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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. Chairman's statement
3. Review of operations by the Chief Executive Officer
4. Financial review 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

It has been a transformational year and MYSALE of today is very different from the MYSALE of last year. We have successfully recapitalized, restructured, and repositioned the business significantly reducing the costs base, transforming our product margins and now operating on a profitable, cash generative and debt free basis.

Our platform is being used by many international brands, looking to take advantage of our ANZ Southern Hemisphere customer base and associated counter seasonal inventory opportunity. The Group is now in an excellent position to accelerate the execution of its Australia and New Zealand (ANZ) First Strategy, scaling the business with a restructured cost base which will deliver operational gearing flowing through to the bottom line.

Year to 30 June (A\$ million)	FY20	FY19
Revenue	131.0	208.6
Gross Profit	43.9	52.4 [^]
Gross Margin	33.5%	25.1%
Underlying EBITDA*	(2.7)	(18.8)
Reported loss before tax	(3.4)	(58.2)

**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.*

[^]Delivery costs to customers for the year ended 30 June 2019 of A\$33.8 million have been reclassified from Cost of sale of goods to Selling and distribution expenses to be in line with the online retail industry

Actions taken

- Raised A\$23.3 million to repay and restructure existing bank facilities, leaving the Group bank debt free and with a net cash balance of A\$6.7m, operating a negative working capital model.
- Substantial improvement to gross margin, which increased by 8.4% points to 33.5% (FY19 25.1%)
- Completed the cost reduction programme established as part of the restructure and repositioning, with the cost base¹ reduced by 48.1% to A\$50.2m (FY19 A\$96.7m) and rightsizing of the headcount to 123 Full Time Equivalents ('FTEs') as of 30 September 2020 (FY19: 307)
- Strengthened the management and board with the appointments of Mats Weiss as Chief Financial and Operations Officer and two new Non-Executive Directors
- Developed MYSALE Solutions the Groups proprietary end-to-end technology and operating platform.
- Continued the staged exit of aged own-buy inventory in line with management expectations.
- Closure of the UK and US warehouses and relocation of the Australian Fulfilment Centre which has delivered significant cost reductions and improved efficiencies (started in FY19 and was completed in FY20).
- Launching MYSALE Way a new operational purpose for the Group resulting in improved customer satisfaction scores.

Post financial year end

- Raised A\$9.3m from entities associated with both founders as well as the former CEO of Catch.co.au who successfully built Catch.com.au into one of Australia's most successful online retailers.
- Further Strengthened the management team through the appointment of a new Head of Buying, Head of Marketing and Head of Customer.
- Increased the number of new international partners. Total active partners 982.

¹ Cost base is total expenses less depreciation & amortisation

2. Chairman's statement

I am pleased to say that the last quarter of the financial year was both profitable and cash flow positive. The company is highly focused on the high growth ANZ e-commerce market with the right size cost base and a strong management team with which to deliver future growth.

Throughout the year we have actioned all the key strategic initiatives we set out as part of our restructure and refocus of the business. The opportunity we face is big and the team have all pulled together to transform the business into an inventory light e-commerce technology platform for brand and retail partners both domestic and international to access customers in ANZ.

Like every other company we have faced challenges brought about by the COVID-19 pandemic and our number one priority has been to adapt our working practices to ensure the welfare of our employees. The world of e-commerce has changed off the back of the pandemic and it has caused the structural shift from physical retail to online to accelerate significantly with many people shopping online for the first time. I believe this change is here to stay and e-commerce will continue to see strong continued growth for a long time to come.

During the year we closed our UK operations to refocus on the ANZ market. We also strengthened our balance sheet by raising equity and paying off our debt leaving the Group debt free and cashflow positive (Q4 FY20). We have made changes to our business enabling us to work more efficiently with a lower cost base and in-turn these changes have led to an improved quality of revenue and jump in gross margin to 33.5% (FY19 25.1%). This strengthening of the margin has continued to into the current year.

Trading in the current year has started well and with the continued focus on customer experience and providing brands and retailers with a world class platform to access that customer, we are excited about the journey ahead.



Charles Butler
Chairman
25 November 2020

3. Review of operations by the Chief Executive Officer

A recapitalized, restructured and repositioned business with firm foundations for future growth

Last year's strategic review concluded that the Group needed to reduce its costs, generate cash by selling down excess inventory and execute its ANZ First Strategy. I am pleased to report that we have completed all these actions and we now have a recapitalized, restructured, and repositioned business operating a world class platform providing unique solutions for our retail and brand partners.

Year to 30 June (A\$ million)	FY20	FY19
Revenue	131.0	208.6
Gross Profit	43.9	52.4 [^]
Underlying EBITDA(*)	(2.7)	(18.8)
Depreciation and Amortisation	7.5	6.9
Interest	(0.4)	(0.5)
Reported loss before tax	(3.4)	(58.2)

**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.*

[^]Delivery costs to customers for the year ended 30 June 2019 of A\$33,831,000 have been reclassified from Cost of sale of goods to Selling and distribution expenses to be in line with the online retail industry

Whilst we have made substantial progress over the year, it has undoubtedly been a period of unprecedented challenges, and the environment that MySale operates in today is also very different from the environment MySale operated in last year.

COVID-19

Since the onset of the pandemic we have closely followed government guidance on safe working practices for all our employees, which remains our top priority. To date, colleagues who are able to work from home are doing so. Where this is not possible, we have put in place social-distancing procedures for our office and warehouse team. To date, we have not had any major operational business disruption as a result of these measures, and I am proud of the way that MYSALE has met this challenge head on, putting our duty to our stakeholders to act as a responsible business at the heart of our approach. Like most businesses, we have experienced some minor operational issues during this period of uncertainty, including the supply of inventory and reliability of international shipping, though we have carefully managed these challenges to ensure business continuity. The flexibility of our business model has been key here, allowing us to adapt quickly. In response to the pandemic, we sourced more product locally to ensure we remained relevant, while pivoting into complimentary categories including homewares, activewear and leisurewear to meet customer demand from the growing work from home market. Our inventory light platform allowed us to react quickly in line with this evolving trend ensuring we have the right merchandise mix.

Whilst the duration, severity and long-term impact of the pandemic remain unknown, we believe that there are a number of opportunities for Mysale as a result of our unique operating model. We have already seen an accelerated shift in consumer spending from physical retail to online; a trend which we expect will continue long after the pandemic is over. There are also signs that COVID-19 has further strengthened the ANZ off-price channel², particularly online.

MySale is well positioned to take advantage of these long-term trends.

Progress against strategic initiatives

While there have been some operational benefits to the Group as a result of widespread supply chain disruption across the global retail industry due to COVID 19, we had already made significant progress against our strategic initiatives as we entered our final quarter. This included a great deal of work to ensure we had the right financial and organizational structures to fulfil our ambitions.

Executing against our ANZ First strategy³ required focus, making decisions at pace in order to resolve legacy issues, while prioritising some goals in favour of others. This meant we had to become a much smaller and nimble company with solid foundations before we could start to grow again.

² Off-price is a trading format based on discount pricing

³ Refer to page 16 for ANZ First Strategy

We completed the cost reduction programme in the period, as outlined in the strategic review, including a significant reduction in fixed overheads and international freight, while reducing the Groups headcount from 307 in FY19 to 170 in FY20. The Group's cost base⁴ has been significantly reduced to A\$50.2 million (FY19: A\$96.7 million).

The restructuring of our supply chain and decisive cost control measures put in place are now benefiting the Group, more than offsetting the reduction in revenues for the period (see page 10 for detail). We have rightsized the business and have been able to leverage the benefits of closing our UK and US warehouses and offices, reducing the headcount and centralising the Group structure into ANZ.

We are confident that the decisive action taken to recapitalise, restructure and reposition the business have left us in a stronger, more resilient position. Our underlying EBITDA loss improved from A\$18.8 million to A\$2.7 million, with profitable trading during the final quarter. We exited FY20 with substantially less inventory, having increased the cadence of own-buy promotional activity.

Although revenues have declined, the quality of revenues have improved with substantial improvements to our gross margin, which increased to 33.5% [FY19: 25.1%]. We anticipate further improvement in gross margin during FY21.

We have also made significant progress in selling down aged owned inventory which will continue albeit at a reduced rate into FY21. In FY19, as a result in the changes to the Australian GST legislation, we restructured the supply chain and closed the UK and US warehouses which had an immediate negative impact on revenues. However, during the period we made good progress in re-engaging and renegotiating the commercial contracts with our international partners which allows us to provide them with either a direct shipment or third party freight solution ensuring they have an efficient counter seasonal solution for their excess inventory.

Cash and Working capital

In September 2019 we raised A\$23.3 million to repay and restructure existing bank facilities, leaving the Group debt free and with a cash balance of A\$6.7 million.

The business is now operating a negative working capital model where it is able to generate cash quickly 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.

Post year- end we also raised A\$9.3m from entities associated with both founders as well as the former CEO of Catch.com.au who built that business into one of Australia's most successful online retailers. The net proceeds will be used to expand and develop the Company's marketplace platform, as well as take advantage of excess inventory available around the world, to continue to improve the brand and inventory mix.

Cash generation and conservation was a key focus for us in FY20. Strict working capital management and the conversion into cash of the aged inventory resulted in a strong cash flow performance.

Going forward the Group has the right cost base, aligned to the new simplified business, to ensure future profitability. We are able to scale the revenue, leveraging efficiencies, with increased margins on a stable cost base.

A repositioned business

ANZ First Strategy and Partner Programme

Focusing on our ANZ First Strategy and developing our inventory light marketplace platform will further allow the Group to leverage operational efficiencies.

In line with our Platform Strategy, we have developed and launched MYSALE Solutions which is the engine of the business, providing Partner and Wholesale Solutions supported by three key service pillars: Technology, Operations and Data.

- **Technology:** Our proprietary technology platform provides a modern, flexible and highly scalable solution that is designed to support the culture of continuous improvement, enabling us to react to partner requirements quickly. The platform capabilities are optimized to support our unique partner solutions effectively.
- **Data:** Our Proprietary data platform provides in-depth analytics with real time business intelligence tools enabling MYSALE and our partners to respond quickly to data insights.

⁴ Cost base is total expenses less depreciation & amortisation

- **Operations:** We offer our partners access to the MYSALE Fulfillment centers which provide them with flexibility, scalability and access to international customers.

We pride ourselves on offering flexible solutions for our partners. We will continue to scale, at pace, the number of new partners selling on the platform, focusing on delivering a daily discovery experience for discounted fashion, beauty, and homeware products to our customers.

- 3RD Part Partner Programme
- Wholesale Programme – Own Stock

Own-stock inventory delivers significantly higher margins and an improved level of customer satisfaction. While we will increase the amount of In-Stock inventory, we will not repeat the mistakes of the past and have adopted a “test and repeat strategy”; buying width and not depth of product, thereby allowing us to turn the inventory very quickly.

In final quarter, over 85% of our revenue was delivered from our 3rd party platform partners compared to 2.9% from our “test and repeat” own stock inventory.

We are already making good progress scaling the amount of own-stock product and brands which represented 7.8% of sales in Q1 of the new financial year.

MYSALE Solutions resonates well with our UK and US partners as it provides them with a perfect counter seasonal platform solution to what has been a very difficult trading period due to Covid-19. We have faced some challenges securing inventory, due to key staff at retail partners being furloughed, while we have also experienced an increase in international freight costs due to reduced global air freight capacity.

As we enter FY21 more UK and US brands are now working on the MySale platform as we provide an efficient counter seasonal solution for their excess inventory.

The business will scale with a different cost base structure, as historically the fixed costs were too high relative to the variable costs and revenue growth. At its peak, in FY18, our fixed annual cost base was A\$39.7m of which the UK and US overhead base was A\$11.9m and did not deliver operational leverage. As part of the strategic review we closed our UK and US warehouse, exited our UK business and relocated the management team back to ANZ which has already delivered material benefits with our fixed cost base now reduced to A\$15.8m in FY20.

The Market Opportunity

The Facts:

- Australian eCommerce April online retail spend: 17.2%⁵
- New Zealand online retail spend: 9.8%⁶

Both markets significantly lag the UK [30%⁷] and US [22%⁸] eCommerce online retail spend.

Original industry forecasts were that by 2025 online shopping would account for 16-18%⁵ of total retail spend. However, since the onset of the COVID-19 pandemic it is anticipated that this will accelerate significantly.

For our customers, our mission is to offer a daily discovery experience for discounted fashion, home and beauty brands; a place that our customers check every day before buying for themselves, family or friends.

For our retail and brand partners we continue to provide an efficient platform solution to accelerate their sales of previous seasons and excess current season merchandise. For our international partners it is an even more compelling solution as it allows them to take advantage of the counter seasonal opportunity selling into ANZ while not disrupting their core market.

This presents the opportunity for Mysale to continue targeting large pool of international supplier who will be interested in the counter seasonal opportunity as well as growing ANZ market.

⁵ https://auspost.com.au/content/dam/auspost_corp/media/documents/2020-ecommerce-industry-report.pdf

⁶ <https://thefulldownload.co.nz/>

⁷ <https://www.ben-evans.com/benedictevans/2020/8/18/the-ecommerce-surge>

⁸ <https://www.ben-evans.com/benedictevans/2020/8/18/the-ecommerce-surge>

The MySale Way

We have developed and launched The MySale Way, a new operational purpose for the Group that is encapsulated in the following core principles: Customer and Partners 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 that challenges everyone to operate at pace and think bigger putting our Customers and Partners First.

We have been very disciplined with our suppliers as we increase the focus on the customer experience and are already seeing improvements in our customer satisfaction scores driven by improved data and management focus. While there is still work to do, we are confident this will continue to improve.

Board and Management Changes

During the period, there have been a number of changes to the senior management team, including the appointment of Mats Weiss as new Chief Financial & Operations Officer and two new Non-Executive Directors. Subsequent to the year end, the management team has been strengthened through the appointment of a new Head of Buying, Head of Marketing, Head of Customer as well a number of appointments that have enhanced the buying teams.

Current Trading and Future Outlook

I am very proud of what our team has achieved this year. As a business, we finished FY20 in a strong position and in far better shape than when we started it, as the actions taken from the strategic review flowed into our financial results.

The Group is now operating on a cash generative and debt free basis following the post year end capital raise with cash balances of A\$15.9 million as 31st October 2020 and further improvements to our gross margin during the first quarter of the new financial year.

While the Board is conscious of the ongoing uncertainty and operational risk caused by COVID-19 pandemic, for both our business and the global retail industry as a whole, it is pleasing to see the Group's strong trading momentum and increased interest from international partners in our unique offering has continued into the new financial year.

We have built a highly scalable low-cost business model and are now in a position where we can grow our business and execute our strategy as an off-price specialist, with a clear customer offering built around MySale Solutions. Our talented team is now re-focused on delivering growth through scaling our Partner Program and increasing the amount of high margin own inventory stock to deliver operational leverage as we further accelerate the ANZ First Strategy.



Carl Jackson
Chief Executive Officer
25 November 2020

Financial review by the Chief Financial Officer

FY20 has truly been a transformational year where we have exited non-core businesses, delivered a step-change in working capital and materially improved profitability. We have a continued focus on reducing our overall cost base, and during the financial year 2020 we have decreased operating expenses by 48.1%, to A\$52.2m (FY19: A\$96.7m).

The Inventory position on June 30, 2020 was A\$2.8m, down A\$13.2m vs. prior year (FY19: A\$16.0m) due to transitioning the business to an inventory-light platform by selling down the aged ownbuy stock.

The business is now debt free and with a net cash balance of A\$6.7m, operating a negative working capital model.

Revenue and gross profit[^]

For the year ended 30 June 2020 Group revenue decreased by 37.2% to A\$131.0 million (FY19: A\$208.6 million) and gross profit decreased, by 16.2%, to A\$43.9 million (FY19: A\$52.4 million). Gross margin has increased in FY20 by 8.4ppt, to 33.5%.

Executing against our ANZ First strategy required focus, making decisions at pace in order to resolve legacy issues, while prioritising some goals in favour of others. This meant we had to become a much smaller and nimble company with solid foundations before we could start to grow again. We have also made significant progress in selling down aged owned inventory which will continue albeit at a reduced rate into FY21. In FY19, as a result of the changes to the Australian GST legislation, we restructured the supply chain and closed the UK and US warehouses which had an immediate negative impact on revenues.

The gross margin has continuously improved throughout the financial year ending the overall gross margin at 33.5% (FY19: 25.1%), this is a trend that has continued into the first quarter in FY21. This is a result of focusing on core revenue with stronger margins and holding our suppliers responsible for key KPI's.

Further to that, we have managed to decrease our freight costs as a share of revenue from 12.8% in the first quarter to 9.8% in Q4.

Operating expenses

The operating expenses reduced by 48.1% to A\$50.2 million (FY19: A\$96.7 million). In the FY20, the group received a government COVID-19 grant of A\$0.9m.

The significant reduction of operating expenses has been achieved through automation and simplification of processes, closing of UK & US warehouses and relocation of the Australian Fulfilment Centre.

Variable costs have decreased in line with revenue, whilst we have successfully reduced the fixed costs share of revenue from 13.6% in FY19 to 12.1% in FY20. The reduction of fixed costs is a result of aligning the structure to fit the ANZ First Strategy, operating on an inventory light model. Headcounts have been reduced from 307 in FY19 to 170 in FY20.

Profit/loss before tax

The reported loss before tax for the year is A\$3.4 million (FY19: A\$58.2 million loss). This reported loss is after the inclusion of a number of one-off and non-cash items such as debt forgiveness and net foreign currency gain.

Profit/loss after tax and earnings per share

The reported loss after tax for the year is A\$3.6 million (FY19: A\$69.3 million loss). This reported loss for the prior year 2019 is after the inclusion of a number of one-off and non-cash items which are shown in more detail in note 6 to the financial statements in order to provide greater insight as to the underlying profitability of the Group.

Note 38 to the financial statements shows the detailed calculations of basic loss per share for the financial year which after tax was 0.53 cents per share loss (FY19: 44.92 cents loss) and was 0.41 cents loss (FY19: 12.21 cents loss) on underlying EBITDA.

Taxation

The group has recorded a tax expense of A\$0.2 million for the year (FY19:A\$11.1 million expense). Further detail of the tax expense is provided in note 9 to the financial statements. The Group has A\$103.6 million (FY19: A\$83.9 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.

Balance sheet, cash and working capital

The Group's closing cash balance was A\$6.7 million (FY19: A\$0.8 million) and a borrowing of A\$nil (FY19: A\$18.4 million). The Group finalised a share placement of 640.4 million shares for A\$23.3 million in September 2019. 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\$10.9 million. As part of this repayment HSBC agreed to provide the Group with a debt forgiveness amount of A\$7.7 million. After these actions the business is debt free.

Capital investment was reduced on prior year investment levels as we focused on conserving cash and prioritizing the development projects in line with the business priorities. Whilst the majority of the capex is allocated to technology the business did relocate its warehouse which accounted for 37.5% of capital expenditure. Total capital expenditure was A\$2.6m (FY19 A\$5.0m). No impairment was considered necessary.

Trade & Other Receivables has been reduced to A\$4.1m (FY19: A\$10.0m) as a result of exiting the wholesale business and scaling down the share of business on Ourpay, the Groups owned BNPL solution.

Inventory value was recognised at the year-end as A\$2.8 million (FY19: A\$16.0 million). The significant decrease is a result of the continued focus on the ANZ First Strategy and developing our inventory light platform and successfully reducing the aged own-buy inventory.

Trade and other payables have also been significantly reduced, from A\$33.0m in FY19 to A\$19.0m in FY20. Trade payables has reduced as a natural consequence of revenue declining and the company being in a stronger cash position.

Post the FY20 year-end closing, the group raised A\$9.1 million from entities associated with both founders as well as the former CEO of Catch.com.au who successfully built that business into one of Australia's most successful online retailers.

Banking facilities

Subsequent to the refinancing the Group are no longer relying on trade and overdraft financing to support the business operations. The sell down of 'ownbuy' 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.

Underlying basis

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 as this, in the Board's opinion, provides a more representative measure of the Group's performance.

Year to 30 June (A\$ million)	FY20	FY19
Reported loss before tax	(3.4)	(58.2)
Interest	0.4	0.5
Depreciation	7.5	6.9
Impairment of goodwill	-	2.8
(Recovery) / Impairment of receivables	(1.5)	6.8
Net gain on Cocosa websites	-	(2.7)
Debt forgiveness	(7.7)	-
Share based payments	0.3	(1.0)
Reorganisation	1.8	2.5
Non-trading one-off costs	(0.3)	3.1
Unrealised foreign exchange (gain)/loss	(0.7)	1.6
Inventory write down	0.9	18.9
Underlying EBITDA*	(2.7)	(18.8)

*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.

^Delivery costs to customers for the year ended 30 June 2019 of A\$33.8 million have been reclassified from Cost of sale of goods to Selling and distribution expenses to be in line with the online retail industry

Key performance indicators

The Group manages its operations through the use of a number of key performance indicators ('KPI's') including revenue growth, gross margin %, Underlying EBITDA.



Mats Weiss
Chief Financial Officer
25 November 2020

4. 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. To date the COVID-19 pandemic has not materially impacted the Group's business.

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. 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 quickly 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 31 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 partners to provide off-price 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. These disruptions and uncertainties could have an adverse effect on the Group's business, financial results and operations.

5. 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.

6. 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.

7. 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 partners 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 off-price apparel and home online retail platform in ANZ offering unique solutions for our brand partners. 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 off-price apparel and home online retail platform in ANZ offering unique solutions for our brand partners. 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 partners, 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 are 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 14 and 15 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 20 of this report.

	Plc Board Meetings		Audit		Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
David Mortimer AO	3	3			1	1
Dow Famulak	6	6	1	1		
Wally Muhieddine	6	6			1	1
Charles Butler	9	9	1	1	2	2
Jamie Jackson	1	1				
Carl Jackson	9	9				
Mats Weiss	4	4				

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 21 to 24 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 an Annual General Meeting each year at which a trading update is provided and shareholders are 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
Chairman
25 November 2020

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 of Directors

As at the date of signing of these financial statements, the Board consisted of five directors as shown below. Dow Famulak and Wally Muhieddine were appointed as Independent Non-Executive Directors on 3 December 2019. Mats Weiss was appointed as the CFO on 9 March 2020. 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	Chairman
Carl Jackson	Executive Director and Chief Executive Officer
Mats Weiss	Chief Financial & Operations Officer (appointed 9 March 2020)
Dow Famulak	Independent Non-Executive Director (appointed 3 December 2019)
Wally Muhieddine	Independent Non-Executive Director (appointed 3 December 2019)

During the financial year ended 30 June 2020 the following individual served for part of the year and have stepped down subsequent to the year end and before the signing of this report.

Jamie Jackson Executive Director and Vice Chairman resigned from the Board on 6 September 2019

Biographies for each of the directors who served during the 2020 year 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 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 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 of Directors ('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 incentive schemes;
- 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 2020 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 6 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 3 months' written notice.

The following information is subject to audit.

Directors' remuneration for the year ended 30 June 2020 was as follows:

Name	Basic salary / fees	Bonus	Taxable benefits	Pension contributions	Total 2020	Total 2019
Non-executive directors:						
Iain McDonald	-	-	-	-	-	£43,750
David Mortimer AO	-	-	-	-	-	£46,667
Dow Famulak	£25,154	-	-	£170	£25,324	-
Wally Muhieddine	A\$50,750	-	-	-	A\$50,750	-
Charles Butler	£73,750	-	-	£1,316	£75,066	£63,391
Executive directors:						
Jamie Jackson	£192,000	-	-	£1,316	£193,316	A\$497,270
Andrew Dingle	-	-	-	-	-	A\$138,065
Carl Jackson	A\$344,265	-	A\$27,692	A\$35,193	A\$407,150	A\$439,369
Mats Weiss	A\$80,769	-	-	A\$7,673	A\$88,442	-

Employee Share Plan

Details of the operation of the company's employee share plan can be found in note 39 to the financial statements.

Shares granted under the Loan Share Plan ('LSP') are as follows:

	Balance 1 July, 2019	Granted	Exercised	Cancelled	Balance 30 June 2020	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 at 30 June 2020 was £0.056 (2019: £0.026) and the range during the financial year was between £0.018 and £0.063 (2019: £0.022 and £0.596).

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 2020.

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	joined the Board on 9 March 2020
Dow Famulak	joined the Board on 3 December 2019
Wally Muhieddine	joined the Board on 3 December 2019
Jamie Jackson	left the Board on 6 September 2019
David Mortimer AO	left the Board on 3 December 2019

Information on directors and their interests

Biographies for the directors in office at the 30 June 2020 and their interests in the ordinary shares of the company, are shown below:

Name: Charles Butler
Title: Independent Non-Executive Director
Age: 48
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: 57
Experience and expertise: Carl joined MySale in 2009 and has over 28 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: 48
Experience and expertise: Mats Weiss 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: 59
Experience and expertise: Dow 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: 50
 Experience and expertise: Wally 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. He is a valued adviser to local and international CEO's in sectors including fashion, finance, FMCG, online and retail.

Directors' beneficial interests in the shares of the company at the 30 June 2020 are:

Name	Ordinary shares	Percentage holding
Charles Butler	17,000	0.0%
Carl Jackson ⁹	103,745,000	12.69%
Dow Famulak	1,100,000	0.13%
Jamie Jackson	57,469,189	7.03%

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 2020 (June 2019: 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 two-year period to 30 June 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 two-year 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 of the financial statements.

Substantial shareholdings

⁹ Held by Jackson Capital Pty Ltd as trustee for the Jackson Family Trust.

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 donations (2019: A\$0) during the financial year. The Group made no political donations.

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

PwC resigned and BDO LLP were appointed as auditors during the year. BDO LLP have expressed their willingness to continue as auditors. A resolution for the appointment of BDO LLP as auditor of the Company is to be proposed at the forthcoming AGM.

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
Chairman
London
25 November 2020

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.

Company 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 EU ("IFRSs as adopted by the EU") and applicable law.

Under company law 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 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 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 European Union, 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
Chairman
London
25 November 2020

Opinion

We have audited the financial statements of Mysale Group plc ("the Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2020 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 their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

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 are independent of the Group and 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview

Group materiality was A\$1,310,000, which represents 1% of total revenue. Component materiality and other materiality considerations are detailed in the materiality section below.

Other than the Parent company we identified one component of the Group that contributed greater than 15% of Group revenue, which, in our view, required an audit of their complete financial information.

We have identified and reported on two key audit matters, including revenue recognition, and going concern.

Key audit matter

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) 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. This matter was 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 this matter.

Key Audit Matter

How we addressed the key audit matter in the audit

Revenue recognition

The Group has reported revenues of A\$131.0m (2019: A\$208.6m) with deferred revenue at 30 June 2020 of A\$6.2m (2019: A\$10.4m). The revenue recognition policy is detailed within note 2 of these financial statements and the revenue disclosures are outlined in note 4.

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 apportionment of 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. Because of the significance of this balance, we have considered it to be a key audit matter.

Our audit work included, but was not restricted to, the following:

- Reviewed the revenue recognition policy for the material sources of revenue and check revenue is recognised in accordance with IFRS 15;
- On a sample basis, tested revenue transactions throughout the year by tracing to supporting documentation, including proof of delivery and cash receipts;
- Use data analytics technique to generate expected revenue from EPOS data to compare with revenue recognised and cash collected;
- Performed cut-off procedures to ensure revenue is recorded in the correct period. This consisted of checking that revenue is recognised in the correct period for a sample of items sold before and after the year end;
- Tested the existence of deferred revenue for a sample of deliveries in transit at year end; and
- 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 in the correct period and in accordance with accounting standards.

Key Audit Matter

How we addressed the key audit matter in the audit

Going concern

In the second half of the financial year, the outbreak of COVID-19 became a global pandemic. Governments internationally have enforced various restrictions on society which has had a negative impact on the global economy resulting in ongoing uncertainty in the external economic environment.

The financial statements explain in note 2 how the Directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group. That judgement is based on the Directors' evaluation of the inherent risks to the Group's business model, including the impact of COVID-19, and how those risks might affect the Group's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.

As a consequence, going concern is considered a key audit matter.

Our audit work included, but was not restricted to, the following:

- 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' 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. We confirmed through subsequent actual numbers that this scenario is improbable due to the Group being in strong cash position.
- we evaluated the Directors' plans for future actions 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.

Key Observations

Our key observations are set out in the Conclusions relating to going concern section above.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on the audit and in forming our audit opinion. 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.

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.

Materiality for the Group financial statement as a whole was calculated at A\$1,310,000 based on 1% of total revenue. In arriving at this judgement, we considered the financial measures which we believed to be most relevant to the users of the financial statements in assessing the performance of the Group. Profit before tax is a generally accepted benchmark for a profit-orientated business. However, due to the loss making nature of the Group, we consider that there is still significant volatility in this measure. We concluded that, in isolation, this metric did not appropriately reflect the scale of the Group's ongoing operations or its underlying performance. As a result, revenue was considered the most appropriate benchmark.

Materialities for significant components comprising the Parent Company and the Australian component were both calculated as A\$972,750.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality, 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.

Performance materiality was calculated at A\$972,750, which was deemed appropriate with reference to our risk assessment, together with our assessment of the Group's internal controls.

Performance materiality levels used for the two significant components identified within the Group were based upon the same benchmarks and percentages detailed for the Group, due to each component being consistent in both nature, audit risks identified and control environment to the Group as a whole. In the current year, performance materiality applied to the audits of the two significant components was A\$729,500 each.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above A\$39,200, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

Our audit of the Group 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 at a Group level. 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 due to fraud.

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. Ozsale Pty Limited was audited by our network firm in Australia. The Group engagement team was significantly 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. A senior member of the group audit team also attended the closing meeting with the client.

The non-significant components, which contributed 1.2% 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.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by Parent Company, or proper 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 or Parent Company'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 the Parent Company 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.

A further description of our responsibilities for the audit of the financial statements is located 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 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.

David Butcher
For and on behalf of BDO LLP
Chartered Accountants
London, United Kingdom
25 November 2020

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 2020



	Note	Consolidated 2020 A\$'000	2019 A\$'000
Revenue from contracts with customers	4	131,032	208,596
Cost of sale of goods*		(87,152)	(156,178)
Gross profit	4	43,880	52,418
Other operating gain, net	5	8,626	1,591
Interest income		4	-
Expenses			
Selling and distribution expenses		(37,015)	(71,795)
Administration expenses		(20,746)	(31,814)
Impairment/(recovery) of receivables	11	2,262	(5,261)
Impairment of assets	16	-	(2,832)
Finance costs	7	(400)	(547)
Loss before income tax benefit/(expense)		(3,389)	(58,240)
Income tax benefit/(expense)	9	(171)	(11,090)
Loss after income tax benefit/(expense) for the year attributable to the owners of MySale Group Plc		(3,560)	(69,330)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax	28	-	(38)
Exchange differences on translation of foreign operations	28	(2,125)	932
Other comprehensive (loss)/income for the year, net of tax		(2,125)	894
Total comprehensive loss for the year attributable to the owners of MySale Group Plc		(5,685)	(68,436)
		Cents	Cents
Basic and diluted earnings per share	38	(0.53)	(44.92)

* Delivery costs to customers for the year ended 30 June 2019 of A\$33,831,000 have been reclassified from Cost of sale of goods to Selling and distribution expenses to be in line with the online retail industry.

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

	Note	Consolidated	
		2020 A\$'000	2019 A\$'000
Assets			
Current assets			
Cash and cash equivalents	10	6,660	814
Trade and other receivables	11	4,107	9,985
Inventories	12	2,761	15,963
Income tax receivable		15	-
Other current assets	13	634	4,766
Total current assets		<u>14,177</u>	<u>31,528</u>
Non-current assets			
Property, plant and equipment	14	1,216	1,186
Right-of-use assets	15	5,362	-
Intangibles	16	30,168	34,480
Other non-current assets	17	1,629	-
Deferred tax	18	3,407	3,369
Total non-current assets		<u>41,782</u>	<u>39,035</u>
Total assets		<u>55,959</u>	<u>70,563</u>
Liabilities			
Current liabilities			
Trade and other payables	19	18,985	32,968
Contract liabilities	20	6,186	10,408
Borrowings	21	-	18,357
Lease liabilities	22	1,581	-
Income tax payable		-	96
Provisions	23	2,428	4,415
Total current liabilities		<u>29,180</u>	<u>66,244</u>
Non-current liabilities			
Lease liabilities	24	5,048	-
Provisions	25	450	231
Total non-current liabilities		<u>5,498</u>	<u>231</u>
Total liabilities		<u>34,678</u>	<u>66,475</u>
Net assets		<u>21,281</u>	<u>4,088</u>
Equity			
Share capital	26	-	-
Share premium account	27	328,971	306,363
Other reserves	28	(124,979)	(123,125)
Accumulated losses		<u>(182,691)</u>	<u>(179,130)</u>
Equity attributable to the owners of MySale Group Plc		21,301	4,108
Non-controlling interests	29	(20)	(20)
Total equity		<u>21,281</u>	<u>4,088</u>

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

The financial statements of MySale Group Plc (company number 115584) (Jersey) were approved by the Board of Directors and authorised for issue on 25 November 2020. They were signed on its behalf by:



Carl Jackson
Director

25 November 2020



Charles Butler
Chairman

Consolidated	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 2018	306,363	(122,983)	(109,800)	(20)	73,560
Loss after income tax expense for the year	-	-	(69,330)	-	(69,330)
Other comprehensive income for the year, net of tax	-	894	-	-	894
Total comprehensive (loss)/income for the year	-	894	(69,330)	-	(68,436)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 39)	-	(1,036)	-	-	(1,036)
Balance at 30 June 2019	306,363	(123,125)	(179,130)	(20)	4,088
Consolidated	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 expense for the year	-	-	(3,561)	-	(3,561)
Other comprehensive loss for the year, net of tax	-	(2,125)	-	-	(2,125)
Total comprehensive (loss)/income for the year	-	(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 27)	22,608	-	-	-	22,608
Share-based payments (note 39)	-	271	-	-	271
Balance at 30 June 2020	328,971	(124,979)	(182,691)	(20)	21,281

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

	Note	Consolidated 2020 A\$'000	2019 A\$'000
Cash flows from operating activities			
Loss before income tax benefit/(expense) for the year		(3,389)	(58,240)
Adjustments for:			
Depreciation and amortisation		7,520	6,937
Impairment of goodwill		-	2,832
Net loss on disposal of property, plant and equipment		390	487
Net loss/(gain) on disposal of intangibles		128	(2,655)
Interest income		(4)	-
Interest expense		400	547
		<u>5,045</u>	<u>(50,092)</u>
Change in operating assets and liabilities:			
Decrease in trade and other receivables		7,320	20,153
Decrease in inventories		13,202	17,687
Decrease/(increase) in other operating assets		2,502	(399)
(Decrease)/increase in trade and other payables		(17,307)	986
(Decrease)/increase in contract liabilities		(4,222)	1,787
(Decrease)/increase in other provisions		(578)	1,558
		<u>5,962</u>	<u>(8,320)</u>
Interest received		4	-
Interest paid		(51)	(547)
Income taxes paid		(321)	(136)
Net cash from/(used in) operating activities		<u>5,594</u>	<u>(9,003)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(980)	(94)
Payments for intangibles		(1,633)	(4,865)
Proceeds from disposal of property, plant and equipment		-	177
Proceeds from disposal of intangibles		-	2,655
Net cash used in investing activities		<u>(2,613)</u>	<u>(2,127)</u>
Cash flows from financing activities			
Proceeds from issue of shares	26	22,608	-
Repayment of borrowings		(5,200)	-
Repayment of leases		(1,163)	(124)
Net cash (used in)/from financing activities		<u>16,245</u>	<u>(124)</u>
Net increase/(decrease) in cash and cash equivalents		19,226	(11,254)
Cash and cash equivalents at the beginning of the financial year		(12,323)	(938)
Effects of exchange rate changes on cash and cash equivalents		(243)	(131)
Cash and cash equivalents at the end of the financial year	10	<u>6,660</u>	<u>(12,323)</u>

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

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.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 November 2020.

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 Standard Board ("IASB") which have been endorsed by the European Union that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the Group:

IFRS 16 Leases

The Group has adopted IFRS 16 from 1 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in administrative expenses) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Group lease portfolio is principally comprised of property leases of buildings in relations to fulfilment centres and office space. The term of the lease's ranges between 2 to 5 years.

Impact of adoption

IFRS 16 was adopted using the modified retrospective approach which does not require the comparatives to be restated and the cumulative effect of initially applying the standard is recognised in the opening balance of accumulated losses at the transition date. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

Note 2. Significant accounting policies (continued)

	1 July 2019 A\$'000
Operating lease commitments as at 1 July 2019 (IAS 17)	5,835
Finance lease commitments as at 1 July 2019 (IAS 17)	20
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (IFRS 16)	(181)
Short-term leases not recognised as a right-of-use asset (IFRS 16)	(3,945)
Low-value assets leases not recognised as a right-of-use asset (IFRS 16)	(5)
Right-of-use assets (IFRS 16)	<u>1,724</u>
Lease liabilities - current (IFRS 16)	(541)
Lease liabilities - non-current (IFRS 16)	<u>(1,183)</u>
	<u>(1,724)</u>
Net change in opening accumulated losses as at 1 July 2019	<u><u>-</u></u>

Practical expedients applied:

In adopting IFRS 16, the Group has used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- not apply IFRS 16 to contracts that were not previously identified as containing a lease.

IFRIC 23 – Uncertainty over Income Tax Treatments

The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. IFRIC 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 July 2019.

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 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant and material to the Group, are set out below:

IASB new Conceptual Framework for Financial Reporting

The new framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under IFRS may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and at this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

Note 2. Significant accounting policies (continued)

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').

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 31 to the financial statements includes the Company'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.

As at 30 June 2020, the Group's current liabilities exceeds current assets by A\$15,003,000 (2019: A\$34,716,000) and the Group has incurred a loss before tax of A\$3,389,000 (2019: A\$58,240,000) and generated operating cash inflows of A\$5,594,000 (2019: cash outflows of A\$9,003,000).

During the year, the Group finalised a share placement for A\$23,329,000. The Group also 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 debt forgiveness amount of A\$7,753,000.

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. Subsequent to the end of the financial year, the Directors continue to monitor developments and the potential impact of 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\$9,300,000 as of 8 October 2020
- obtaining government support as part of various economic stimulus initiatives

The Directors have prepared cash flow forecasts covering a period to 30 June 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.

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 annual report and accounts.

Note 2. Significant accounting policies (continued)

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 2020 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.

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 Company's functional currency in Australian dollars 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 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 Statement of Comprehensive income 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.

Note 2. Significant accounting policies (continued)

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. The accrual for return totalled A\$387k at 30 June 2020 (FY19:A\$407k)

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. The Group received government grants relating to COVID-19 wage subsidies in Australia, New Zealand and Singapore during the year. The grants are netted off against employee costs in the statement of profit or loss and are 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.

Note 2. Significant accounting policies (continued)

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.

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the balance sheet.

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 debtor are generally due for settlement within 30 days of recognition and online customer 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.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Note 2. Significant accounting policies (continued)

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

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.

Note 2. Significant accounting policies (continued)

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 and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they 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.

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.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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.

Note 2. Significant accounting policies (continued)

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.

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 Black-Scholes 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.

Note 2. Significant accounting policies (continued)

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.

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 shares assumed to have been issued for no consideration in relation to 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.

Note 2. Significant accounting policies (continued)

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.

Change in accounting policy – delivery costs

Certain comparatives in the statement of profit or loss and other comprehensive income have been reclassified, where necessary, to be consistent with current period presentation. In particular, delivery costs to customers for the year ended 30 June 2019 of A\$33,831,000 have been reclassified from Cost of sale of goods to Selling and distribution expenses. This change in accounting policy is to ensure that the presentation of costs within the statement of profit or loss and other comprehensive income is in line with the online retail industry.

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. The Group has adopted Interpretation IFRIC 23 (note 2) from 1 July 2019 which clarifies how to apply the recognition and measurement requirements of IAS 12 'Income Taxes' in circumstances where uncertain tax treatments exists and there was no impact of adoption on opening accumulated losses as at 1 July 2019."

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.

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

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 fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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.

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 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. An impairment charge was required during the financial year ended 30 June 2020 for A\$nil (2019: A\$2,832,000). 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.

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 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.

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.

Note 4. Operating segments (continued)

Major customers

During the year ended 30 June 2020 there were no major customers (2019: none). A customer is considered major if its revenues are 10% or more of the Group's revenue.

Operating segment information

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
Total revenue	<u>118,107</u>	<u>12,925</u>	<u>131,032</u>
Gross profit	<u>38,943</u>	<u>4,937</u>	43,880
Other operating gain, 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			<u>(3,389)</u>
Income tax expense			(171)
Loss after income tax expense			<u>(3,560)</u>

Consolidated - 2019	Australia and New Zealand A\$'000	South-East Asia A\$'000	Rest of the world A\$'000	Total A\$'000
Revenue				
Sales to external customers transferred at a point in time	166,082	28,386	14,128	208,596
Total revenue	<u>166,082</u>	<u>28,386</u>	<u>14,128</u>	<u>208,596</u>
Gross profit - restated*	<u>44,786</u>	<u>4,865</u>	<u>2,767</u>	52,418
Other operating gain, net				1,591
Selling and distribution expenses				(71,795)
Administration expenses				(31,814)
Finance costs				(547)
Impairment of receivables				(5,261)
Impairment of assets				(2,832)
Loss before income tax expense				<u>(58,240)</u>
Income tax expense				(11,090)
Loss after income tax expense				<u>(69,330)</u>

No customers are located outside Australia, New Zealand, and South-East Asia in 2020, hence revenue for the Rest of the World is A\$null, with operations now closed. In 2019 revenue in the Rest of the World segment was A\$14,128,000. In May 2019, the Group sold its Cocosa website, which served the Group's customers in the UK market. The closure of the US and UK warehouses, which sourced the rest of the world operating segment, commenced in 2019 and was completed in 2020. Following the reorganisation, and given the location of the Group's customers in 2020, there is no longer a Rest of the World segment to be reported.

*Delivery costs to customer for the year ended 30 June 2019 of A\$33,831,000 have been reclassified from Cost of Goods to Selling and Distribution expenses to be in line with the online retail industry.

Note 5. Other operating gain, net

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Net foreign exchange gain/(loss)	893	(692)
Net loss on disposal of property, plant and equipment	(23)	(487)
Net gain on disposal of asset *	-	2,655
Debt forgiveness **	7,723	-
Other income	33	115
	<u>8,626</u>	<u>1,591</u>
Other operating gain, net	<u>8,626</u>	<u>1,591</u>

* In May 2019, the Group sold its Cocosa websites through an asset sale for a net gain on sale of A\$2,655,000.

**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. At the same time as 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 6. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation) and exceptional items

	Consolidated	
	2020	2019
	A\$'000	A\$'000
EBITDA reconciliation		
Loss before income tax	(3,389)	(58,240)
Less: Interest income	(4)	-
Add: Interest expense	400	547
Add: Depreciation and amortisation	7,526	6,937
	<u>4,533</u>	<u>(50,756)</u>
EBITDA	<u>4,533</u>	<u>(50,756)</u>

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

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Underlying EBITDA reconciliation		
EBITDA	4,533	(50,756)
Impairment of goodwill	-	2,832
(Recovery)/impairment of receivables	(1,505)	6,760
Net gain on disposal of Cocosa websites and trademarks (note 5)	-	(2,655)
Debt forgiveness (note 5)	(7,723)	-
Share-based payments	271	(1,036)
Reorganisation costs*	1,796	2,502
One-off costs of non-trading, non-recurring nature including acquisition expenses	(288)	3,096
Inventory write down	948	18,941
Unrealised foreign exchange loss	(763)	1,468
	<u>(2,731)</u>	<u>(18,848)</u>
Underlying EBITDA	<u>(2,731)</u>	<u>(18,848)</u>

* Costs in relation to the closure of overseas operations.

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

Management has presented the EBITDA and underlying EBITDA because 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 loss/gain. Underlying EBITDA and EBITDA are not defined performance measures in IFRS Standards.

In 2019, the group disclosed certain costs as exceptional items in the Statement of profit or loss and comprehensive income. There were no such costs that occurred in 2020. A breakdown of the exceptional costs are shown below:

	Consolidated 2019 A\$'000
Exceptional items	
Cost of sale of goods	19,611
Other operating (gain)/loss, net	(848)
Sales, distribution and administration expenses:	
Staff costs	(384)
Merchant and other professional fees	307
Other administration cost	3,630
Impairment of receivable	6,760
Impairment of assets	<u>2,832</u>
Total	<u><u>31,908</u></u>

The group considers items of income and expenses as exceptional where the nature of the item, or its magnitude, is material and likely to be non-recurring in nature so as to assist the user of the financial statements to better understand the results of the core operations of the Group. These costs have not been disclosed separately on the face of the statement of profit or loss and other comprehensive income within these financial statements. An explanation of the exceptional costs incurred in 2019 are set out below.

Staff costs

During the 2019 financial year, staff related exceptional costs related to the integrating previously acquired businesses onto the Group's online platform.

Cost of sale of goods

Cost of sale of goods adjustment relates to the write down of the Group's ownbuy and outlet stock at year end.

Merchant and other professional fees

This relates to the professional fees paid for potential acquisitions and business restructure initiatives.

Other administration cost

Other administration cost relates to non-recurring restructuring costs and provisions recognised by the business.

Impairment of receivables

An impairment of \$6,760,000 has been recognised against the Group's wholesale business receivables.

Impairment of assets - goodwill

An impairment of \$2,832,000 has been recognised against goodwill relating to the Online Retail CGU.

Note 7. Expenses

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Loss before income tax includes the following specific expenses:		
<i>Sales, distribution and administration expenses:</i>		
Staff costs (note 8)	17,823	24,897
Marketing expenses	8,297	18,725
Delivery costs *	14,776	33,831
Short term leases	1,577	6,442
Low value leases	26	-
Merchant and other professional fees	4,638	7,985
Depreciation and amortisation	7,526	6,937
Other administration costs	3,098	4,792
	<hr/>	<hr/>
Total sales, distribution and administration expenses	57,761	103,609
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	159	547
Interest and finance charges paid/payable on lease liabilities	241	-
	<hr/>	<hr/>
Finance costs expensed	400	547
<i>Leases</i>		
Minimum lease payments	-	4,907
	<hr/>	<hr/>

* Delivery costs to customer for the year ended 30 June 2019 of A\$33,831,000 have been reclassified from Cost of Goods to Selling and Distribution expenses to be in line with the online retail industry.

Note 8. Staff costs

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Aggregate remuneration:		
Wages and salaries *	14,922	21,473
Social security costs	1,344	1,876
Long term employee incentive plan (note 39)	271	(1,036)
Other staff costs and benefits	1,286	2,584
	<hr/>	<hr/>
Total staff costs	17,823	24,897
	<hr/> <hr/>	<hr/> <hr/>

* 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. The relevant entities are eligible for JobKeeper support from the Australian government on the condition that employee benefits continue to be paid. The New Zealand wage subsidy, recognised during the financial year, commenced in March 2020 and covered a 12 week period. 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 the statement of profit or loss during the financial year was A\$947,000 (FY19: A\$Nil) in respect of JobKeeper and A\$91,000 (FY19: A\$Nil) in respect of New Zealand and Singapore wage subsidies.

Note 8. Staff costs (continued)

	Consolidated	
	2020	2019
The average monthly number of employees (including executive directors and those on a part-time basis) was:		
Sales and distribution	81	131
Administration	89	176
	<u>170</u>	<u>307</u>

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 (benefit)/expense

	Consolidated	
	2020	2019
	A\$'000	A\$'000
<i>Income tax (benefit)/expense</i>		
Current tax	160	247
Deferred tax - origination and reversal of temporary differences	-	10,594
Adjustment recognised for prior years	11	249
Aggregate income tax (benefit)/expense	<u>171</u>	<u>11,090</u>
Deferred tax included in income tax (benefit)/expense comprises:		
Decrease/(increase) in deferred tax assets (note 18)	-	10,594
<i>Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate</i>		
Loss before income tax benefit/(expense)	<u>(3,389)</u>	<u>(58,240)</u>
Tax at the statutory tax rate of 30% (2019 – 30%)	(1,017)	(17,472)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of overseas tax rates	65	(860)
(Non-taxable income/Non-deductible expenses)	(2,456)	865
Tax-exempt income	(18)	(34)
	<u>(3,426)</u>	<u>(17,501)</u>
Prior year tax losses not recognised now recognised	34	(1,612)
Change in recognised deductible temporary differences	3,552	29,954
Adjustment recognised for prior periods	11	249
Income tax expense	<u>171</u>	<u>11,090</u>

The tax rates of the main jurisdictions are Australia 30% (2019: 30%), Singapore 17% (2019: 17%), New Zealand 28% (2019: 28%), United Kingdom 19% (2019: 19%) and United States 21% (2019: 21%).

Note 10. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Cash at bank	6,550	703
Bank deposits at call	110	111
	<u>6,660</u>	<u>814</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	6,660	814
Bank overdraft (note 21)	-	(13,137)
Balance as per statement of cash flows	<u>6,660</u>	<u>(12,323)</u>

Note 11. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Trade receivables	2,479	11,307
Less: Allowance for expected credit losses	(183)	(5,389)
	<u>2,296</u>	<u>5,918</u>
Other receivables	369	1,107
Sales tax receivable	1,442	2,960
	<u>4,107</u>	<u>9,985</u>

Trade receivables include uncleared cash receipts due from online customers which amounted to A\$2,261,000(2019: A\$5,303,000).

Allowance for expected credit losses

The Group has recognised a recovery of A\$2,262,000 (2019: loss of A\$5,261,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2020.

Note 11. Current assets - 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:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2020 %	2019 %	2020 A\$'000	2019 A\$'000	2020 A\$'000	2019 A\$'000
Wholesale and other trade receivable:						
Not overdue	-	11.00%	96	1,913	-	210
1-30 days overdue	-	-	109	-	-	-
Over 61 days	100.00%	93.00%	13	4,115	13	3,827
			<u>218</u>	<u>6,028</u>	<u>13</u>	<u>4,037</u>
Merchant receivables:						
1-30 days overdue	0.10%	4.90%	2,061	3,561	2	174
31-60 days overdue	56.44%	11.50%	74	477	42	55
Over 61 days	100.00%	90.50%	126	1,241	126	1,123
			<u>2,261</u>	<u>5,279</u>	<u>170</u>	<u>1,352</u>
			<u>2,479</u>	<u>11,307</u>	<u>183</u>	<u>5,389</u>

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2020 and rates have increased in the category over 61 days overdue for wholesale and over 31 days overdue for merchant.

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

	Consolidated	
	2020 A\$'000	2019 A\$'000
Opening balance	5,389	311
Additional provisions recognised	-	5,078
Unused amounts reversed	(2,262)	-
Receivables written off during the year as uncollectable	(2,944)	-
Closing balance	<u>183</u>	<u>5,389</u>

Note 12. Current assets - inventories

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Goods for resale	8,968	21,556
Obsolete and slow-moving inventory provision	(6,207)	(7,249)
	<u>2,761</u>	<u>14,307</u>
Stock in transit	-	1,656
	<u>2,761</u>	<u>15,963</u>

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2020 amounted to A\$947,592 (2019: A\$18,941,000). This expense has been included in 'cost of sales' in profit or loss.

Note 13. Current assets - Other current assets

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Prepayments	284	738
Prepaid inventory *	90	3,406
Other deposits	-	266
Right of return assets	260	292
Other current assets	-	64
	<u>634</u>	<u>4,766</u>

* 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. This amount has reduced through a faster dispatch process and most product being shipped from the Australian warehouse.

Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Leasehold improvements - at cost	1,949	1,367
Less: Accumulated depreciation	(1,185)	(1,058)
	<u>764</u>	<u>309</u>
Plant and equipment - at cost	5,027	4,996
Less: Accumulated depreciation	(4,670)	(4,381)
	<u>357</u>	<u>615</u>
Fixtures and fittings - at cost	940	1,169
Less: Accumulated depreciation	(845)	(926)
	<u>95</u>	<u>243</u>
Motor vehicles - at cost	209	239
Less: Accumulated depreciation	(209)	(220)
	<u>-</u>	<u>19</u>
	<u><u>1,216</u></u>	<u><u>1,186</u></u>

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
Opening net book amount at 1 July 2018	612	1,310	437	212	2,571
Additions	36	57	1	-	94
Disposals	(174)	(273)	(31)	(177)	(655)
Exchange differences	1	(10)	9	4	4
Depreciation expense	(166)	(469)	(173)	(20)	(828)
Closing net book amount at 30 June 2019	309	615	243	19	1,186
Additions	622	48	1	-	671
Disposals	0	0	(65)	(16)	(81)
Depreciation expense	(167)	(306)	(84)	(3)	(560)
Closing net book amount at 30 June 2020	<u><u>764</u></u>	<u><u>357</u></u>	<u><u>95</u></u>	<u><u>-</u></u>	<u><u>1,216</u></u>

Assets pledged as security

Refer to note 21 for property, plant and equipment pledged as security.

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

Note 15. Non-current assets - right-of-use assets

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Opening cost on adoption of IFRS 16	1,724	
Additions	4,781	
Less: Accumulated depreciation	(1,143)	-
	<u>5,362</u>	<u>-</u>

Consolidated	Property	Equipment	Total
	A\$'000	A\$'000	A\$'000
Opening cost on adoption of IFRS 16	1,673	51	1,724
Additions	4,781	-	4,781
Cost at 30 June 2020	<u>6,454</u>	<u>51</u>	<u>6,505</u>
Depreciation on adoption of IFRS 16	-	-	-
Depreciation charge for year	(1,130)	(13)	(1,143)
Accumulated depreciation at 30 June 2020	<u>(1,130)</u>	<u>(13)</u>	<u>(1,143)</u>
NBV at 01 July 2020	<u>1,673</u>	<u>51</u>	<u>1,724</u>
NBV at 30 June 2020	<u>5,324</u>	<u>38</u>	<u>5,362</u>

The Group leases buildings for its offices, warehouses and retail outlets under agreements of between 1 to 5 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 1 year. These leases are either short-term or low value, so have been expensed as incurred and not capitalised as right-of-use assets. Details of the amounts recognised in the income statement are included in Note 7. The total cash outflow for leases for the year amounted to A\$1,163,000.

Note 16. Non-current assets - intangibles

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Goodwill - at cost	21,214	21,221
Customer relationships - at cost	3,850	1,846
Less: Accumulated amortisation	(3,718)	(1,702)
	<u>132</u>	<u>144</u>
Software - at cost *	28,001	26,492
Less: Accumulated amortisation	(19,608)	(14,296)
	<u>8,393</u>	<u>12,196</u>
ERP system	4,905	3,300
Less: Accumulated amortisation	(4,476)	(2,381)
	<u>429</u>	<u>919</u>
	<u><u>30,168</u></u>	<u><u>34,480</u></u>

*2019 cost base and accumulated amortisation was understated by A\$3,032,000, however the net book value is correct.

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	Customer	Software	ERP	Total
	A\$'000	relationships	A\$'000	system	A\$'000
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Opening net book amount at 1 July 2018	24,043	605	12,048	1,846	38,542
Additions	-	-	4,852	13	4,865
Exchange differences	10	-	2	2	14
Impairment of assets	(2,832)	-	-	-	(2,832)
Amortisation expense	-	(461)	(4,706)	(942)	(6,109)
	<u>21,221</u>	<u>144</u>	<u>12,196</u>	<u>919</u>	<u>34,480</u>
Closing net book amount at 30 June 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)
	<u>21,214</u>	<u>132</u>	<u>8,393</u>	<u>429</u>	<u>30,168</u>
Closing net book amount at 30 June 2020	<u><u>21,214</u></u>	<u><u>132</u></u>	<u><u>8,393</u></u>	<u><u>429</u></u>	<u><u>30,168</u></u>

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	
	2020	2019
	A\$'000	A\$'000
Online flash	19,458	19,683
Online retail	1,756	1,538
	<u>21,214</u>	<u>21,221</u>

Note 16. Non-current assets - intangibles (continued)

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	
	2020	2019
	%	%
Budgeted gross margin	29.5%	22.0%
Five year compound growth rate	3.0%	(8.0%)
Long term growth rate	2.0%	2.0%
Pre-tax discount rate	9.0%	9.0%

Based on the assessment, no impairment charge is required. Management have performed a number of sensitivity tests on the above rates and note that there are no impairment indicators arising from this analysis. The recoverable amount exceeded the carrying amount by A\$79,700,000. Recoverable amount in FY2019 is the remaining balance after impairment of A\$2,832,000.

Online retail

Key assumptions used in value-in-use calculation

	2020	2019
	%	%
Budgeted gross margin	28.3%	23.0%
Five year compound growth rate	0.8%	(8.0%)
Long-term growth rate	2.0%	2.0%
Pre-tax discount rate	9.0%	9.0%

Based on the assessment, an impairment charge of A\$nil (2019: A\$2,832,000) is required. The recoverable amount exceeded the carrying amount by A\$3,010,000 (2019: A\$2,832,000).

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:

(i) apply a 1% increase in discount rate from 9% to 10%. No impairment would occur in the Online Flash CGU. The recoverable amount exceeded the carrying amount by A\$68,529,000.

(ii) apply a 100 bps decrease in margin from 29.5% to 28.5%. No impairment would occur in the Online Flash CGU. The recoverable amount exceeded the carrying amount by A\$60,678,000.

Note 16. Non-current assets - intangibles (continued)

(iii) apply a 1% increase in discount rate from 9% to 10%. No impairment would occur in the Online Retail CGU. The recoverable amount exceeded the carrying amount by A\$2,485,000.

(iv) apply a 100 bps decrease in margin from 28.3% to 27.3%. No impairment would occur in the Online Retail CGU. The recoverable amount exceeded the carrying amount by A\$1,799,000.

Note 17. Non-current assets – Other non-current assets

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Other deposits*	1,629	-

*Deposit given for lease agreements

Note 18. Non-current assets - deferred tax

	Consolidated	
	2020	2019
	A\$'000	A\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Tax losses*	299	-
Accrued expenses	258	735
Provisions	2,553	2,105
Sundry	(285)	424
Property, plant and equipment	242	148
Leases	380	-
Intangibles	(40)	(43)
	-	-
Deferred tax asset	<u>3,407</u>	<u>3,369</u>
<i>Movements:</i>		
Opening balance	3,369	14,112
Credited/(charged) to profit or loss (note 9)	-	(10,594)
Exchange loss	38	(149)
Closing balance	<u>3,407</u>	<u>3,369</u>

*the breakdown of the prior year deferred tax asset has been amended to reflect the appropriate breakdown of the deferred tax asset.

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 recognized for trading losses totaling A\$103,548,000 (2019 – A\$83,900,000), given the lack of visibility over the level of future profitability of the Group.

Note 19. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Trade payables	13,053	28,359
Other payables and accruals	3,163	4,609
Sales tax payable	2,769	-
	<u>18,985</u>	<u>32,968</u>

Refer to note 31 for further information on financial instruments.

Note 20. Current liabilities - contract liabilities

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Contract liabilities	<u>6,186</u>	<u>10,408</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\$6,186,000 as at 30 June 2020 (A\$10,408,000 as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Within 1 month	<u>6,186</u>	<u>10,408</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 21. Current liabilities - borrowings

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Bank overdraft	-	13,137
Bank loans	-	5,200
Finance lease liability	-	20
	<u>-</u>	<u>18,357</u>

Refer to note 31 for further information on financial instruments.

Assets pledged as security

The Group has no borrowing facilities as at 30 June 2020 (30 June 2019: A\$21,685,000 with Hong Kong and Shanghai Banking Corporation Plc 'HSBC'). The borrowing facilities were secured by a Corporate Guarantee and Indemnity. There were no financial covenants in relation to these borrowing facilities. The average interest rate incurred on these bank borrowings is nil (30 June 2019: 2.96%).

Note 21. Current liabilities - borrowings (continued)

The movement in borrowings for the year were as follows:

Consolidated	Bank overdraft A\$'000	Bank loans A\$'000	Finance lease liability A\$'000	Total A\$'000
Balance at 1 July 2019	13,137	5,200	20	18,357
Additions	280	-	-	280
Repayment	(5,694)	(5,200)	(20)	(10,914)
Debt forgiveness (refer to note 5)	(7,723)	-	-	(7,723)
Balance at 30 June 2020	-	-	-	-

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2020 A\$'000	2019 A\$'000
Total facilities		
Bank overdraft	-	13,413
Bank loans	-	5,886
Bank guarantees	-	1,541
Bank loans under interchangeable facilities	-	845
	-	21,685
Used at the reporting date		
Bank overdraft	-	13,137
Bank loans	-	5,200
Bank guarantees	-	1,506
Bank loans under interchangeable facilities	-	116
	-	19,959
Unused at the reporting date		
Bank overdraft	-	276
Bank loans	-	686
Bank guarantees	-	35
Bank loans under interchangeable facilities	-	729
	-	1,726

Note 22. Current liabilities - lease liabilities

	Consolidated	
	2020 A\$'000	2019 A\$'000
Lease liability	1,581	-

Refer to note 31 for information on the maturity analysis of lease liabilities.

Note 23. Current liabilities - provisions

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Employee benefits provision	1,148	1,093
Lease make good provision	458	564
Gift voucher provision	309	444
Sales returns provision	513	2,314
	<u>2,428</u>	<u>4,415</u>

Employee benefits provision

The provision represents employee annual leave along with employee parental leave.

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.

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, other than employee benefits, are set out below:

Consolidated - 2020	Employee provision A\$'000	Lease make good provision A\$'000	Gift vouchers provision A\$'000	Sales returns provision A\$'000	Total A\$'000
Carrying amount at the start of the year	1,093	564	444	2,314	4,415
Additional provisions recognised	452	-	309	513	1,274
Reversal of recall provision	-	-	-	(1,717)	(1,717)
Amounts used	(397)	(106)	(444)	(597)	(1,544)
Carrying amount at the end of the year	<u>1,148</u>	<u>458</u>	<u>309</u>	<u>513</u>	<u>2,428</u>

Note 24. Non-current liabilities - lease liabilities

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Lease liability	<u>5,048</u>	<u>-</u>

Refer to note 31 for information on the maturity analysis of lease liabilities.

Note 25. Non-current liabilities - provisions

	Consolidated	
	2020 A\$'000	2019 A\$'000
Employee benefits provision	450	231

Note 26. Equity - share capital

	2020 Shares	2019 Shares	Consolidated 2020 A\$'000	2019 A\$'000
Ordinary shares £nil each - fully paid	817,240,853	154,331,652	-	-
Less: Treasury shares	(25,533,118)	(3,000,000)	-	-
	<u>791,707,735</u>	<u>151,331,652</u>	-	-

Authorised share capital

874,178,509 (2019: 200,000,000) ordinary shares of £nil each.

Movements in ordinary share capital - fully paid

Details	Date	Shares	A\$'000
Balance	1 July 2018	154,331,652	-
Balance	30 June 2019	154,331,652	-
Issue of shares	20 September 2019	640,376,083	-
Issue of shares	11 December 2019	22,533,118	-
Balance	30 June 2020	<u>817,240,853</u>	-

Movements in treasury shares

Details	Date	Shares	A\$'000
Balance	1 July 2018	3,000,000	-
Balance	30 June 2019	3,000,000	-
Issue of shares under the management incentive scheme	5 December 2019	22,533,118	-
Balance	30 June 2020	<u>25,533,118</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.

Note 26. Equity - share capital (continued)

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.

Note 27. Equity - share premium account

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Share premium account	<u>328,971</u>	<u>306,363</u>

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

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 791,707,735 (25,533,118 with no voting rights)

Note 28. Equity - other reserves

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Foreign currency reserve	2,265	4,390
Share-based payments reserve	5,512	5,241
Capital reorganisation reserve	<u>(132,756)</u>	<u>(132,756)</u>
	<u>(124,979)</u>	<u>(123,125)</u>

Foreign currency reserve

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

Hedging reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

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.

Note 28. Equity - other reserves (continued)

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	Hedging A\$'000	Share-based payments A\$'000	Capital reorganisation A\$'000	Total A\$'000
Balance at 1 July 2018	3,458	38	6,277	(132,756)	(122,983)
Loss after income tax expense for the year	-	-	-	-	-
Other comprehensive income for the year, net of tax	932	(38)	-	-	894
Total comprehensive (loss)/income for the year	932	(38)	-	-	894
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 39)	-	-	(1,036)	-	(1,036)
Balance at 30 June 2019	<u>4,390</u>	<u>-</u>	<u>5,241</u>	<u>(132,756)</u>	<u>(123,125)</u>

Consolidated	Foreign currency A\$'000	Hedging 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)
Loss after income tax benefit for the year	-	-	-	-	-
Other comprehensive loss for the year, net of tax	(2,125)	-	-	-	(2,125)
Total comprehensive (loss)/income for the year	(2,125)	-	-	-	(2,125)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 39)	-	-	271	-	271
Balance at 30 June 2020	<u>2,265</u>	<u>-</u>	<u>5,512</u>	<u>(132,756)</u>	<u>(124,979)</u>

Note 29. Equity - non-controlling interests

	Consolidated	
	2020 A\$'000	2019 A\$'000
Accumulated losses	<u>(20)</u>	<u>(20)</u>

The non-controlling interest has 49% equity holding in Simply Send It Pty Limited. Refer to note 37 for details.

Note 30. Equity - dividends

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

Note 31. Financial instruments

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.

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

The Company is incorporated in Jersey and the Group operates 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.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. To manage the currency risk, the executive management team manages the overall currency exposure mainly by entering into currency forwards with banks.

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

Consolidated	Assets		Liabilities	
	2020 A\$'000	2019 A\$'000	2020 A\$'000	2019 A\$'000
US dollars	121	929	49	1,443
Euros	-	5,339	-	-
Pound sterling	996	345	1,261	10,443
New Zealand dollars	3,479	167	330	33
Singapore dollars	1,331	168	132	-
Malaysian ringgit	174	39	89	43
Swiss Franc	-	227	-	-
Russian Ruble	47	26	37	69
	<u>6,148</u>	<u>7,240</u>	<u>1,898</u>	<u>12,031</u>

Note 31. Financial instruments (continued)

The Group had net assets denominated in foreign currencies of A\$4,250,000 as at 30 June 2020 (2019: net liabilities of A\$4,791,000). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (2019: 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\$425,000 lower / higher (2019: A\$479,100 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. The actual foreign exchange loss for the year ended 30 June 2020 was A\$893,000 (2019: A\$692,000).

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 is regarded as total equity, as recognised in the balance sheet, plus net debt which totals A\$21,250,000 (2019 – A\$21,631,000). Net debt is calculated as total debt (including borrowings and lease liabilities) less cash and cash equivalents. Refer to note 32.

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 2019 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 1 year. See note 11 for details of the provisions 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.

Note 31. Financial instruments (continued)

Unused borrowing facilities at the reporting date:

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Bank overdraft	-	276
Bank loans	-	686
Bank guarantees	-	35
Bank loans under interchangeable facilities	-	729
	<hr/>	<hr/>
	-	1,726

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 31. Financial instruments (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 - 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 the Balance Sheet A\$'000
Non-derivatives							
<i>Non-interest bearing</i>							
Trade and other payables	-	12,877	5,733	510	(135)	18,985	18,985
<i>Interest-bearing - variable</i>							
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

Consolidated - 2019	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 the Balance Sheet A\$'000
Non-derivatives							
<i>Non-interest bearing</i>							
Trade and other payables	-	18,243	11,878	2,521	326	32,968	32,968
<i>Interest-bearing - variable</i>							
Bank overdraft	2.75%	13,137	-	-	-	13,137	13,137
Bank loans	2.92%	5,200	-	-	-	5,200	5,200
Lease liability	6.48%	20	-	-	-	20	20
Total non-derivatives		36,600	11,878	2,521	326	51,325	51,325

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 32. Changes in liabilities arising from financing activities

Consolidated	Bank loans A\$'000	Lease liability A\$'000	Total Debt A\$'000
Balance at 1 July 2018	5,200	144	5,344
Net cash used in financing activities	-	(124)	(124)
Balance at 30 June 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
		2020 A\$'000	2019 A\$'000
Net debt			
Cash and cash equivalents		6,660	814
Borrowings (including overdraft)		-	(18,357)
Lease liabilities		(6,629)	-
Net debt		31	(17,543)

Note 33. 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	
	2020 A\$'000	2019 A\$'000
Short-term employee benefits	2,108	2,056
Post-employment benefits	194	110
	2,302	2,166

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

During the financial year ended 30 June 2020 A\$6,322,777 (2019: A\$nil) performance rights were granted to members of key management personnel under share-based payments plans operated by the Group as disclosed in note 39.

Note 34. 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	
	2020	2019
	A\$'000	A\$'000
Fees payable to the company's auditor and its associates for the audit of the consolidated financial statements	201	258
Fees payable to the company's auditor and its associates for other services:		
- the audit of the company's subsidiaries	49	102
- taxation services	39	142
- other non-audit services	29	44
	318	546
	318	546

Note 35. Contingent liabilities

The Group issued bank guarantees through its banker, Hong Kong and Shanghai Bank Corporation and Macquarie Bank, in respect of lease obligations amounting to A\$777,000 (2019: A\$1,503,000).

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 (2019: NZ\$150,000).

Note 36. 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 37.

The Group has utilised exemptions available to it to not report transactions with its 100% or majority owned subsidiaries that are listed in note 37.

Key management personnel

Disclosures relating to key management personnel are set out in note 33.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Sale of goods and services:		
Sale of goods to other related party (Sports Direct) *	-	381
Payment for goods and services:		
Purchase of goods from other related party (Sports Direct) *	-	6,483

* Sports Direct.Com Retail Ltd is owned by a majority shareholder of MySale Group Plc.

Note 36. Related party transactions (continued)

Receivable from and payable to related parties

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

	Consolidated	
	2020	2019
	A\$'000	A\$'000
Current payables:		
Trade payables to other related party	-	488

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.

Ultimate Controlling party

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

Note 37. 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:

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest		Non-controlling interest Ownership interest	
			2020	2019	2020	2019
			%	%	%	%
APAC Sale Group Pte. Ltd.	3 Fusionopolis Link #02-08 Nexus@one-north, Singapore	Trading company	100%	100%	-	-
APAC Sale Italy s.r.l	Impruneta (Florence), via Di Colle Ramole 11, 50023, Bottai, Italy	Deregistered	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, England, LE3 5DE.	Trading company	100%	100%	-	-
APACSale Limited	The Old Mill, 9 Soar Lane, Leicester, England, LE3 5DE.	Trading company	100%	100%	-	-
BuyInvite Pty Limited	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Trading company	100%	100%	-	-
Company 07640503 Limited (formerly called Cocosa Lifestyle Limited)	The Old Mill, 9 Soar Lane, Leicester, England, LE3 5DE.	Dormant	100%	100%	-	-
NZ Sale Limited	25 Barrys Point Road, Takapuna Auckland 0632, NZ	Trading company	100%	100%	-	-

Note 37. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest 2020 %	Ownership interest 2019 %	Ownership interest 2020 %	Ownership interest 2019 %
Ozsale Pty Limited	3/120 Old Pittwater Road, Brookvale, 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 *	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	51%	51%	49%	49%
Singsale Pte. Ltd.	3 Fusionopolis Link #02-08 Nexus@one-north, Singapore	Trading company	100%	100%	-	-
Brand Search Pty Limited	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	100%	100%	-	-
Chic Global Limited	The Old Mill, 9 Soar Lane, Leicester, England, LE3 5DE.	Dormant	100%	100%	-	-
BuyInvite NZ Pty Limited	3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	100%	100%	-	-
Click Frenzy Australia Pty Ltd	3/120 Old Pittwater Road, Brookvale, 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, England, LE3 5DE.	Dormant	100%	100%	-	-
MySale Group Limited	Hong Kong 3/120 Old Pittwater Road, Brookvale, 2100, Australia	Dormant	100%	100%	-	-
Branch of Click Frenzy Australia Pty Ltd	Russia 3/120 Old Pittwater Road, Brookvale, 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 38. (Loss)/earnings per share

	Consolidated	
	2020 A\$'000	2019 A\$'000
Loss after income tax attributable to the owners of MySale Group Plc	<u>(3,560)</u>	<u>(69,330)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>665,483,037</u>	<u>154,331,652</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>665,483,037</u>	<u>154,331,652</u>
	Cents	Cents
Basic earnings per share	(0.53)	(44.92)
Diluted earnings per share	(0.53)	(44.92)
Underlying EBITDA basic per share	(0.41)	(12.21)

65,985,501 (2019: 2,580,543) employee long term incentives have been excluded from the 2020 diluted earnings calculation as they are anti-dilutive for the year.

Note 39. Share-based payments

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 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:

2020							
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
18/08/2015	18/08/2020 **	£0.51	1,040,198	-	-	(98,237)	941,961
18/08/2015	18/08/2020 *	£0.51	162,207	-	-	-	162,207
19/08/2016	19/08/2021 **	£0.65	1,019,445	-	-	(169,907)	849,538
19/08/2016	19/08/2021 *	£0.65	358,693	-	-	-	358,693
05/12/2019	05/12/2024 **	£0.05	-	7,077,638	-	-	7,077,638
05/12/2019	05/12/2024 **	£0.10	-	7,077,638	-	-	7,077,638
05/12/2019	05/12/2024 *	£0.05	-	9,460,227	-	-	9,460,227
05/12/2019	05/12/2024 *	£0.10	-	9,460,227	-	-	9,460,227
21/04/2020	21/04/2025 **	£0.05	-	15,298,686	-	-	15,298,686
21/04/2020	21/04/2025 **	£0.10	-	15,298,686	-	-	15,298,686
			<u>2,580,543</u>	<u>63,673,102</u>	<u>-</u>	<u>(268,144)</u>	<u>65,985,501</u>

* EIP - Options

** LSP

Note 39. Share-based payments (continued)

2019

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
28/05/2014	16/06/2019 **	£2.26	111,499	-	-	(111,499)	-
18/08/2015	18/08/2020 **	£0.51	1,697,815	-	-	(657,617)	1,040,198
18/08/2015	18/08/2020 *	£0.51	290,533	-	-	(128,326)	162,207
27/07/2015	27/07/2020 **	£0.53	3,000,000	-	-	(3,000,000)	-
19/08/2016	19/08/2021 **	£0.65	1,868,982	-	-	(849,537)	1,019,445
19/08/2016	19/08/2021 *	£0.65	358,693	-	-	-	358,693
19/08/2017	19/08/2022 **	£1.15	449,314	-	-	(449,314)	-
19/08/2017	19/08/2022 **	£1.15	271,014	-	-	(271,014)	-
			8,047,850	-	-	(5,467,307)	2,580,543

* EIP - Options

** LSP

The weighted average remaining contractual life of the share plan outstanding at the end of the financial year was 4 years (2019: 2 years).

The share-based payment expense for the year was an expense of A\$271,000 (2019: a benefit of A\$1,036,000). There was a benefit in the prior year mainly due to vesting conditions for the FY 18 grant not being met so all the related options were forfeited. The benefit was also a result of the leavers in the restructure and the resignation of the previous Chairman resulting in their respective options being forfeited.

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:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
05/12/2019	05/12/2024	£0.03	£0.05	75.0%	-	0.5%	£0.020
05/12/2019	05/12/2024	£0.03	£0.10	75.0%	-	0.5%	£0.017
05/12/2019	05/12/2024	£0.03	£0.05	75.0%	-	0.5%	£0.020
05/12/2019	05/12/2024	£0.03	£0.10	75.0%	-	0.5%	£0.017
21/04/2020	21/04/2025	£0.02	£0.05	75.0%	-	0.5%	£0.023
21/04/2020	21/04/2025	£0.02	£0.10	75.0%	-	0.5%	£0.019

Note 40. Events after the reporting period

The existence of the infectious disease COVID-19 ('Coronavirus') since around the beginning of the calendar year 2020, has become widely known, and subsequent to the reporting date, continued to rapidly spread throughout the world, including Australia. The Directors have considered the impact of this on the ability of the Group to continue as a going concern, as set out in note 2.

The Group has raised approximately £5,100,000 (approximately A\$9,300,000) on 15 Oct 2020, before expenses, through a subscription for 85,225,129 new ordinary shares ("Subscription Shares") in the Company at a subscription price of 6.0 pence per ordinary share (the "Subscription Price") by entities associated with Gabby Leibovich, Hezi Leibovich and Nati Harpaz (together, the "Subscription").

No other matter or circumstance has arisen since 30 June 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.

MYSALE GROUP PLC

Registered Number 115584

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (**AGM**) of MySale Group plc (**MySale** or the **Company**) will be held at the Company's head office at 120 Old Pittwater Road, Brookvale, NSW 2100, Australia on Friday 18 December 2020 commencing at 21.00 Australian Eastern Daylight Time (**AEDT**) (10.00 GMT) to consider and, if thought fit, to pass **resolutions 1 to 5 (inclusive) as ordinary resolutions** and **resolutions 6 to 8 (inclusive) as special resolutions**.

Due to the COVID-19 pandemic and the related restrictions on gatherings imposed by local laws in Australia and the public health guidance measures that have been put in place to protect the community, shareholders will not be permitted to attend the AGM in person. The Company is therefore offering shareholders the option to participate in the AGM remotely via a Zoom webinar and conference call facility that can be accessed from any computer with internet access or through a telephone (mobile or landline). This facility will be used to respond to questions and for the formal business as set out in this Notice. Questions should be submitted in advance of the AGM via shareholder.notifications@mysale.com.

Shareholders will not be able to vote at the AGM if they attend via the Zoom conference call. The Board of Directors therefore strongly encourages shareholders to vote by proxy in lieu of attending the AGM in person. Given the current restrictions on attendance, shareholders are encouraged to appoint the chairperson of the meeting as their proxy (rather than a named person as such person will not be permitted to attend the meeting).

The final arrangements, including details of how to register for the conference call facility, are available on the Company's website at <https://www.mysalegroup.com/investor.html#/reports>.

Shareholders are required to register their attendance via the Zoom facility on the website. After verification of their identity, details of how to join the Zoom webinar will be provided to each shareholder who has registered.

Resolutions

Ordinary Resolutions

1. Financial statements for the year ended 30 June 2020

To receive the Company's Annual Report and Accounts for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditor thereon.

2. Re-appointment of the auditor

To re-appoint BDO LLP as auditor of the Company, to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Directors to fix the remuneration of the auditor.

Election of Director

3. To elect Mats Weiss as a Director in accordance with Articles 7.2 of the Company's Articles of Association (the **Articles).**

Re-election of Directors

4. To re-elect Wally Muhieddine as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.

5. To re-elect Dow Famulak as a Director in accordance with Articles 7.2 and 7.9 - 7.12 of the Articles.

Special Resolutions

6. Dis-application of pre-emption rights - general

THAT, in substitution for all existing authorities to the extent unused, the Directors be generally and unconditionally empowered, pursuant to and in accordance with Article 2.15 of the Articles, to exercise all powers of the Company to allot Shares (as that term is defined in the Articles) for cash as if Article 2.8 of the Articles did not apply to any such allotment, provided that this power shall be limited to:

- a) the allotment of Shares for cash in connection with or pursuant to a rights issue (as defined below) or any other issue in favour of holders of Shares in proportion (as nearly as may be practicable) to the respective holdings of Shares then held by them;
- b) the allotment of Shares in connection with any scrip dividend scheme or similar arrangement implemented in accordance with the Articles from time to time in force; and
- c) otherwise than pursuant to paragraphs 6(a) and (b) above, the allotment of Shares for cash up to an aggregate amount of 47,483,505 Shares, being approximately 5% of the Company's issued Shares as at close of business on 25 November 2020, being the latest practicable date before publication of this notice,

provided further that such power shall expire at the conclusion of the Company's next Annual General Meeting or fifteen months following the passing of this resolution, whichever is the sooner, unless previously revoked, varied or renewed by the Company in general meeting (save that the Company may before such expiry make an offer or agreement which would or might require Shares to be allotted after such expiry and notwithstanding such expiry the Directors may allot Shares in pursuance of such offer or agreement).

For the purposes of the authority in paragraph 6(a) above, "rights issue" means an offer to: (i) holders (other than the Company) on the register on a record date fixed by the Directors of Shares in proportion (as nearly as may be practicable) to their existing holdings; and (ii) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions, restrictions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

7. Dis-application of pre-emption rights – financing

THAT, in addition to any authority granted under Resolution 6 above, the Directors be generally and unconditionally empowered, pursuant to and in accordance with Article 2.15 of the Articles, to exercise all powers of the Company to allot Shares for cash as if Article 2.8 of the Articles did not apply to any such allotment, provided that this power shall be:

- a) limited to the allotment of Shares for cash up to an aggregate amount of 94,967,011 Shares, being approximately 10% of the Company's issued Shares as at close of business on 25 November 2020, being the latest practicable date before publication of this notice; and
- b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

provided further that such power shall expire at the conclusion of the Company's next Annual General Meeting or fifteen months following the passing of this resolution, whichever is the sooner, unless previously revoked, varied or renewed by the Company in general meeting (save that the Company may before such expiry make an offer or agreement which would or might

require Shares to be allotted after such expiry and notwithstanding such expiry the Directors may allot Shares in pursuance of such offer or agreement).

8. Authority to buy back shares

THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Article 57 of the Companies (Jersey) Law 1991 (as amended) (the **Law**) to make one or more purchases on the AIM market operated by the London Stock Exchange plc of its own Shares on such terms and in such manner as the Directors may from time to time determine, provided that:

- a) the maximum aggregate number of Shares hereby authorised to be purchased is 94,967,011, (representing approximately 10% of the total number of Shares in issue as at close of business on 25 November 2020, being the latest practicable date before publication of this notice);
- b) the minimum price which may be paid for a Share is £0.01 each;
- c) the maximum price which may be paid for a Share is an amount equal to the higher of:
 - i) 5% above the average of the middle market quotations for such shares taken from the AIM Appendix of The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and
 - ii) the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System;
- d) such authority shall expire at the conclusion of the Company's next Annual General Meeting or fifteen months following the passing of this resolution, whichever is the sooner, unless previously revoked, varied or renewed by the Company in general meeting;
- e) the Company may make a contract to purchase its own Shares under the authority conferred by this resolution prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own Shares in pursuance of any such contract as if the authority had not expired; and
- f) subject to the provisions of the Articles, the Company be and is hereby generally and unconditionally authorised for the purposes of Article 58A of the Law, to hold any Shares repurchased under the authority conferred by this Resolution 8 as treasury shares.

By order of the Board

Almond + Co
Company Secretary, MySale Group plc

26 November 2020

Notes to the Notice of Annual General Meeting

1	<p>Record Date</p> <p>Shareholders registered in the Register of Members of the Company as at 10:00 GMT on 16 December 2020 (or, in the event of any adjournment, on the date which is 48 working hours before the time of the adjourned meeting) shall be entitled to attend or vote at the AGM in respect of the shares registered in their name at that time. Changes to entries on the Register of Members after this time (as applicable) will be disregarded in determining the rights of any person to attend or vote at the AGM.</p>
2	<p>Attendance at the AGM</p> <p>The Company's AGM will be held at 21.00 Australian Eastern Daylight Time (10.00 GMT) on 18 December 2020. However, shareholders should note that votes may only be cast by proxy prior to the AGM.</p>
3	<p>Proxies</p> <p>A member is ordinarily entitled to appoint another person as his proxy (who need not be a member of the Company) to exercise all or any of their rights to attend and vote on their behalf at the AGM. However, due to the COVID-19 restrictions on personal attendance at the AGM, such individuals will not be permitted to attend the AGM in person. The board of directors therefore strongly encourages members to appoint the chairperson as their proxy in order to ensure that their votes may be cast at the AGM. Failure to do so may result in the votes not being capable of being validly cast.</p> <p>A member may appoint more than one proxy in relation to the AGM. When two or more valid but differing appointments of proxy are delivered or received for the same share, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share. As noted above, members are encouraged to submit only a single proxy which appoints the chairperson as their proxy.</p> <p>Members who nonetheless wish to appoint more than one proxy in respect of their holding may obtain additional Forms of Proxy by contacting the Company's Transfer Agent, Neville Registrars Limited at 0121 585 1131. Lines are open Monday to Friday 9.00am to 5.00pm. Alternatively, members may photocopy the Form of Proxy provided with this document indicating on each copy the name of the proxy appointed and the number of ordinary shares in the Company in respect of which that proxy is appointed. All Forms of Proxy should be returned together in the same envelope.</p> <p>A Form of Proxy is enclosed with this Notice. The Form of Proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either (i) received by post or (during normal business hours only) by hand at the offices of the Company's Transfer Agent, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD or (ii) members may submit their proxies electronically at www.sharegateway.co.uk using their personal proxy registration code (Activity Code) as shown on the Form of Proxy, in each case by no later than 21.00 AEDT/10.00 GMT on 16 December 2020, being 48 working hours before the time appointed for the holding of the AGM. Where the AGM is adjourned for not more than 48 hours, the Form of Proxy shall be delivered at the adjourned meeting to the chairperson or the secretary or to a director of the Company.</p>
4	<p>Corporate Representatives</p> <p>A corporate shareholder may authorise a person to act as its representative at the AGM. Each representative may exercise (on behalf of the corporate shareholder) the same powers as the corporate shareholder could exercise if they were an individual shareholder in the Company.</p>
5	<p>CREST Proxy Instructions</p> <p>CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by following the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.</p> <p>In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instruction, as described in the CREST Manual (available at www.euroclear.com/CREST). The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 7RA11) by no later than 21.00 AEDT/10.00 GMT on 16 December 2020 (or in the case of an adjourned meeting, received not less than 48 hours before the time for holding the adjourned meeting). No message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The CREST Manual is available at www.euroclear.com/CREST.</p> <p>CREST members and, where applicable, their CREST sponsors or voting service provider should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or Sponsored Member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.</p> <p>The Company will treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended.</p>
6	<p>Total Voting Rights</p> <p>Holders of the Company's ordinary shares are entitled to attend and vote at general meetings of the Company. Each ordinary share entitles the holder to one vote on a poll. As at 25 November 2020, being the latest practicable date prior to the publication of this Notice, the Company had 949,670,110 shares in issue. The Company does not hold any shares in treasury. Therefore, the total voting rights in the Company as at 25 November 2020 are 949,670,110.</p>

7	<p>Voting at the AGM</p> <p>In order for the voting preferences of all shareholders to be taken into account, particularly given the COVID-19 restrictions on personal attendance, the Company will conduct a poll vote on all resolutions put to the AGM. As soon as practicable following the meeting, the results of voting at the meeting and the numbers of proxy votes cast for and against each resolution, together with the number of votes actively withheld will be announced to the market via a Primary Information Provider and also placed on the Company's website (www.mysalegroup.com).</p> <p>In the case of joint holders of shares, the vote of the senior member who is entitled to receive notice of general meetings in accordance with the Articles whether in person or by proxy shall be accepted to the exclusion of any votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.</p>
8	<p>Display Documents</p> <p>Copies of the service contracts for all Executive Directors and the letters of appointment for the Non-executive Directors are available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the conclusion of the AGM and also at the place of the AGM from 22.00 AEDT on the day of the AGM until the conclusion thereof.</p>
9	<p>Electronic address</p> <p>Please note that shareholders may not use any electronic address provided in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.</p>
10	<p>Arrangements for the Meeting – COVID-19 outbreak</p> <p>The continuing COVID-19 pandemic has led to the imposition of severe restrictions on public gatherings which remain in place at the date of publication of this document. The AGM will therefore be held remotely via a Zoom conference call. If you wish to use this facility, please register by emailing the Company at shareholder.notifications@mysale.com and you will be provided with further information. Please note that shareholders will not be able to use this facility to actively participate in the Meeting by voting on the Resolutions or asking questions. Pending further developments, the Board:</p> <ul style="list-style-type: none"> • encourages shareholders to submit their votes via proxy as early as possible, and shareholders should appoint the chairperson of the AGM as their proxy. All proxy appointments should be received by no later than 21.00 AEDT/10.00 GMT on 16 December 2020; • strongly recommends CREST members to vote electronically through the CREST electronic proxy appointment service as your vote will automatically be counted; • proposes that voting at the AGM will be conducted by means of a poll on all Resolutions, with each shareholder having one vote for each share held, thereby allowing all those proxy votes submitted and received prior to the AGM to be counted; • encourages you to submit any question that you would like to be answered at the AGM by emailing such questions to the Company at shareholder.notifications@mysale.com, so that it is received by no later than 21.00 AEDT/10.00 GMT on 16 December 2020. The Company will endeavour to respond to all questions received from shareholders at the AGM or within seven days following the AGM; and • will continue to closely monitor the COVID-19 situation in the lead up to the AGM and make further updates about the AGM on the Company's website at shareholder.notifications@mysale.com. Please ensure that you regularly check this page for updates.

Explanatory Notes to the Resolutions

Ordinary Resolutions

Resolutions 1 to 5 (inclusive) are being proposed as ordinary resolutions and for each of these resolutions to be passed, more than 50% of the votes cast must be in favour of each resolution.

1 **Report and Accounts**

The Companies (Jersey) Law 1991 as amended requires the Directors of a public company to lay its Annual Report and Accounts, together with a copy of any auditor's report on them, before a general meeting of the shareholders. An ordinary resolution to receive the Annual Report and Accounts will be proposed.

2 **Appointment of the Auditor and Auditor's Remuneration**

Shareholders are required to appoint the external auditor at the AGM to hold office until the conclusion of the next annual general meeting. Following a detailed review, the Board is proposing to re-appoint BDO LLP as external auditor. BDO LLP have expressed their willingness to continue in office for a further year.

The resolution also authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors. In practice, the Audit Committee will consider the audit fees for recommendation to the Board.

3, 4 and 5 **Election and re-election of Directors**

The Chief Financial Officer of the Company, Mats Weiss was appointed by the board of directors as a director of the Company and commenced his role on 9 March 2020. Pursuant to the Company's Articles of Association, as Mr Weiss was appointed by the board, he holds office as a director only until the dissolution of the next annual general meeting, unless he is re-appointed during such meeting. Accordingly, Mr Weiss is standing for election as a Director at this AGM.

Further, the Company's Articles of Association require one-third of the Directors to retire by rotation at the AGM (excluding appointments made by the board since the last AGM). Directors retiring by rotation may, if they wish, stand for re-election. Accordingly, this year, Wally Muhieddine and Dow Famulak will retire by rotation at the AGM and will each offer himself for re-election as Director. Biographical details of each of the Directors can be found in the Annual Report and Accounts.

Special Resolutions

Resolutions 6 to 8 (inclusive) are being proposed as special resolutions. In order for a special resolution to be passed, at least two-thirds of the votes cast must be in favour of the resolution.

6 **Disapplication of Pre-Emption Rights – general**

In relation to Resolution 6, if the Directors wish to allot new Shares for cash (other than bonus shares or in connection with an employee share scheme) they are required to first offer these Shares to existing shareholders in proportion to their holdings in accordance with Article 2.8 of the Articles (the **Pre-emption Procedure**).

The purpose of paragraphs (a) and (b) of resolution 6 is to authorise the Directors to allot new Shares for cash in connection with or pursuant to a rights issue or any other issue in favour of holders of Shares in proportion (as nearly as may be practicable) to the respective holdings of Shares then held by them, or in connection with a scrip dividend scheme or similar arrangement, in each case without following the Pre-emption Procedure.

The purpose of paragraph (c) of Resolution 6 is to allow the Directors, in addition to the authority granted to the Directors pursuant to paragraphs (a) and (b), generally to allot Shares for cash up to an aggregate amount equal to 5% of the issued Shares, again without following the Pre-emption Procedure.

This authority would remain in force until the conclusion of the Company's next annual general meeting or fifteen months following the passing of this resolution, whichever is the earlier.

7 **Disapplication of Pre-Emption Rights – financing**

Resolution 7 seeks a separate and additional authority to dis-apply pre-emption rights in respect of 10% of issued ordinary share capital for certain purposes pursuant to certain elements of the guidance from the Pre-Emption Group (**PEG**).

On 5 May 2016, the PEG published a recommended template resolution for dis-applying pre-emption rights. The template recommends companies request separate authority to dis-apply pre-emption rights in respect of amounts in addition to a base 5% to be used when the Board considers the use to be for an acquisition or specified capital investment in accordance with the 2015 Statement of Principles as a separate resolution to the disapplication to issue share on an unrestricted basis.

The Directors confirm, partly in accordance with the 2015 Statement of Principles, that they will only allot Shares representing more than 5% of the issued ordinary share capital of the Company for cash pursuant to the authority referred to in Resolution 6, where the allotment is in connection with an acquisition or specified capital investment, which is announced contemporaneously with the allotment.

The Directors consider that the authorities sought are appropriate as they provide the Company with the necessary flexibility to take advantage of business opportunities as they arise.

8 Authority to buy back Shares

Resolution 8 seeks authority for the Company to make market purchases of its own Shares, such authority being limited to the purchase of 10% of the Shares in issue as at 25 November 2020, being the last practicable date prior to publication of this Notice.

The maximum price payable for the purchase by the Company of its own Shares will be limited to an amount equal to the higher of (i) 5% above the average of the middle market quotations of the Shares, as derived from the AIM Appendix of The London Stock Exchange Daily Official List for the five business days prior to the purchase; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System. The minimum price payable by the Company for the purchase of its own Shares will be £0.01 per Share.

The Directors have no present intention of exercising the authority to purchase the Company's Shares but will keep the matter under review, taking into account other investment opportunities. The authority would only be exercised if and when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be in the best interests of shareholders generally.

The Law allows the Company to hold in treasury any Shares purchased by it. Such Shares will remain in issue and will be capable of being re-sold by the Company or used in connection with certain of its share schemes.

At the date of this Notice the Company does not hold any treasury shares, but Resolution 8 seeks authority for any Shares which are repurchased to be held in treasury.

The authority set out in this resolution will expire at the end of the next annual general meeting or fifteen months after the resolution is passed, whichever is sooner.

