

ASX ANNOUNCEMENT

26 October 2022

Kogan.com accelerates sell-through of excess inventory and reduction in operating costs delivering strong cash position

Kogan.com Limited (the Company; Kogan.com; ASX: KGN) is pleased to announce a strong cash position, accelerated sell-through of final excess inventory, which also delivered reducing warehousing costs, and the continued growth of Kogan First Subscribers and Kogan Mobile Active Customers during the three months ended 30 September 2022 (1QFY23).

The quarter reflected a period of subdued sales activity for the Company, while cycling a quarter in the prior year that was heavily impacted by COVID-19 lockdown orders. The Company remains focussed on reducing the final lots of excess inventory, reducing operating costs, and streamlining the business to return to the levels of operating margins previously delivered prior to COVID-19 pandemic. The Company anticipates that the vast majority of this final sell-through will occur by early calendar year 2023.

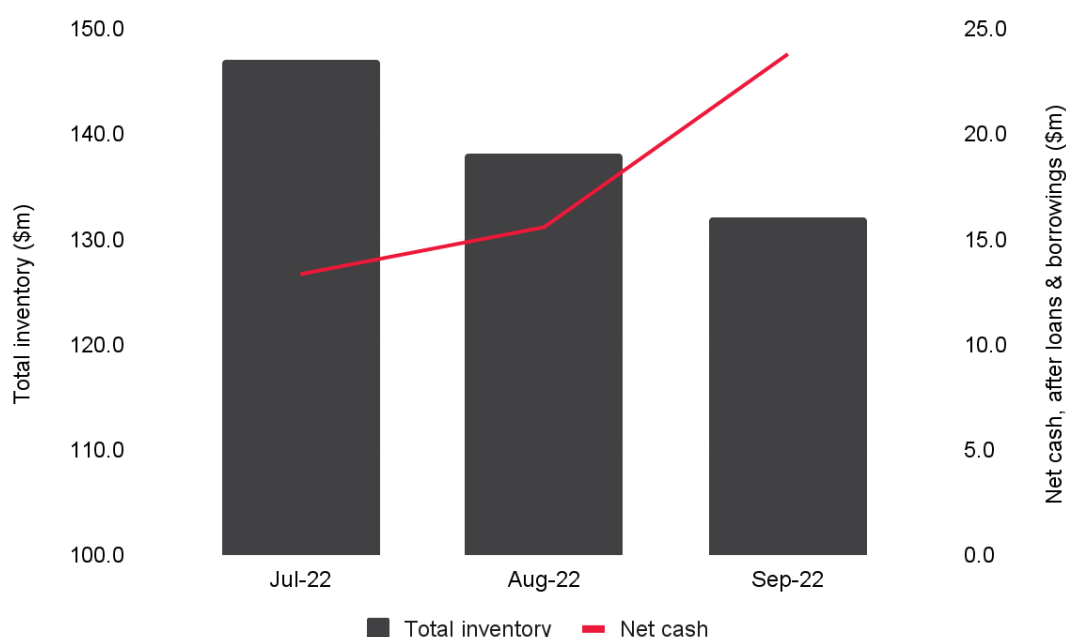
The Company does not believe that the 1QFY23 trading result is indicative of its projected trading performance, once the final sell-through of excess inventory has been completed. The Company looks to 2HFY23 with confidence in its ability to return to a nimble, agile and inventory-light business that delivers strong operating margins.

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

"Great value and choice have never been more important than now. Inflation and rising interest rates are putting pressure on households across Australia and New Zealand. It's in the Kogan.com DNA to obsess over delivering the most in demand products and services at the best possible prices. We know that during periods of belt tightening like this, our responsibility to be the best place for Aussies and Kiwis to get a bargain on their key household items is more important than ever. While there is a lot of uncertainty in the world, we're optimistic and excited to continue delighting our millions of customers and the growing base of loyal Kogan First subscribers."

The Company provides the following update which, where applicable, is based on unaudited management accounts for 1QFY23¹. The update compares the 1QFY23 accounts to those of the prior corresponding period (1QFY22):

- Inventories reduced to \$132.1 million (comprising \$109.3 million in-warehouse and \$22.8 million in-transit) as at 30 September 2022, from \$159.9 million (comprising \$137.9 million in-warehouse, and \$22.0 million in-transit) as at 30 June 2022.
 - The sell-through of inventory, and tight controls on costs, has supported the growth of our net cash balance (after loans & borrowings), ending the quarter with \$23.8 million.



- Gross Sales declined 38.8% YoY to \$202.3 million, while cycling a period in the prior year that included lockdowns
- Group Active Customers declined 12.3% YoY to 3,596,000 as at 30 September 2022
- Kogan First Subscribers grew by 48.8% YoY to 385,000 as at 30 September 2022
- Kogan Mobile² Active Customers grew 5.1% YoY as at 30 September 2022
 - Kogan Mobile Australia Active Customers grew by 2.8% YoY as at 30 September 2022
 - Kogan Mobile New Zealand Active Customers grew by 117.3% as at 30 September 2022

¹ Results incorporate both Kogan.com and Mighty Ape. See Annexure 1 for further details.

² A combination of both Kogan Mobile Australia and Kogan Mobile New Zealand

- Gross Profit declined 40.4% YoY to \$31.3 million, impacted by lower Gross Margins following the accelerated sell-through of excess inventory the vast majority of which the Company expects to complete by early calendar year 2023
- Adjusted EBITDA was \$(0.3) million
- Adjusted EBIT was \$(4.1) million

Annexure 1

Gross Sales

			1QFY23 vs 1QFY22	
Gross sales	1QFY22	1QFY23	Mvmt (\$)	Mvmt (%)
Exclusive Brands	102.8	51.6	(51.2)	(49.8%)
Third-Party Brands	51.7	24.2	(27.5)	(53.2%)
Kogan Marketplace	110.4	62.3	(48.2)	(43.6%)
Mighty Ape	35.7	34.7	(1.0)	(2.7%)
Kogan Mobile Australia	14.6	14.1	(0.6)	(3.9%)
Advertising Income	1.0	0.2	(0.9)	(84.1%)
Kogan First	5.9	6.2	0.4	6.0%
Other	8.3	9.1	0.8	9.6%
Total	330.5	202.3	(128.2)	(38.8%)

Gross Profit

			1QFY23 vs 1QFY22	
Gross Profit	1QFY22	1QFY23	Mvmt (\$)	Mvmt (%)
Kogan.com	44.1	22.8	(21.3)	(48.3%)
Mighty Ape	8.4	8.5	0.1	1.5%
Total	52.5	31.3	(21.2)	(40.4%)

Adjusted EBITDA

			1QFY23 vs 1QFY22	
Adjusted EBITDA	1QFY22	1QFY23	Mvmt (\$)	Mvmt (%)
Kogan.com	8.5	(2.5)	(11.0)	(129.7%)
Mighty Ape	2.3	2.2	(0.1)	(5.0%)
Total	10.8	(0.3)	(11.1)	(103.0%)

Adjusted EBIT

			1QFY23 vs 1QFY22	
Adjusted EBIT	1QFY22	1QFY23	Mvmt (\$)	Mvmt (%)
Kogan.com	5.0	(5.8)	(10.8)	(216.6%)
Mighty Ape	1.9	1.8	(0.2)	(8.1%)
Total	6.9	(4.1)	(11.0)	(158.7%)

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

ENDS

For further information please contact:

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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.

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