

MySale Group plc
("MySale" or "the Group")

Half Year Results

First half ahead of management expectations, confident of further progress in H2

FY21 EBITDA expected to be significantly ahead of market expectations

MySale Group plc (AIM: MYSL), the leading international online retailer, today announces its unaudited interim results for the six months to 31 December 2020 (H1 FY21).

Carl Jackson, Chief Executive Officer of MySale, commented.

"We have made excellent progress in the last six months reflected by the successful ongoing execution of our ANZ First Strategy, which is flowing through into the financial results."

"We have returned the business to profitability, with Group EBITDA for the half year trading ahead of management expectations at A\$2.5m, an improvement of A\$5.6m from the A\$3.1m loss in the prior year period, with full year Group EBITDA expectations now significantly ahead of market expectations."

Financial Overview

- Group Total Revenue decreased by 11% to A\$63.8m (H1 FY20: A\$71.9m)
- Core Revenue* for H1 up 15% to A\$61.3m (H1 FY20: A\$52.1m)
- Group cost base reduced by 21% to A\$21.7m (H1 FY20: A\$27.4m)
- Net cash balance of A\$15.8m (H1 FY20: A\$7.3m)
- Return to profitability with EBITDA of A\$2.5m (H1 FY20: A\$3.1m loss), ahead of management expectations

Operational Overview

- Continued improvement in gross margin to 38% (H1 FY20: 34%), driven by better quality revenues and cost base reductions
- Successful scaling of own stock channel, now representing 11% of Core Revenue
- A\$9.3m investment from entities associated with the founders and former CEO of Catch.com.au

Current trading and outlook

- Current trading has continued to be profitable with Group EBITDA expected to be significantly ahead of expectations

**Core Revenue: All Group revenues excluding revenue from legacy inventory*

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR") as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

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About MySale

MySale is a leading international online retailer with established retail websites in Australia, New Zealand and South-East Asia. Founded in 2007, the Group provides customers with access to outstanding brands and products at discounted prices whilst simultaneously providing brand partners with unique international inventory and sales solutions.

The Group operates an Inventory Light Marketplace Platform in ANZ and SE Asia for domestic and international brands with MySale Solutions providing three key service pillars: Technology, Operations and Data. MySale's core product categories are womenswear, menswear, footwear, sports, health & beauty, homewares, technology and personalised gifts. Customers' shopping experiences are enhanced by the Group's deployment of leading edge technology to ensure personalised and localised product offerings.

The Group operates 12 websites in five countries; OzSale, BuyInvite, DealsDirect, OO, Top Buy and IdentityDirect in Australia; NzSale, Buyinvite and IdentityDirect in New Zealand; SingSale in Singapore, and MySale in Malaysia and Hong Kong.

Chairman's statement

MySale has continued to successfully build upon the solid foundations put down as part of its restructure to an inventory light market place platform focused firmly on the ANZ market.

A key area of the restructure has been to focus on better quality revenue, which has meant being much stricter on which third-party sellers can trade on the platform and being more selective over what stock is purchased. This in turn has led to better quality products on the website and a significant improvement in customer satisfaction scoring, which should lead to improved customer retention and repeat purchase rates going forward. From a financial perspective, this has led to a 12% improvement in gross margin to 38% (H1 FY20: 34%).

The cost to service customers has fallen during the period due to technology efficiencies and the inventory light model utilising less infrastructure and a lower net cost of distribution. The cost base has fallen by 21% to A\$21.7m (H1 FY20: A\$27.4m) and this represented 34% of sales during the period.

Whilst Group Total Revenue reduced by 11%, Core Revenue (which excludes sale of legacy stock) increased by 15% on the prior period. When combined with the reduced cost base and increased gross margin, this led to underlying EBITDA of A\$2.5m for the period; a significant improvement on H1 last year, which was a loss of A\$3.1m.

The ANZ region has managed the COVID-19 pandemic very well and has largely been insulated by putting in place very strict border controls at an early stage, meaning that the region is almost back to operating as it did pre-pandemic. There are however still strict border controls in place, which will continue to negatively affect freight in and out of the region for the short term. When these restrictions start to ease we believe the MySale platform is well placed to benefit further and continue to drive growth from both domestic and international suppliers, while increasing market share in what is a significant and fast growing ANZ e-commerce market.

Operational review

H1 Trading

Although Group Total Revenue decreased by 11% to A\$63.8m (H1 FY20: A\$71.9m), Core Revenue (when excluding legacy stock) grew by 15% in the period to A\$61.3m (H1 FY20: A\$53.1m).

Gross margins have continued to improve, increasing to 38% (H1 FY20: 34%) as we continue to drive better quality revenue through our inventory light platform. The Group's cost base has reduced by 21% to A\$21.7m (H1 FY20: A\$27.4m) representing 34% of Total Revenue (H1 FY20: 39%), allowing the business to start to deliver increased operational leverage.

During the period the Group raised A\$9.3m from entities associated with the founders and former CEO of Catch.com.au, one of Australia's most successful online retailers.

The Group continues to operate on a profitable and bank debt-free basis, with a net cash balance of A\$15.8m as of 31 December 2020 (H1 FY20: A\$7.3m).

Current Trading & Outlook

Trading for the first two months of Q3 has continued to be profitable, with Core Revenue and gross profit significantly ahead of the prior year, underpinned by robust margins and a right sized, more flexible cost base.

The Board expects Group revenue for the financial year to 30 June 2021 to be in line with previous guidance, with Group underlying EBITDA expected to be significantly ahead of market expectations.

ANZ First Strategy

We are pleased with the excellent progress we are making with our ANZ First Strategy. During the period, 88% of Core Revenue was from third-party sellers on our proprietary Inventory Light Marketplace platform. During the period, we had 1,026 active third-party partners. This number has continued to grow in the first two months of Q3, underpinned by over 90 active marketplace sellers with significant continued momentum expected for the remainder of the financial year.

In parallel, we continue to successfully scale our high margin own stock channel, adopting a selective, breadth not depth "test and repeat strategy". The new own stock channel revenue was A\$7m, representing 11% of Total Revenue (H1 FY20: Nil) and it is expected that this will continue to increase to approximately 20% of Total Revenue for FY21.

Our UK and US teams are taking advantage of the significant counter seasonal inventory opportunities as we continue to scale the number of international partners and high margin own stock. Whilst there are significant supply side opportunities, there remain challenges with international freight costs due to the COVID-19 pandemic.

The Australian online retail market is estimated to reach A\$47.3 billion** by 2024, growing in excess of 20% per annum. The Board remains confident about the Group's attractive positioning as an off-price specialist, with a clear proposition built around MYSALE Solutions, our proprietary technology platform. Our ambition remains to be the largest off-price marketplace for branded fashion, beauty and home in ANZ taking advantage of the continued strengthening ANZ off-price channel.

Review of dual listing

Further to the announcement as part of our full year results on 26 November 2020, the Group has now progressed its review of a potential dual listing on the Australian Securities Exchange (ASX). The Board continues to believe that aligning the Group's operations with its listing location in parallel with its existing trading on AIM, is in the best interests of all shareholders. Lead advisors have been appointed. No formal decision has yet been made on whether to proceed, however, if a dual listing onto the ASX is pursued, it would likely occur in FY22. The Group will keep investors updated of any material developments.

Carl Jackson
Chief Executive Officer
30 March 2021

* Core Revenue: Revenues excluding revenue from legacy inventory

** Euromonitor International – Retailing in Australia

Financial review by the Chief Financial Officer

Financial Key Performance Indicators

A\$ million	H1 FY21	H1 FY20	Change
Group Total Revenue	63.8	71.9	-11%
ANZ	60.4	64.5	-6%
S-E Asia	3.4	7.4	-54%
Core Revenue Excluding Legacy Stock (Geographical)	61.3	53.1	15%
ANZ	58.1	48.1	21%
S-E Asia	3.2	5.0	-36%
Core Revenue Excluding Legacy Stock (Product Type)	61.3	53.1	15%
Third-Party Suppliers	54.3	53.1	2%
New Own Stock	7.0	0.0	-
Gross Profit %	38%	34%	12%
Statutory Result Before Tax	-1.0	-3.6	+2.6m
Underlying EBITDA	2.5	-3.1	+5.6m
Cash	15.8	7.3	116%

Revenue

Whilst Group Total Revenue decreased by 11% to A\$63.8m (H1 FY20: A\$71.9m), Core Revenue when excluding legacy stock grew by 15% to A\$61.3m (H1 FY20: A\$53.1m).

The Group has continued to focus on its activities and opportunities in the ANZ region, through its ANZ First strategy. This strategy aims to optimise the Group's significant scale, resources and market position in this region. This focus on ANZ resulted in Core Revenue growth of 21%, which was partially offset by an expected revenue decline in South-East Asia.

Our revenue focus is on sales through the inventory light platform, consisting of third-party sellers and selective high margin, fast turnaround own stock. Sales of legacy stock in the period reduced significantly to A\$2.5m (H1 FY20: A\$18.8m) as this remaining stock is cleared for cash.

Gross Margins

During the first half of FY21, gross profit margins have strengthened by 12% to 38% (H1 FY20: 34%). The focus on the higher quality revenue from third-party suppliers alongside the growth of our in-stock model has significantly contributed to driving the improved gross profit margin.

Administrative Expenses

The Group's fixed cost base reduced by 16% to A\$6.5m (H1 FY20: A\$7.7m) and variable costs reduced by 23% to A\$15.2m (H1 FY20: A\$19.7m). Overall cost base as a percentage of Group Total Revenue declined from 38% in H1 FY20 to 34% in H1 FY21.

The Group now has a reduced, right sized, more flexible cost base enabling it to benefit from operational gearing as revenues grow.

A\$ million	H1 FY21	H1 FY20	Change
<i>Expenses as per Financials</i>			
Selling and distribution expenses	16.3	20.4	(20%)
Administration expenses	9.2	12.3	(25%)
Impairment of receivables	0.2	0.2	0%
Less depreciation & amortisation	-3.6	-3.6	0%
Less one-off costs & discontinued activities	-0.4	-1.9	(80%)
Less share based payments	0.0	0.0	-
Total underlying expenses per financials	21.7	27.4	(21%)
<i>Fixed expenses</i>			
Staff Costs	5.1	6.3	(19%)
Financial	0.8	0.8	0%
Occupancy	0.6	0.6	0%
Total fixed expenses	6.5	7.7	(16%)
<i>Variable expenses</i>			
Delivery to customer expenses	5.9	8.6	(31%)
Staff costs	3.2	4.8	(33%)
Marketing	5.0	5.1	(2%)
Financial (merchant fees)	1.1	1.2	(8%)
Other	0.0	0.0	-
Total variable expenses	15.2	19.7	(23%)

Total underlying expenses (fixed and variable)	21.7	27.4	(21%)
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Balance Sheet, Cash and Working Capital

The Group's closing cash balance was A\$15.8m (H1 FY20: A\$7.3m) and the Group now operates on a debt-free basis.

In October 2020 the company raised an additional A\$9.3m from entities associated with both founders as well as the former CEO of Catch.com.au, who successfully built Catch.com.au into one of Australia's most successful online retail marketplaces.

The total inventory balance has reduced to A\$2.6m at period end (H1 FY20: A\$2.8m).

Capital expenditure decreased significantly, as planned, to A\$0.7m (H1 FY20: A\$1.3m) as the efficiency of the proprietary technology platform continues to improve.

Underlying EBITDA

As noted above, the Group manages its operations by looking at the underlying EBITDA which excludes the impact of a number of one-off and non-cash items of a non-trading nature. This, in the Board's opinion, provides a more representative measure of the Group's performance. A reconciliation between reported profit before tax and underlying EBITDA is included in note 5 to the financial statements and outlined below.

A\$ million	H1 FY21	H1 FY20	Change
Reported EBITDA	2.7	0.2	1250%
Share based payments	0	0	-
One-off costs & discontinued activities	0.4	1.9	(80%)
Unrealised foreign exchange loss	-0.6	2.5	(124%)
Debt forgiveness	0	-7.7	(100%)
	-0.2	-3.3	(93%)
Underlying EBITDA	2.5	-3.1	+5.6m
Depreciation & Amortisation	3.6	3.6	0%
Net interest expense	0.1	0.2	(60%)
Underlying loss before tax	-1.2	-6.9	(83%)

Included within one-off items are items of a non-trading, non-recurring nature, including reorganisation costs, termination charges and other costs associated with the action plan described above.

Unrealised foreign exchange loss relates to the revaluation of foreign currency balance sheet items at period end. The significant balance in the prior period is attributed to the Australian dollar, the Group's functional and presentation currency, weakening against the Group's key trading currencies during the period.

Mats Weiss
Chief Financial Officer
30 March 2021

MySale Group Plc
Statements of profit or loss and other comprehensive income
For the period ended 31 December 2020

		Unaudited six months ended 31 December 2020 A\$'000	2019 A\$'000	Audited year ended 30 June 2020 A\$'000
Revenue from contracts with customers				
Revenue from sale of goods	3	63,763	71,870	131,032
Cost of sale of goods		(39,587)	(47,453)	(87,152)
Gross profit	3	24,176	24,417	43,880
Other operating gain, net	4	613	5,078	8,626
Interest revenue calculated using the effective interest method		78	3	4
Expenses				
Selling and distribution expenses		(16,338)	(20,428)	(37,015)
Administration expenses		(9,191)	(12,329)	(20,746)
(Impairment)/recovery of receivables	7	(204)	(208)	2,262
Finance costs		(158)	(220)	(400)
Loss before income tax benefit/(expense)		(1,024)	(3,687)	(3,389)
Income tax benefit/(expense)		(369)	127	(171)
Loss after income tax benefit/(expense) for the period attributable to the owners of MySale Group Plc		(1,393)	(3,560)	(3,560)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		(1,282)	1,263	(2,125)
Other comprehensive income for the period, net of tax		(1,282)	1,263	(2,125)
Total comprehensive income for the period attributable to the owners of MySale Group Plc		<u>(2,675)</u>	<u>(2,297)</u>	<u>(5,685)</u>
Basic earnings per share (cents per share)	17	(0.16)	(0.69)	(0.53)

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Balance sheets
As at 31 December 2020

		Unaudited six months ended 31 December 2020 A\$'000	2019 A\$'000	Audited year ended 30 June 2020 A\$'000
	Note			
Assets				
Current assets				
Cash and cash equivalents	6	15,840	7,257	6,660
Trade and other receivables	7	3,161	4,653	4,107
Inventories		2,622	5,622	2,761
Income tax receivable		-	46	15
Other current assets		586	1,533	634
Total current assets		22,209	19,111	14,177
Non-current assets				
Property, plant and equipment		990	1,319	1,216
Right-of-use assets	8	4,601	5,814	5,362
Intangibles	9	28,201	32,394	30,168
Deferred tax		1,107	1,424	1,629
Total non-current assets		3,029	3,496	3,407
Total assets		60,137	63,558	55,959
Liabilities				
Current liabilities				
Trade and other payables	10	16,840	19,031	18,985
Contract liabilities	11	6,421	8,912	6,186
Lease liabilities		1,609	1,465	1,581
Income tax payable		16	-	-
Provisions		2,593	3,982	2,428
Total current liabilities		27,479	33,390	29,180
Non-current liabilities				
Lease liabilities		4,242	5,486	5,048
Provisions		594	249	450
Total non-current liabilities		4,836	5,735	5,498
Total liabilities		32,315	39,125	34,678
Net assets		27,822	24,433	21,281
Equity				
Share capital	12	-	-	-
Share premium account	13	338,215	328,971	328,971
Other reserves		(126,289)	(121,828)	(124,979)
Accumulated losses		(184,084)	(182,690)	(182,691)
Equity attributable to the owners of MySale Group Plc		27,842	24,453	21,301
Non-controlling interest		(20)	(20)	(20)
Total equity		27,822	24,433	21,281

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity
For the period ended 31 December 2020

Unaudited six months ended 31 December	Share premium 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)	(179,130)	(20)	4,088
Loss after income tax benefit/(expense) for the period	-	-	(3,560)	-	(3,560)
Other comprehensive income for the period, net of tax	-	1,263	-	-	1,263
Total comprehensive income for the period	-	1,263	(3,560)	-	(2,297)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	22,608	-	-	-	22,608
Share-based payments	-	34	-	-	34
Balance at 31 December 2019	<u>328,971</u>	<u>(121,828)</u>	<u>(182,690)</u>	<u>(20)</u>	<u>24,433</u>
Unaudited six months ended 31 December	Share premium 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 benefit/(expense) for the period	-	-	(1,393)	-	(1,393)
Other comprehensive income for the period, net of tax	-	(1,282)	-	-	(1,282)
Total comprehensive income for the period	-	(1,282)	(1,393)	-	(2,675)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 12)	9,244	-	-	-	9,244
Share-based payments	-	(28)	-	-	(28)
Balance at 31 December 2020	<u>338,215</u>	<u>(126,289)</u>	<u>(184,084)</u>	<u>(20)</u>	<u>27,822</u>

Audited year ended 30 June	Share premium 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)	(179,130)	(20)	4,088
Loss after income tax benefit/(expense) for the period	-	-	(3,561)	-	(3,561)
Other comprehensive income for the period, net of tax	-	(2,125)	-	-	(5,686)
Total comprehensive income for the period	-	(2,125)	(3,561)	-	(5,686)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of ordinary shares, net of transaction costs (note 12)	22,608	-	-	-	22,608
Share-based payments	-	271	-	-	271
Balance at 30 June 2020	<u>328,971</u>	<u>(124,979)</u>	<u>(182,691)</u>	<u>(20)</u>	<u>21,281</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of cash flows
For the period ended 31 December 2020

	Note	Unaudited six months ended 31 December 2020 A\$'000	2019 A\$'000	Audited year ended 30 June 2020 A\$'000
Cash flows from operating activities				
Loss before income tax benefit/(expense) for the period		(1,024)	(3,687)	(3,389)
Adjustments for:				
Depreciation and amortisation		3,626	3,642	7,520
Impairment of goodwill		-	(38)	390
Net loss/(gain) on disposal of property, plant and equipment		-	-	128
Net gain on disposal of intangibles		(78)	(3)	(4)
Interest income		-	220	400
Interest expense				
		2,524	134	5,045
Change in operating assets and liabilities:				
Decrease in trade and other receivables		946	5,333	7,320
Decrease/(increase) in inventories		139	10,341	13,202
Decrease/(increase) in other operating assets		(226)	2,967	2,502
Increase/(decrease) in trade and other payables		(3,326)	(12,781)	(17,307)
Increase/(decrease) in contract liabilities		235	(1,496)	(4,222)
Increase/(decrease) in other provisions				
		(393)	3,028	5,962
Interest received		78	3	4
Interest paid		-	(220)	(51)
Income taxes paid		-	-	(321)
Net cash from/(used in) operating activities		(315)	2,811	5,594
Cash flows from investing activities				
Payments for property, plant and equipment		-	(415)	(980)
Payments for intangibles	9	(672)	(855)	(1,633)
Payments for security deposits		-	(2,471)	-
Proceeds from release of security deposits		522	1,313	-
Net cash used in investing activities		(150)	(2,428)	(2,613)
Cash flows from financing activities				
Proceeds from issue of shares	13	9,244	22,608	22,608
Repayment of borrowings		-	(5,200)	(5,200)
Proceeds/(repayments) of lease liabilities		(778)	755	(1,163)
Net cash from/(used in) financing activities		8,466	18,163	16,245

Net increase/(decrease) in cash and cash equivalents		8,001	18,546	19,226
Cash and cash equivalents at the beginning of the financial period		6,660	(12,323)	(12,323)
Effects of exchange rate changes on cash		1,179	1,034	(243)
Cash and cash equivalents at the end of the financial period	6	<u>15,840</u>	<u>7,257</u>	<u>6,660</u>

The above statements of cash flows should be read in conjunction with the accompanying notes

MySale Group Plc
Notes to the financial statements
31 December 2020

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 operation of online shopping outlets for consumer goods like ladies, men and children's fashion clothing, accessories, beauty and homeware items.

MySale Group Plc is a public company, limited by shares, listed on the AIM (Alternative 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.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 March 2021.

Note 2. Significant accounting policies

These financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with International Accounting Standards IAS 34 'Interim Financial Reporting'.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period.

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 periods presented, except for the policies stated below.

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.

As at 31 December 2020, the Group's current liabilities exceeds current assets by A\$5,270,000 (30 June 2020: A\$15,003,000) and the Group has incurred a loss before tax of A\$1,024,000 (at 31 December 2019: A\$3,687,000) and generated operating cash outflow of A\$315,000 (at 31 December 2019: A\$4,261,000 inflow).

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. Although a number of COVID-19 restrictions in Australia have eased after the reporting period, 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\$9,200,000 on 08 October 2020
- obtaining government support as part of various economic stimulus initiatives.

The Directors have prepared cash flow forecasts covering a period to 31 March 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\$6,421,000. Excluding this the Group's current assets exceed current liabilities by A\$1,151,000.

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 2021. Nevertheless, after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Company 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 interim report and accounts.

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 that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. 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 Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

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.

Operating segment information

Unaudited six months ended 31 December - 2020

Revenue

Sales to external customers transferred at a point in time

Total revenue

Gross profit

Other operating gain, net

Selling and distribution expenses

Administration expenses

Finance income

Finance costs

Impairment of receivables

Loss before income tax benefit/(expense)

Income tax benefit/(expense)

Loss after income tax benefit/(expense)

Australia and New Zealand A\$'000	South-East Asia A\$'000	Total A\$'000
60,387	3,376	63,763
60,387	3,376	63,763
22,647	1,529	24,176
		613
		(16,338)
		(9,191)
		78
		(158)
		(204)
		(1,024)
		(369)
		(1,393)

Unaudited six months ended 31 December - 2019

Revenue

Sales to external customers transferred at a point in time

Total revenue

Gross profit

Other operating gain, net

Selling and distribution expenses

Administration expenses

Finance income

Finance costs

Impairment of receivables

Loss before income tax benefit/(expense)

Income tax benefit/(expense)

Loss after income tax benefit/(expense)

Australia and New Zealand A\$'000	South-East Asia A\$'000	Total A\$'000
64,430	7,440	71,870
64,430	7,440	71,870
21,720	2,697	24,417
		5,078
		(20,428)
		(12,329)
		3
		(220)
		(208)
		(3,687)
		127
		(3,560)

Audited year ended 30 June 2020

Revenue

Sales to external customers transferred at a point in time

Total revenue

Gross profit

Other operating gain, net

Selling and distribution expenses

Administration expenses

Finance income

Finance costs

Recovery of receivables

Loss before income tax expense

Income tax expense

Loss after income tax expense

Australia and New Zealand A\$'000	South-East Asia A\$'000	Total A\$'000
118,107	12,925	131,032
118,107	12,925	131,032
38,943	4,937	43,880
		8,626
		(37,015)
		(20,746)
		4
		(400)
		2,262
		(3,389)
		(171)
		(3,560)

Note 4. Other operating gain, net

	Unaudited six months ended 31 December		Audited year ended 30 June
	2020	2019	2020
	A\$'000	A\$'000	A\$'000
Net foreign exchange gain/(loss)	661	(2,719)	893
Net (loss)/gain on disposal of property, plant and equipment	(65)	38	(23)
Debt forgiveness *	-	7,723	7,723
Other income	17	36	33
Other operating gain, net	613	5,078	8,626

* In September 2019, the Group 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 bringing the total shares on issue to 794,707,735. As part of the share placement, 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 in September 2019. As part of this repayment HSBC agreed to provide the Group with a debt forgiveness amount of A\$7,723,000.

Note 5. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation)

	Unaudited six months ended 31 December		Audited year ended 30 June
	2020	2019	2020
	A\$'000	A\$'000	A\$'000
EBITDA reconciliation			
Loss before income tax benefit	(1,024)	(3,687)	(3,389)
Less: Interest income	(78)	(3)	(4)
Add: Interest expense	158	220	400
Add: Depreciation and amortisation	3,626	3,642	7,526
EBITDA	2,682	172	4,533

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

Underlying EBITDA reconciliation

EBITDA	2,682	172	4,533
Impairment/(recovery) of receivables	-	-	(1,505)
Debt forgiveness (note 4)	-	(7,723)	(7,723)
Share-based payments	28	34	271
Reorganisation costs*	283	337	1,796
One-off costs of non-trading, non-recurring nature including acquisitions expenses	102	1,622	(288)
Inventory write down	-	-	948
Unrealised foreign exchange (gain)/losses	(554)	2,472	(763)
Underlying EBITDA	2,541	(3,086)	(2,731)

* Costs in relation to the closure of overseas operations.

Note 6. Current assets - cash and cash equivalents

	Unaudited six months ended 31 December 2020 A\$'000	2019 A\$'000	Audited year ended 30 June 2020 A\$'000
Cash at bank	15,730	7,146	6,550
Bank deposits at call	110	111	110
	<u>15,840</u>	<u>7,257</u>	<u>6,660</u>

Note 7. Current assets - trade and other receivables

	Unaudited six months ended 31 December 2020 A\$'000	2019 A\$'000	Audited year ended 30 June 2020 A\$'000
Trade receivables	2,763	7,897	2,479
Less: Allowance for expected credit losses	(124)	(5,597)	(183)
	<u>2,639</u>	<u>2,300</u>	<u>2,296</u>
Other receivables	-	1,887	369
Sales tax receivable	522	466	1,442
	<u>3,161</u>	<u>4,653</u>	<u>4,107</u>

Trade receivables include uncleared cash receipts due from online customers which amounted to A\$1,858,000 (30 June 2020: A\$2,261,000 and 31 December 2019: A\$3,039,000).

Allowance for expected credit losses

The Group has recognised a loss of [A\$nil] (30 June 2020: A\$2,262,000 recovered and 31 December 2019: a loss of A\$208,000) in profit or loss in respect of impairment of receivables for the half-year ended 31 December 2020.

Note 8. Non-current assets - right-of-use assets

	Unaudited six months ended 31 December 2020 A\$'000	2019 A\$'000	Audited year ended 30 June 2020 A\$'000
Buildings and equipment - right-of-use (Opening cost on adoption of IFRS 16)	5,362	1,724	1,724
Additions	-	4,452	4,781
Less: Accumulated depreciation	(761)	(362)	(1,143)
	<u>4,601</u>	<u>5,814</u>	<u>5,362</u>

Consolidated

	Property A\$'000	Equipment A\$'000	Total A\$'000
Opening cost on adoption of IFRS 16	5,324	38	5,362
Additions	-	-	-
Cost at 31 December 2020	5,324	38	5,362
Depreciation charge for the half-year	(754)	(7)	(761)
NBV at 31 December 2020	4,570	31	4,601

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 9. Non-current assets - intangibles

	Unaudited six months ended 31 December 2020 A\$'000	Unaudited six months ended 31 December 2019 A\$'000	Audited year ended 30 June 2020 A\$'000
Goodwill - at cost	21,206	21,250	21,214
Customer relationships - at cost	3,850	3,959	3,850
Less: Accumulated amortisation	(3,718)	(3,827)	(3,718)
	132	132	132
Software - at cost	28,654	27,364	28,001
Less: Accumulated amortisation	(22,061)	(16,985)	(19,608)
	6,593	10,379	8,393
ERP system	4,883	4,901	4,905
Less: Accumulated amortisation	(4,613)	(4,268)	(4,476)
	270	633	429
	28,201	32,394	30,168

	Goodwill A\$'000	Customer relationships A\$'000	Software A\$'000	ERP system A\$'000	Total A\$'000
Unaudited six months ended 31 December					
Balance at 1 July 2020	21,214	132	8,393	429	30,168
Additions	-	-	685	-	685
Disposals	-	-	(2)	(3)	(5)
Exchange differences	(8)	-	-	-	(8)
Amortisation	-	-	(2,483)	(156)	(2,639)
Balance at 31 December 2020	21,206	132	6,593	270	28,201

Note 10. Current liabilities - trade and other payables

	Unaudited six months ended 31 December		Audited year ended 30 June
	2020	2019	2020
	A\$'000	A\$'000	A\$'000
Trade payables	11,487	14,744	13,053
Other payables and accruals	2,800	4,287	3,163
Sales tax payable	2,553	-	2,769
	<u>16,840</u>	<u>19,031</u>	<u>18,985</u>

Note 11. Current liabilities - contract liabilities

	Unaudited six months ended 31 December		Audited year ended 30 June
	2020	2019	2020
	A\$'000	A\$'000	A\$'000
Contract liabilities	<u>6,421</u>	<u>8,912</u>	<u>6,186</u>

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\$6,421,000 as at 31 December 2020 (A\$8,912,000 as at 31 December 2019 and A\$6,186 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	Unaudited six months ended 31 December		Audited year ended 30 June
	2020	2019	2020
	A\$'000	A\$'000	A\$'000
Within months	<u>6,421</u>	<u>8,912</u>	<u>6,186</u>

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 12. Equity - share capital

	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019	Audited year ended 30 June 2020	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019	Audited year ended 30 June 2020
	Shares	Shares	Shares	A\$'000	A\$'000	A\$'000
Ordinary shares £nil each - fully paid	902,465,982	817,240,853	817,240,853	-	-	-
Less: Treasury shares	(25,533,118)	(25,533,118)	(25,533,118)	-	-	-
	<u>876,932,864</u>	<u>791,707,735</u>	<u>791,707,735</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movements in ordinary share capital - issued and fully paid

Details	Date	Shares	A\$'000
Balance	1 July 2020	817,240,853	-
Issue of shares	8 October 2020	<u>85,225,129</u>	<u>-</u>
Balance	31 December 2020	<u><u>902,465,982</u></u>	<u><u>-</u></u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

Treasury shares

The Company has two employee share plans; (1) the Executive Incentive Plan ('EIP') and (2) 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 exercise, the treasury shares are reclassified as ordinary shares and the equity will increase accordingly. Treasury shares have no dividend, or voting, rights.

Note 13. Equity - share premium account

	Unaudited six months ended 31 December		Audited year ended 30
	2020	2019	June
	A\$'000	A\$'000	A\$'000
Share premium account	<u>338,215</u>	<u>328,971</u>	<u>328,971</u>

The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received.

In 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') to raise approximately £5.1m (approximately A\$9.3m). 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 Company intends to use a proportion of the proceeds as capital investments in technology to expand and develop its marketplace platform. The Company 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. The Company has been cash positive for the last six months and this additional investment of A\$9.3m gives total net cash in excess of A\$12m to grow the business.

In 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 bringing the total shares on issue to 794,707,735.

In 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 809,698,239.

Note 14. Equity - dividends

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

Note 15. Contingent liabilities

The Group issued bank guarantees through its banker, Hong Kong, Shanghai Banking Corporation and Macquarie Bank, in respect of lease obligations amounting to A\$nil (30 June 2020: A\$777,000 and 31 December 2019: A\$524,000).

The Group has issued a bank guarantee through its banker ANZ Bank New Zealand Limited, in respect of customs and duties obligations amounting to NZ\$nil (30 June 2020: NZ\$nil and 31 December 2019: NZ\$150,000).

Note 16. Related party transactions

Parent entity

MySale Group Plc is the parent company of the Group.

Transactions with related parties

The following transactions occurred with related parties:

	Unaudited six months ended 31 December		Audited year ended 30
	2020	2019	June
	A\$'000	A\$'000	2020 A\$'000
Sale of goods and services:			
Sale of goods to other related party *	-	-	-

* Relates to related party transactions with Arcadia Group Ltd and Sports Direct.Com Retail Ltd. Arcadia Group Ltd is a subsidiary of Shelton Capital. Mike Ashely is a shareholder in Sports Direct.Com Retail Ltd. Shelton Capital and Mike Ashley were shareholders in MySale Group Plc during the course of the financial period.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Unaudited six months ended 31 December		Audited year ended 30
	2020	2019	June
	A\$'000	A\$'000	2020 A\$'000
Current receivables:			
Trade receivables from other related party	-	-	-

Loans to/from related parties

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

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 17. Earnings per share

	Unaudited six months ended 31 December 2020 A\$000	Unaudited six months ended 31 December 2019 A\$000	Audited year ended 30 June 2020 A\$000
Loss after income tax attributable to the owners of MySale Group Plc	<u>(1,393)</u>	<u>(3,560)</u>	<u>(3,560)</u>
	Number	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	856,147,977	515,374,761	665,483,037
Weighted average number of ordinary shares used in calculating diluted earnings per share	856,147,977	515,374,761	665,483,037
	Cents	Cents	Cents
Basic earnings per share	(0.16)	(0.69)	(0.53)
Diluted earnings per share	(0.16)	(0.69)	(0.53)
Underlying earnings per share	0.30	(0.60)	(0.41)

65,985,501 (30 June 2020: 65,985,501 and 31 December 2019: 7,542,614) employee long-term incentives have been excluded from the diluted earnings calculation as they are anti-dilutive for the period.

Note 18. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 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.