

ASX ANNOUNCEMENT

23 April 2021

Kogan.com Business Update
Strong growth continues

Kogan.com Limited (the Company; Kogan.com; ASX: KGN) continued to achieve strong business growth during the first quarter of the calendar year while progressing the integration of Mighty Ape and tackling challenges caused by changes in market conditions arising from COVID-19.

3QFY21 Highlights across the Kogan Group (including Kogan.com and Mighty Ape)

- **Gross Sales** grew by more than 47%
- **Revenue** grew by more than 65%
- **Gross Profit** grew by more than 54%
- **Adjusted EBITDA**¹ declined by more than 24%
- **Active Customers** grew by more than 77% to 3,215,000 for Kogan.com and 742,000 for Mighty Ape

The Company continued its long term strategy of investing in technology, brand awareness, logistics capability, platform improvements, and Kogan First membership benefits to lay the foundation for future growth and provide ongoing improvements in customer experience.

During the period the Company landed inventory ordered in response to the high levels of demand seen throughout the 1HFY21 period. This led to the Company achieving very strong levels of inventory and rolling out some very exciting new product launches.

In the three months to March 2021, customer demand fluctuated below the levels seen in the prior nine months to December 2020. As a result, the Company was required to store larger than expected levels of inventory — incurring high storage expenses and demurrage fees (which are expected to be finally resolved from May 2021). The Company has been progressively working towards optimising the inventory position to reflect current market conditions by increasing its promotional activity.

¹ Adjusted EBITDA is a measure of the underlying performance of the business, it removes non-cash items including the unrealised FX gain/(loss), equity-based compensation and one-off non-recurring items. In respect of 3QFY21: there are significant equity-based compensation expenses driven by the recent awards of options after the Company's AGM in November 2020; there are material logistics demurrage charges driven by one-off warehousing and supply chain interruptions from late 2020; and there is a provision for payment of the Mighty Ape Acquisition tranches.

At the same time, the Company is observing price inflation of many products currently being planned for reorder in advance of the peak Christmas trading period (especially those relying on silicone chips and LCD panels) together with inflation in international shipping costs. This provides the Company with high confidence in the quality of its current inventory.

Kogan.com Founder & CEO, Ruslan Kogan, said he was proud of the way in which the team responded to a dynamic business and social environment:

"I am proud of the way the Kogan.com team has maintained a razor sharp focus on delighting customers through a dynamic environment. The Kogan.com team has continued to deliver strong growth while investing in the future of the business and quickly adapting to changing circumstances.

"We have maintained a strategy throughout the pandemic to be there for our customers during a period they need us most. We have continued to invest in some of the most important consumer goods — delivering essential items quickly to homes around Australia and New Zealand. While short term trading conditions can fluctuate, we remain focused and committed to our long term vision.

Kogan First is an important part of our long term strategy, and we are proud to have increased our investment in Kogan First membership benefits to more than \$2.5 million in the quarter."

The Company provides the following business update which, where applicable, is based on unaudited management accounts for 3QFY21. Unless otherwise stated, the update compares the 3QFY21 accounts to those of the prior corresponding period (3QFY20)².

- **Kogan Group (Kogan.com and Mighty Ape² consolidated):**

- Active Customers grew by more than 77% to 3,215,000 for Kogan.com as at 31 March 2021
- Active Customers was 742,000 for Mighty Ape as at 31 March 2021
- Gross Sales grew by more than 47%
- Revenue grew by more than 65%
- Gross Profit grew by more than 54%
- Adjusted EBITDA¹ declined by more than 24%, driven by a significant increase in Operating Costs caused by high warehousing and storage expenses from the high level of inventory, together with an ongoing significant investment in Marketing and People.

² 3QFY21 consolidation incorporates the results of both Kogan.com and Mighty Ape. 3QFY20 only includes the result of Kogan.com as this period was prior to the Mighty Ape Acquisition.

● **Kogan.com:**

- Gross Sales grew by more than 32%
- Revenue grew by more than 41%
 - Exclusive Brands revenue grew by more than 63%
 - Third Party Brands revenue grew by more than 13%
 - Marketplace revenue grew by more than 100%
 - Kogan Mobile revenue grew by more than 23%
- Gross Profit grew by more than 33%
- Adjusted EBITDA¹ declined by more than 42%
- The adjustments to EBITDA (resulting in Adjusted EBITDA) include:
 - A provision of \$5.1m for payment of Tranches 3 and 4 under the Sale Agreement of Mighty Ape³
 - Equity-based compensation expenses
 - Logistics demurrage charges of \$3.9m driven by one-off warehousing and supply chain interruptions from late 2020 (almost never previously incurred, and expected to be resolved by May 2021)

Outlook

The Board looks to the future with confidence as the business has grown its Active Customer base, invested in key strategic initiatives and has a strong level of in-demand inventory heading into the EOFY and Christmas trading periods while observing price inflation through global supply chains.

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 consumer brand renowned for price leadership through digital efficiency. The company is focused on making in-demand products and services more affordable and accessible.

³ Tranches 3 and 4 payments are considered as compensation for post-combination services, and as such, treated as employee remuneration. The Group will proportionately account for these expenses up until the respective payment dates.