



ASX ANNOUNCEMENT

29 April 2022

Kogan.com 3QFY22 Business Update

Kogan.com Limited (the Company; Kogan.com; ASX: KGN) advises that the strong performance of Kogan Marketplace and Kogan First continued in the March quarter, while overall sales growth moderated in line with industry trends following the strong acceleration over the initial COVID-19 period.

Kogan.com had been positioning the business for continued elevated growth in Gross Sales, with levels of inventory and operational capability developed accordingly. In 3QFY22, consumer demand did not meet these expectations, with Gross Sales down slightly by 3.8% year on year (YoY). However, the compound annual growth rate (CAGR) in Gross Sales since 3QFY20 remains strong at 19.4%, and the CAGR in Gross Profit since 3QFY20 also remains strong at 20.2%.

With strong levels of inventory, the Company's best ever customer-service metrics, and fastest ever delivery experience, Kogan.com believes the moderation in Gross Sales during 3QFY22 was largely driven by general market factors, including a slow-down in eCommerce activity in Australia. Over the coming year, the Company will be recalibrating its operating costs in line with current growth levels to support a return to the historical operating margins previously generated.

Founder and CEO of Kogan.com, Ruslan Kogan, said

"Kogan.com's growing customer base of nearly 4.1 million active shoppers is one of the largest in Australia and New Zealand. This growth through the March quarter was supported by the rapid growth in Kogan First members that was up almost 20% over the quarter, and now sits at 345,000 loyal Kogan First members.

"At the same time as we have been growing our customer base, the Kogan Marketplace continued to rapidly expand. I'm so proud of our Marketplace team, who have worked tirelessly to develop this platform. Kogan.com was awarded the Top Australian Marketplace at a recent industry award, recognising the fantastic experience our ever-growing Marketplace is delivering to both customers and sellers.

"We also celebrated a record four-peat of the People's Choice Award at the Australia Post Online Retailer Industry Awards, which is the most coveted award in Australian eCommerce. The continued recognition received from customers and industry experts reinforces the success of our strategy and our team's obsession with delighting customers."

"While market conditions are challenging at present, the foundations laid over the last 16 years are holding us in good stead. Our current focus on recalibrating inventory levels and core operational costs is aimed at returning the Company to its historical margins and also to position the business for its next phase of growth."

Kogan.com provides the following business update which, where applicable, is based on unaudited management accounts for 3QFY22. The update compares the 3QFY22 results to 3QFY21¹ and also 3QFY20¹:

- Active Customers grew to 4,099,000 as at 31 March 2022, up 3.6% YoY
- Kogan First members grew 264% YoY to 328,000 as at 31 March 2022, which reflected 19.7% growth since 31 December 2021. At the time of this announcement, there are more than 345,000 Kogan First members
- Gross Sales of \$262.1 million declined 3.8% YoY, but achieved a CAGR² of more than 19% on 3QFY20. Gross Sales performance was driven by the continuous acceleration in Kogan Marketplace, the Kogan First loyalty program, as well as Kogan Energy, Kogan Internet and Kogan Mobile NZ. Growth in these areas was offset by a decline in both Exclusive Brands and Third-Party Brands divisions, which were cycling extreme growth in the prior year
- Kogan Marketplace continued its strong performance, achieving \$78.0 million in Gross Sales in the quarter, up 19.8% YoY
- Gross Profit declined 11.2% YoY and achieved a CAGR² of 20.2% on 3QFY20, to \$41.0 million
- Adjusted EBITDA was (\$0.8) million
- Inventories across the group were \$193.9 million (comprising \$169.5 million in warehouse and \$24.4 million in transit) as at 31 March 2022, reflecting a reduced level of inventory in transit and an intention to progressively recalibrate baseline levels of inventory over the coming year.

¹ Consolidation incorporates the results of both Kogan.com and Mighty Ape. See Annexure 1 for further details.

² The Company believes that the Compound Annual Growth Rate (CAGR) between 3QFY20 and 3QFY22 is a useful metric to consider the underlying growth of the business, given the volatility over the COVID-19 period. For further details please refer to Annexure 1 below.

Annexure 1

Gross Sales

| | | | | 3QFY22 vs 3QFY21 | | 3QFY22 vs 3QFY20 | |
|------------------------|---------------------|--------------|--------------|------------------|---------------|------------------|--------------|
| Gross sales | 3QFY20 ³ | 3QFY21 | 3QFY22 | Mvmt (\$) | Mvmt (%) | Mvmt (\$) | CAGR (%) |
| Exclusive Brands | 52.9 | 87.5 | 71.0 | (16.4) | (18.8%) | 18.1 | 15.9% |
| Third-Party Brands | 59.3 | 61.3 | 48.0 | (13.4) | (21.8%) | (11.3) | (10.1%) |
| Kogan Marketplace | 37.2 | 65.1 | 78.0 | 12.9 | 19.8% | 40.8 | 44.8% |
| Mighty Ape | n/a | 28.1 | 35.4 | 7.3 | 25.8% | 35.4 | n/a |
| Kogan Mobile Australia | 26.2 | 20.4 | 18.5 | (1.9) | (9.5%) | (7.7) | (16.1%) |
| Advertising Income | 1.2 | 1.2 | 0.6 | (0.6) | (47.1%) | (0.5) | (25.8%) |
| Kogan First | 0.7 | 2.5 | 4.2 | 1.7 | 67.9% | 3.5 | 146.9% |
| Other | 6.4 | 6.2 | 6.4 | 0.1 | 2.2% | (0.0) | (0.2%) |
| Total | 183.8 | 272.4 | 262.1 | (10.3) | (3.8%) | 78.3 | 19.4% |

Gross Profit

| | | | | 3QFY22 vs 3QFY21 | | 3QFY22 vs 3QFY20 | |
|--------------|-------------|---------------------|-------------|------------------|----------------|------------------|--------------|
| Gross Profit | 3QFY20 | 3QFY21 ⁴ | 3QFY22 | Mvmt (\$) | Mvmt (%) | Mvmt (\$) | CAGR (%) |
| Kogan.com | 28.4 | 40.0 | 32.0 | (8.0) | (20.0%) | 3.5 | 6.1% |
| Mighty Ape | n/a | 6.2 | 9.1 | 2.8 | 45.2% | 9.1 | n/a |
| Total | 28.4 | 46.2 | 41.0 | (5.2) | (11.2%) | 12.6 | 20.2% |

Adjusted EBITDA

| | | | | 3QFY22 vs 3QFY21 | | 3QFY22 vs 3QFY20 | |
|-----------------|------------|------------|--------------|------------------|-----------------|------------------|------------|
| Adjusted EBITDA | 3QFY20 | 3QFY21 | 3QFY22 | Mvmt (\$) | Mvmt (%) | Mvmt (\$) | CAGR (%) |
| Kogan.com | 9.6 | 5.5 | (3.5) | (9.0) | (164.2%) | (13.1) | n/a |
| Mighty Ape | n/a | 1.5 | 2.8 | 1.0 | 57.5% | 2.8 | n/a |
| Total | 9.6 | 7.0 | (0.8) | (8.0) | (110.5%) | (10.4) | n/a |

³ 3QFY20 has been restated to include Kogan Energy Gross Sales as this data has historically been unavailable. Kogan Energy launched in September 2019. The inclusion of Kogan Energy Gross Sales was first reflected in the 1H FY21 Results Presentation released on 26 February 2021.

⁴ Gross Profit relating to 3QFY21 has been restated to include inventory related items originally recorded as 'Other Costs' in the April 2021 Business Update released on 23 April 2021. This was reflected in the FY21 audited Financial Statements and noted in the AGM Presentation, released on the ASX on 25 November 2021. The restatement had no impact to Revenue, EBITDA, Adjusted EBITDA or Net Profit After Tax for 3QFY21.

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

ENDS

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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.