

Mnemon Limited emerges as a growth company with strong foundations

26th August 2014: Mnemon Limited (ASX: MNZ) is pleased to announce its results for the 12 months ended 30 June 2014 (FY14). This was a transformational year for Mnemon, completing a successful reverse listing, capital raising and the acquisition of TopBuy Australia Pty Ltd (Topbuy).

Despite difficult trading conditions in the retail market & the closure of non-performing business units, Mnemon has maintained revenues in excess of \$60 million. During the year, the active customer database has grown substantially and average order value has increased, positioning the company for revenue growth in 2015. The successful implementation of the company's turnaround strategies has seen Mnemon improve profitability and increase margins significantly.

The company has a strong balance sheet to see us into the future, with no debt and a cash balance of almost \$6 million. The company is forecasting a return to profitability in FY15. Trading for the start of FY15 has been very encouraging, and the company is returning to solid growth.

The merger with Grays (Aust) Holdings Pty Ltd (Grays) announced post year-end will further strengthen Mnemon's position and create Australia's largest listed e-commerce group.

FY14 financial highlights

- Revenue of \$63.9 million (FY13: \$67.8 million)
- Gross profit up 30% to \$15.0 million (FY13: \$11.6 million)
- Net loss before tax (excluding one-off costs) significantly improved to \$1.2 million (FY13: net loss of \$11.3 million)
- Strong balance sheet with no debt and a closing cash balance of \$5.8 million (FY13: \$1.1 million)
- Active customer database has grown to over 650,000 (FY13: 350,000)
- Average order value increased 10% to \$129 (FY13: from \$117)

Commenting on the FY14 result, Mnemon's CEO, Michael Rosenbaum said that following the implementation of a number of restructuring initiatives in FY13 and early FY14, including the successful reverse-listing and simultaneous capital raising, Mnemon is well placed to pursue attractive consolidation opportunities.

"FY14 has been a transformational year for Mnemon. In FY13 we decided to focus the core offer on www.dealsdirect.com.au. Throughout FY13 and into FY14 we closed a number of non-performing business units, refocused the marketing spend to strong "Return on Investment" based initiatives and reduced expenses.

"Pleasingly, during this period of substantial transformation we have been able to maintain excellent customer satisfaction levels. In June 2014, DealsDirect was awarded the highest

honours in the 2014 Canstar Blue *Customer Service Satisfaction* survey for the third year running with an unbeaten five-star rating.”

Progressing the strategy to become Australia’s largest listed e-commerce group

Following the strategic reverse-listing of DealsDirect into Mnemon to create a listed e-commerce entity with a mandate to consolidate e-commerce activities, Mnemon announced the acquisition of TopBuy in April 2014 for total consideration of \$2.25 million, followed by the announcement this month of the proposed merger with Grays.

Commenting on the strategic transactions, Mr Rosenbaum said: “These opportunities are in line with our stated strategy to consolidate e-commerce assets that can leverage the Group’s scale and operating capability.”

“TopBuy has key strengths in the online retail space of branded consumer electronics, fashion and general merchandise. In addition to efficiency synergies arising out of this transaction and increased scale, the acquisition of TopBuy has strengthened the company’s online retail presence by combining the active customer bases of Deals Direct and TopBuy and providing cross-selling opportunities.

“Grays is a leading Australian e-commerce company operating in the B2B and B2C segments of the market. If completed, the merger of Grays with Mnemon will create the largest listed online retailer in Australia. The merged company will be renamed to Grays eCommerce Group.

“The combined Grays eCommerce Group will bring together premium e-commerce retail brands including DealsDirect, TopBuy, GraysOnline and OO.com.au, and will collectively deliver sales of \$440m.

“Our growth strategy involves both organic growth within product ranges, and strategic growth via acquisitions. This is an exciting time for Mnemon, and we look forward to the next twelve months as we look to create the leading e-commerce group in Australia.”

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About DealsDirect

Based in Sydney, DealsDirect is Australia’s original and most successful discount online department store, delivering more than four million items across the country since launching in 2004. A focus on customer service and everyday value across the entire range in 20 categories has seen the online store grow to offer 10,000 products from electronics and appliances, to furniture, homewares, rugs, pet accessories, garden supplies and more.

www.dealsdirect.com.au