate from 25.49% to 15.49%. No impairment would occur in the online flash CGU. The recoverable amount exceeded the carrying amount by A$93,221,000;

- apply a 1% increase in pre-tax discount rate from 9.00% to 10.00%. No impairment would occur in the online retail CGU. The recoverable amount exceeded the carrying amount by A$5,190,000; and
- apply a 100 basis point decrease in margin from 28.73% to 27.73%. No impairment would occur in the online retail CGU. The recoverable amount exceeded the carrying amount by A$4,117,000.
- apply a 10% decrease in growth rate from 25.49% to 15.49%. No impairment would occur in the online retail CGU. The recoverable amount exceeded the carrying amount by A$4,012,000;

Note 17. Trade and other payables

	Consolidated	
	2021 A$'000	2020 A$'000
Current liabilities		
Trade payables	8,380	13,053
Other payables and accruals	3,541	3,163
Sales tax payable	2,383	2,769
	14,304	18,985

Refer to note 24 for further information on financial instruments and capital risk management.

Note 18. Contract liabilities

	Consolidated	
	2021	2020
	A$'000	A$'000
Current liabilities		
Contract liabilities	7,047	6,186

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was A$7,047,000 as at 30 June 2021 (A$6,186,000 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2021	2020
	A$'000	A$'000
Within six months	7,047	6,186

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 19. Lease liabilities

	Consolidated	
	2021	2020
	A$'000	A$'000
Current liabilities		
Lease liability	1,593	1,581
Non-current liabilities		
Lease liability	3,705	5,048
	5,298	6,629

Refer to note 24 for information on the maturity analysis of lease liabilities.

Note 20. Provisions

	Consolidated	
	2021	2020
	A$'000	A$'000
Current liabilities		
Lease make good provision	105	458
Gift voucher provision	160	309
Sales returns provision	824	513
	1,089	1,280

Lease make good provision
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Note 20. Provisions (continued)

Gift voucher provision
The provision represents the estimated costs to honour gift vouchers that are in circulation and not expired.

Sales return provision
The provision represents the costs for goods expected to be returned by customers.

Movements in provisions
Movements in each class of provision during the current financial year are set out below:

Consolidated - 2021	Lease make good A$'000	Gift vouchers A$'000	Sales returns A$'000	Total A$'000
Carrying amount at the start of the year	458	309	513	1,280
Additional provisions recognised	-	160	706	866
Amounts used	(353)	(309)	(395)	(1,057)
Carrying amount at the end of the year	105	160	824	1,089

Note 21. Stated capital

On 28 May 2014 the company converted ordinary shares of £1 nominal value to ordinary shares of £nil nominal value, in a share-for-share exchange. In accordance with Companies (Jersey) Law 1991 Paragraph 39A, these issued shares have been recognised and maintained in a stated capital account.

	Consolidated			
	2021 Shares	2020 Shares	2021 A$'000	2020 A$'000
Ordinary shares £nil each - fully paid	902,465,982	817,240,853	338,215	328,971
Less: Treasury shares	(25,533,118)	(25,533,118)	-	-
	876,932,864	791,707,735	338,215	328,971

Authorised stated capital
959,403,638 (2020: 874,178,509) ordinary shares of £nil each.

Movements in ordinary shares

Details	Date	Shares	A$'000
Balance	1 July 2019	154,331,652	306,363
Issue of shares	20 September 2019	640,376,083	22,608
Issue of shares	11 December 2019	22,533,118	-
Balance	30 June 2020	817,240,853	328,971
Issue of shares	8 October 2020	85,225,129	9,244
Balance	30 June 2021	902,465,982	338,215

Note 21. Stated capital (continued)

Movements in treasury shares

Details	Date	Shares	A$'000
Balance	1 July 2019	3,000,000	-
Issue of shares under the management incentive scheme	5 December 2019	22,533,118	-
Balance	30 June 2020	25,533,118	-
Balance	30 June 2021	25,533,118	-

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up.

Treasury shares
The Company has two employee share plans; (i) the Executive Incentive Plan ('EIP') and (i) the Loan Share Plan ('LSP'). In accordance with the terms of each plan 100% of the ordinary shares will vest three years from grant date subject either to the achievement of the Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') included in the Company's internal forecasts set by the Board in the year of the grant or certain share price hurdles. Share options and loan shares have been granted over the ordinary share capital of the Company and are accounted for as share-based payments. That is, the fair value of the accounting expense in relation to these options and loan shares are recognised over the vesting period.

Vested and unvested shares under the plans are recorded as treasury shares representing a deduction against issued capital. When the loans are settled or the options are exercised, the treasury shares are reclassified as ordinary shares and the equity will increase accordingly. Treasury shares have no dividend, or voting, rights.

Current year
On 8 October 2020, the Company issued 85,225,129 new ordinary shares to entities associated with Gabby Leibovich, Hezi Leibovich and Nati Harpaz (together, the 'Subscription') and raised A$9,244,000 (£5,100,000). The Subscription successfully built Catch.com.au into one of Australia's most successful online retailers, which included an inventory business as well as a successful marketplace which had more than two million products available for Australian consumers.

The Group intends to use a proportion of the proceeds as capital investments in technology to expand and develop its marketplace platform. The Group has been taking advantage of inventory available around the world and the proceeds will enable further selective investment in inventory to continue to improve brand and inventory mix. At the reporting date, with this additional investment, the Group had cash and cash equivalents of A$9,210,000 (2020: A$6,660,000) and will use the funds to grow the business.

Prior year
On 20 September 2019, the Company finalised a share placement for A$23,329,000. Net proceeds after considering the share issue costs of A$721,000 was A$22,608,000. The total number of new shares issued under the placement was 640,376,083.

On 11 December 2019, the Company issued 22,533,118 ordinary shares, 4,542,614 to MySale Group Trustee Limited, in its capacity as the trustee of the MySale Group Plc Employee Benefit Trust ('EBT'), and 17,990,504 directly to those Directors and management taking part in the Loan Share Plan as part of the Company's management incentive scheme for its Directors, Non-executive Directors, and senior management. These shares, in addition to the existing 3,000,000 ordinary shares already held in the EBT, will be used to satisfy the Share Awards, subject to the performance criteria being met. Following admission of these shares, the Company's total issued share capital was 817,240,853 Ordinary Shares. The total number of voting rights in the Company is 791,707,735 (25,553,118 with no voting rights).

Note 22. Other reserves

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Foreign currency reserve	2,697	2,265
Share-based payments reserve	5,709	5,512
Capital reorganisation reserve	(132,756)	(132,756)
	(124,350)	(124,979)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Capital reorganisation reserve
The reserve is used to recognise the difference between the purchase price of APAC Sale Group Pte. Ltd. and the net assets acquired following a Group reorganisation in 2014.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency A$'000	Share-based payments A$'000	Capital reorganisation A$'000	Total A$'000
Balance at 1 July 2019	4,390	5,241	(132,756)	(123,125)
Foreign currency translation	(2,125)	-	-	(2,125)
Share-based payments (*note 32*)	-	271	-	271
Balance at 30 June 2020	2,265	5,512	(132,756)	(124,979)
Foreign currency translation	432	-	-	432
Share-based payments (*note 32*)	-	197	-	197
Balance at 30 June 2021	2,697	5,709	(132,756)	(124,350)

Note 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. Financial instruments and capital risk management

Financial risk management objectives
The Group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards to hedge certain financial risk exposures.

The Board of Directors (the 'Board') is responsible for setting the objectives and underlying principles of financial risk management for the Group.

Note 24. Financial instruments and capital risk management (continued)

Financial risk management is carried out by the executive directors and the executive management team in accordance with the policies set by the Board. They identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. Regular reports are circulated and reviewed by executive directors.

Market risk

Foreign currency risk
Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. The Company is incorporated in Jersey and the Group operates predominantly from Australia with operations in New Zealand, USA, Asia (including Malaysia, Thailand and Singapore) and UK. Entities in the Group regularly transact in currencies other than their respective functional currencies ('foreign currencies'). The Group purchases products in these countries and other European Union countries. Refer to note 5 for the foreign exchange gain / loss recognised in the year.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2021 A$'000**	**2020 A$'000**	**2021 A$'000**	**2020 A$'000**
US dollars	107	121	-	(49)
Pound sterling	1,655	996	-	(1,261)
New Zealand dollars	1,539	3,479	(26)	(330)
Singapore dollars	183	1,331	-	(132)
Malaysian ringgit	140	174	-	(89)
Russian ruble	185	47	-	(37)
	3,809	6,148	(26)	(1,898)

The Group had net assets denominated in foreign currencies of A$3,783,000 as at 30 June 2021 (2020: net assets of A$4,250,000). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (2020: weakened by 10% / strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's foreign exchange loss before tax for the year would have been A$378,000 lower / higher (2020: A$425,000 lower / higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. Refer to note 5 for the actual foreign exchange gain or loss recognised for the year.

Capital risk management
The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital, as detailed in the table below, is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total debt (including borrowings and lease liabilities) less cash and cash equivalents.

	Consolidated	
	2021 A$'000	**2020 A$'000**
Lease liabilities	5,298	6,629
Borrowings	-	-
Less: Cash and cash equivalents	(9,210)	(6,660)
Net debt	(3,912)	(31)
Equity	22,706	21,281
Capital	18,794	21,250

Note 24. Financial instruments and capital risk management (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Price risk
The Group is not exposed to any significant price risk.

Cash flow and fair value interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group is not exposed to any significant cash flow interest rate risks arising mainly from interest bearing deposits.

Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and cash held by merchant provider. For bank deposits and merchant, the Group adopts the policy of dealing only with high credit quality financial institutions and major banks.

The principal business of the Group is online cash sales.
The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year. See note 11 for details of the allowance made against trade receivables.

Concentration of credit risk
There are no significant concentrations of credit risk within the Group. The credit risk on liquid funds is limited as the counterparties are banks with high credit ratings.

Credit risk is managed by limiting the amount of credit exposure to any single counter-party for cash deposits.

Liquidity risk
The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
Trade payables and other financial liabilities mainly arise from the financing of assets used in the Group's ongoing operations such as plant and equipment and investments in working capital. These assets are considered in the Group's overall liquidity risk.

Note 24. Financial instruments and capital risk management (continued)

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

Consolidated - 2021	Weighted average interest rate %	< 1 month A$'000	1-3 months A$'000	3-12 months A$'000	1-5 years A$'000	Total undiscounted liability A$'000	Carrying amount as included on balance sheet A$'000
Non-derivatives							
Non-interest bearing							
Trade and other payables	-	11,044	1,248	2,012	-	14,304	14,304
Interest-bearing - variable							
Lease liability	5.00%	172	517	1,331	4,835	6,855	5,298
Total non-derivatives		11,216	1,765	3,343	4,835	21,159	19,602

Consolidated - 2020	Weighted average interest rate %	< 1 month A$'000	1-3 months A$'000	3-12 months A$'000	1-5 years A$'000	Total undiscounted liability A$'000	Carrying amount as included on balance sheet A$'000
Non-derivatives							
Non-interest bearing							
Trade and other payables	-	12,877	5,733	510	(135)	18,985	18,985
Interest-bearing - variable							
Lease liability	5.00%	158	475	1,250	5,673	7,556	6,629
Total non-derivatives		13,035	6,208	1,760	5,538	26,541	25,614

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments. Also, there is no material difference between the fair value of cash and cash equivalents and the carrying amounts.

Note 25. Changes in liabilities arising from financing activities

Consolidated	Bank loans A$'000	Lease liability A$'000	Total A$'000
Balance at 1 July 2019	5,200	20	5,220
Lease liability opening balance at 1/07/19 on adoption of IFRS 16	-	1,724	1,724
Net cash used in financing activities	(5,200)	(1,163)	(6,363)
Other changes – cash incentive	-	1,026	1,026
Interest and finance charges paid / payable on lease liabilities (note 7)	-	241	241
Acquisition of buildings and equipment - right-of-use	-	4,781	4,781
Balance at 30 June 2020	-	6,629	6,629
Net cash used in financing activities	-	(1,007)	(1,007)
Lease receivable (sub-lease)	-	(564)	(564)
Interest and finance charges paid / payable on lease liabilities (note 7)	-	299	299
Other changes	-	(59)	(59)
Balance at 30 June 2021	-	5,298	5,298

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2021 A$'000	2020 A$'000
Short-term employee benefits	2,213	2,108
Post-employment benefits	199	194
	2,412	2,302

Key management includes Directors (executives and non-executives) and key heads of departments.

During the financial year ended 30 June 2021 A$1,968,000 (2020: A$6,323,000) performance rights were granted to members of key management personnel under share-based payments plans operated by the Group as disclosed in note 32.

Note 27. Remuneration of auditors

Services provided by the Company's auditors and network firms
During the year the Company (including its overseas subsidiaries) obtained the following services from the Company's auditors at costs as detailed below:

	Consolidated	
	2021 A$'000	2020 A$'000
Fees payable to the Company's auditor and its associates for the audit of the consolidated financial statements	202	201
Fees payable to the Company's auditor and its associates for other services:		
- the audit of the Company's subsidiaries	58	49
- taxation services	12	39
- other non-audit services	240	29
	512	318

Note 28. Contingent liabilities

During the year ended 30 June 2020, the Group issued bank guarantees through its banker, Hong Kong and Shanghai Bank Corporation and Macquarie Bank, in respect of lease obligations amounting A$777,000.

There was no contingent liabilities as at 30 June 2021.

Note 29. Related party transactions

Parent entity
MySale Group Plc is both the parent company of the Group and also the ultimate parent entity of the group.

Subsidiaries
Interests in subsidiaries are set out in note 30.

The Group has utilised exemptions available to it to not report transactions with its 100% or majority owned subsidiaries that are listed in note 30.

Key management personnel
Disclosures relating to key management personnel are set out in note 26.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Ultimate Controlling party
The directors consider that the Group has no ultimate controlling party.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

			Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Principal activities	Ownership interest 2021 %	Ownership interest 2020 %	Ownership interest 2021 %	Ownership interest 2020 %
APAC Sale Group Pte. Ltd.	3 Fusionopolis Link #02-08 Nexus@one-north, Singapore	Trading company	100%	100%	-	-
APAC Sales Group, Inc.	1107 S Boyle Street, Los Angeles, CA 90023, U.S.A	Trading company	100%	100%	-	-
APAC UK Procurement Co Limited	The Old Mill, 9 Soar Lane, Leicester, LE3 5DE, England	Trading company	100%	100%	-	-
APACSale Limited	The Old Mill, 9 Soar Lane, Leicester, LE3 5DE, England	Trading company	100%	100%	-	-
BuyInvite Pty Limited	Suite 2, Level 2, 122-126 Old Pittwater Road, Brookvale, NSW 2100, Australia	Trading company	100%	100%	-	-
Company 07640503 Limited	The Old Mill, 9 Soar Lane, Leicester, LE3 5DE, England	Dormant	100%	100%	-	-
NZ Sale Limited	25 Barrys Point Road, Takapuna Auckland 0632, NZ	Trading company	100%	100%	-	-
OzSale Pty Limited	Suite 2, Level 2, 122-126 Old Pittwater Road, Brookvale, NSW 2100, Australia	Trading company	100%	100%	-	-
OzSale Sdn. Bhd.	29-3, Block F2, Jalan PJU1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor, Malaysia	Trading company	100%	100%	-	-
Private Sale Asia Pacific Pte Ltd	3 Anson Road, #27-01 Springleaf Tower, Singapore	Dormant	100%	100%	-	-
Simply Sent It Pty Limited *	Suite 2, Level 2, 122-126 Old Pittwater Road, Brookvale, NSW 2100, Australia	Dormant	51%	51%	49%	49%

Note 30. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest 2021 %	Parent Ownership interest 2020 %	Non-controlling interest Ownership interest 2021 %	Non-controlling interest Ownership interest 2020 %
SingSale Pte. Ltd.	3 Fusionopolis Link #02-08 Nexus@one-north, Singapore	Trading company	100%	100%	-	-
Brand Search Pty Limited	Suite 2, Level 2, 122-126 Old Pittwater Road, Brookvale, NSW 2100, Australia	Dormant	100%	100%	-	-
Chic Global Limited	The Old Mill, 9 Soar Lane, Leicester, LE3 5DE, England	Dormant	100%	100%	-	-
BuyInvite NZ Pty Limited	Suite 2, Level 2, 122-126 Old Pittwater Road, Brookvale, NSW 2100, Australia	Dormant	100%	100%	-	-
Click Frenzy Australia Pty Ltd	Suite 2, Level 2, 122-126 Old Pittwater Road, Brookvale, NSW 2100, Australia	Dormant	100%	100%	-	-
NZ Wine Limited	25 Barrys Point Road, Takapuna Auckland 0632, NZ	Dormant	100%	100%	-	-
My Trade Ltd	The Old Mill, 9 Soar Lane, Leicester, LE3 5DE, England	Dormant	100%	100%	-	-
MySale Group Limited	Hong Kong Suite 2, Level 2, 122-126 Old Pittwater Road, Brookvale, NSW 2100, Australia	Dormant	100%	100%	-	-
Branch of Click Frenzy Australia Pty Ltd	Russia Suite 2, Level 2, 122-126 Old Pittwater Road, Brookvale, NSW 2100, Australia	Trading company	100%	100%	-	-

*   This subsidiary has been consolidated as the Group has control over the partly owned.

Summarised financial information for subsidiaries that have non-controlling interests has not been provided as they are not material to the Group.

Note 31. Earnings per share

	Consolidated 2021 A$'000	Consolidated 2020 A$'000
Loss after income tax attributable to the owners of MySale Group Plc	(8,448)	(3,560)
Underlying EBITDA attributable to the owners of MySale Group Plc	4,192	(2,731)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	879,350,126	665,483,037
Weighted average number of ordinary shares used in calculating diluted earnings per share	879,350,126	665,483,037
	Cents	**Cents**
Basic earnings per share	(0.96)	(0.53)
Diluted earnings per share	(0.96)	(0.53)
Underlying EBITDA basic per share	0.48	(0.41)

59,122,964 (2020: 65,985,501) employee long-term incentives have been excluded from the diluted earnings calculation as they are anti-dilutive.

Note 32. Share-based payments

The Company has two employee share plans: (i) the Executive Incentive Plan ('EIP') (option plan) and (ii) the Loan Share Plan ('LSP') (share plan). In accordance with the terms of each plan 100% of the ordinary shares will vest three years from grant date subject to the achievement of the Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') included in the Company's internal forecasts set by the Board in the year of the grant.

Set out below are summaries of share and options granted under the plans for Directors and employees:

2021 Type	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
LSP	18/08/2015	18/08/2020	£0.51	941,961	-	-	(259,737)	682,224
EIP	18/08/2015	18/08/2020	£0.51	162,207	-	-	-	162,207
LSP	19/08/2016	19/08/2021	£0.65	849,538	-	-	(339,815)	509,723
EIP	19/08/2016	19/08/2021	£0.65	358,693	-	-	-	358,693
LSP	05/12/2019	05/12/2024	£0.05	7,077,638	-	-	(3,881,892)	3,195,746
LSP	05/12/2019	05/12/2024	£0.10	7,077,638	-	-	(3,881,892)	3,195,746
EIP	05/12/2019	05/12/2024	£0.05	9,460,227	-	-	-	9,460,227
EIP	05/12/2019	05/12/2024	£0.10	9,460,227	-	-	-	9,460,227
LSP	21/04/2020	21/04/2025	£0.05	15,298,686	-	-	(3,611,875)	11,686,811
LSP	21/04/2020	21/04/2025	£0.10	15,298,686	-	-	(3,611,875)	11,686,811
LSP	03/08/2020	03/08/2025	£0.10	-	4,413,063	-	(2,206,532)	2,206,531
LSP	01/10/2020	01/10/2025	£0.15	-	11,518,018	-	(5,000,000)	6,518,018
				65,985,501	15,931,081	-	(22,793,618)	59,122,964

Note 32. Share-based payments (continued)

2020 Type	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
LSP	18/08/2015	18/08/2020	£0.51	1,040,198	-	-	(98,237)	941,961
EIP	18/08/2015	18/08/2020	£0.51	162,207	-	-	-	162,207
LSP	19/08/2016	19/08/2021	£0.65	1,019,445	-	-	(169,907)	849,538
EIP	19/08/2016	19/08/2021	£0.65	358,693	-	-	-	358,693
LSP	05/12/2019	05/12/2024	£0.05	-	7,077,638	-	-	7,077,638
LSP	05/12/2019	05/12/2024	£0.10	-	7,077,638	-	-	7,077,638
EIP	05/12/2019	05/12/2024	£0.05	-	9,460,227	-	-	9,460,227
EIP	05/12/2019	05/12/2024	£0.10	-	9,460,227	-	-	9,460,227
LSP	21/04/2020	21/04/2025	£0.05	-	15,298,686	-	-	15,298,686
LSP	21/04/2020	21/04/2025	£0.10	-	15,298,686	-	-	15,298,686
				2,580,543	63,673,102	-	(268,144)	65,985,501

The weighted average remaining contractual life of the share plan outstanding at the end of the financial year was 3.6 years (2020: 4 years).

The share-based payment expense for the year was A$197,000 (2020: A$271,000).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Type	Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
LSP	03/08/2020	03/08/2025	£0.05665	£0.10	75.00%	-	0.14%	£0.029
LSP	01/10/2020	01/10/2025	£0.06	£0.15	75.00%	-	0.09%	£0.025

Note 33. Events after the reporting period

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state whether the pandemic will have a subsequently impact on the Group's operations going forward, especially the deadly Delta outbreak that is currently being felt in Australia and across the world. The Group has experience in the business continuation processes as and when future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both in Australia and internationally, where the Group operates.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.