

ASX Announcement

3 December 2020

Kogan.com acquires leading New Zealand online retailer Mighty Ape

Combined group to accelerate growth across Australia and New Zealand via improved customer offerings and superior infrastructure

- Kogan.com has acquired 100% of profitable, fast-growing, online retailer Mighty Ape
- Mighty Ape is one of New Zealand's leading online retailers, with a focus on gaming, toys and other entertainment categories
- The combination of two market leaders enables Mighty Ape to build on its strong customer offering, and provides the infrastructure to further scale
- Forecast FY21¹ Revenue of AUD \$137.7 million, Gross Profit of AUD \$45.7 million and EBITDA of AUD \$14.3 million (pre synergies)
- More than 690,000 unique customers², and more than 895,000 subscribers³
- Headline purchase price of AUD \$122.4 million, payable over four tranches and subject to variation under earn out through to delivery of FY23 financial results
- Founder-led, with the Founder and executive team to be retained with incentives until at least delivery of FY23 financial results
- Significant revenue and cost synergies expected

Kogan.com Limited (the Company; Kogan.com; ASX: KGN) is pleased to announce that it has acquired 100% of the issued capital of Mighty Ape Limited (Mighty Ape), a leading online retailer in New Zealand.

¹ Mighty Ape Managements forecast for the Financial Year ending 31 March. Forecast is inclusive of the application of AASB 16: *Leases*

² During the twelve month period ending on 31 October 2020

³ As at 31 October 2020

About Mighty Ape

Mighty Ape operates online stores in New Zealand & Australia, and is a leading online retailer in New Zealand with more than 690,000 unique customers² and more than 895,000 subscribers³. Mighty Ape has a reputation for fast delivery and excellent customer service, demonstrated by Mighty Ape achieving Kantar's highest rank among retailers in New Zealand for customer experience⁴.

Mighty Ape has significant operations in New Zealand, employing 161 permanent FTE, as well as operating a purpose-built distribution centre near Auckland. The facility allows Mighty Ape to deliver its market leading shipping capability across New Zealand with same day delivery to Auckland, Hamilton, Wellington and Christchurch, as well as servicing the Australian market.

Based on unaudited Management accounts for the last twelve months to September 2020⁵, Mighty Ape generated Revenue of AUD \$120.1 million, Gross Profit of AUD \$37.8 million and EBITDA of AUD \$9.9 million. For the full year FY21 (ending 31 March 2021), and without the benefit of any synergies that may be available as a result of this acquisition, Mighty Ape is forecast to generate Revenue of AUD \$137.7 million, Gross Profit of AUD \$45.7 million and EBITDA of AUD \$14.3 million. The achievement of the FY21 forecast⁶ by Mighty Ape will represent YoY growth in Revenue, Gross Profit and EBITDA of 43.7%, 58.1% and 254.1%, respectively.

Why Mighty Ape?

A highly complementary acquisition of one of New Zealand's leading online retailers, this acquisition combines two market leaders, enabling Mighty Ape to build on its strong customer offering, and providing the infrastructure and expertise for Mighty Ape to further scale.

Accessing immediate scale in New Zealand, and with significant synergies likely to be available across numerous areas of the business, Mighty Ape is a natural strategic acquisition choice for Kogan.com.

Mighty Ape has been a founder-led New Zealand online retail icon for over a decade, becoming one of New Zealand's most loved and trusted retail brands, and building a growing presence in Australia.

⁴ Source: Kantar Customer Leadership Index 2020

⁵ Inclusive of the application of AASB 16: *Leases*

⁶ Mighty Ape Managements forecast for the Financial Year ending 31 March. Forecast is inclusive of the application of AASB 16: *Leases*

Details of the acquisition

Details of the acquisition are as follows:

- Purchase price: headline enterprise value of AUD \$122.4 million, payable over 4 tranches and subject to variation under earn out through to delivery of FY23 financial results (see Annexure A of The Presentation), and completion adjustments
- Assets purchased: 100% of the issued capital of Mighty Ape Limited
- Funding: funded from the Company's cash reserves

Kogan.com COO and CFO David Shafer said:

"We are pleased to be bringing the iconic Mighty Ape into the Kogan Group, and are delighted to be welcoming Simon Barton and his team. We are a natural home for Mighty Ape, given similar histories and shared values — most importantly our obsession with delighting customers, and continually improving the online shopping experience. Mighty Ape has more than a decade of experience and track record of delighting Kiwi customers, and has become one of New Zealand's most trusted brands."

"Mighty Ape will give us significant scale in New Zealand and further strength across a variety of operational dimensions. We will be drawing on Mighty Ape's deep experience in gaming, toys, other entertainment product categories and the New Zealand market, and combining this experience with Kogan.com's sourcing, technology, systems, infrastructure, and marketplace capabilities, to further enhance the group's already market-leading offering across the Tasman."

"We look forward to serving and delighting customers throughout New Zealand and Australia in an ever-widening range of categories, as smart shoppers increasingly turn online for their shopping needs."

Mighty Ape Founder and CEO Simon Barton said:

"The Mighty Ape team is very happy to be joining forces with the Kogan.com Group, as we embark on the next stage of our growth. Combining with Kogan.com will assist Mighty Ape to expand our product range and improve our customer experience. I am excited about working with Ruslan and David, and the broader Kogan.com team — who have built an incredible business — while also aligning and creating more growth opportunities for the incredible team that helped build Mighty Ape to be New Zealand's most trusted retailer brand."

Investor briefing

Ruslan Kogan (CEO & Executive Director) and David Shafer (CFO, COO & Executive Director) will host an investor briefing at 11:00 AEDT today, Thursday 3 December 2020, to discuss the acquisition of Mighty Ape. To attend this webinar, please pre-register here:

www.koganpresentation.com

Authorised for release by the Board of Kogan.com Limited.

ENDS

For further information please contact:

relations@kogancorporate.com

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About Kogan.com

Kogan.com is a portfolio of retail and services businesses that includes Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Travel, Kogan Money, Kogan Cars, Kogan Energy, Dick Smith, Matt Blatt and Mighty Ape. Kogan is a leading Australian and New Zealand consumer brand renowned for price leadership through digital efficiency. The company is focused on making in-demand products and services more affordable and accessible.