

ASX ANNOUNCEMENT

26 August 2024

Kogan.com Ltd FY24 Results

Loyal customers underpin return to profitability

Kogan.com Ltd (The Company; Kogan.com; ASX:KGN) is pleased to announce its results for the full year ended 30 June 2024 (FY24).

FY24 highlights (vs FY23)

- **Kogan FIRST Subscribers** grew to over 502,000, compared to 401,000 in the prior year.
- **Gross Sales¹ & Revenue** of \$809.0 million and \$459.7 million declined by 4.8% and 6.1%, respectively.
- **Platform-based Sales²** contribution increased to 62% of Kogan.com (excluding Mighty Ape) Gross Sales in FY24 (FY23: 57%), delivering higher quality earnings and improved margin.
- **Gross Profit** increased 23.3% to \$168.4 million.
- **Gross Margin** increased to 36.6% (FY23: 27.9%).
- **Products Division** returned to year-on-year Revenue growth in the fourth quarter, while FY24 Gross Profit increased 39.6% to \$39.3 million.
- **Verticals** achieved another record year of Revenue, increasing 20.5% to \$20.0 million.
- **Cash** of \$41.2 million and no debt as at 30 June 2024.
- **Inventories** of \$73.4 million as at 30 June 2024.
- **Group Active Customers** were 2,609,000 comprising 1,909,000 for Kogan.com and 700,000 for Mighty Ape.
- **Adjusted EBITDA³** of \$40.0 million (FY23: \$6.8 million) and EBITDA was \$36.0 million (FY23: loss of \$20.8 million).
- **Adjusted EBIT³** of \$28.3 million (FY23: loss of \$6.4 million⁴) and EBIT was \$20.9 million (FY23: loss of \$37.4 million).
- **Adjusted NPAT³** of \$21.0 million (FY23: loss of \$4.3⁴ million) and Statutory NPAT was \$0.1 million (FY23: loss of \$25.9 million).
 - Impacting NPAT is a non-cash adjustment to Income Tax Expense.
- **Adjusted Earnings per Share³** of 20cps (FY23: loss of 4cps⁴) and EPS was 0cps (FY23: loss of 24cps).

1 Gross Sales is a key metric of the Business, given that gross transaction values of Kogan Marketplace, Kogan Mobile and other Verticals are not reflected in Revenue.

2 Refers to sales generated by Kogan Marketplace, Kogan FIRST, Kogan Verticals and Advertising & Other Income. It excludes sales by the Products Division and Mighty Ape.

3 Measures the underlying performance of the business, removing non-cash items including unrealised FX gains/(losses), equity-based compensation and one-off non-recurring items. Refer to Annexure 2 of the FY24 Results Presentation for a detailed reconciliation of adjusting items.

4 This figure has been revised to reflect the non-cash depreciation & amortisation of Mighty Ape brands, software and right-of-use assets that were acquired as part of the Mighty Ape acquisition.

Key drivers of FY24 financial performance (vs FY23)

- **Platform performance** - both loyalty programs - Kogan FIRST and Mighty Ape PRIMATE - grew significantly, by more than 25% and 35%, respectively. These programs have built a growing and meaningful loyal customer base for the Group, supporting the realisation of marketing efficiencies. Overall the Group had 2,609,000 Active Customers during the year, comprising 1,909,000 for Kogan.com and 700,000 for Mighty Ape. Growth in the loyalty programs as well as Verticals, led to a Platform-based Sales contribution of 62% for Kogan.com (excluding Mighty Ape) Gross Sales for the year, up from 57%.
- **Operating leverage** significantly improved, returning to historical highs with positive momentum, reflecting the growth in Platform-based Sales contribution and enhanced product ranging. Gross Margin grew to 36.6% (FY23: 27.9%), Delivered Margin to 33.0% (FY23: 24.0%), Contribution Margin to 22.5% (FY23: 14.1%), Adjusted EBITDA margin to 8.7% (FY23: 1.4%) and Adjusted EBIT margin to 6.2% (FY23: -1.3%).
- **Verticals** Revenue grew 20.5% to \$20.0 million, achieving another record year.
- **Kogan.com Advertising Platform** has scaled quickly to \$2.9 million of advertising revenue since launching in August 2023, and is expected to become more meaningful as it continues scaling.
- **Products Division**, covering Kogan.com's (excluding Mighty Ape) Exclusive Brands and Third-Party Brands offerings, saw revenue decline 15.6% to \$223.8 million, reflecting the strategic decision to reduce inventory levels, with the Division carrying approximately 40% less inventory through FY24 compared to FY23. This reduction followed the right-sizing of surplus inventory held during FY23.
- **Mighty Ape** contributed \$147.7 million of Gross Sales, down 4.4%. A 1.9pp improvement in Gross Margin resulted in Gross Profit growth of 2.0% to \$39.8 million. Adjusted EBITDA declined 18.3% to \$7.4 million, due to set up costs associated with the new Christchurch warehouse and additional investment in internal systems.
- **Variable Costs** reduced by over 12%, as the realignment of inventory supported a combination of consolidation and reduction in costs.
- **Marketing Costs** reduced by 1.0% with the strategic focus on the Group's two loyalty programs.
- **Group inventories** totalled \$73.4 million at 30 June 2024, comprising \$67.9 million in-warehouse and \$5.5 million in-transit. Levels of inventory are well aligned with current trading conditions.
- **Strong Balance Sheet** with cash of \$41.2 million and no debt at 30 June 2024.

Commenting on Kogan.com's performance over FY24, Founder and CEO Ruslan Kogan said:

"FY24 was a milestone year for Kogan.com. Our business returned to a position of profitability and strength, having navigated through the previous two and a half years of turbulence. We got through this by restructuring and improving our operations, focusing on growing the right areas of our business, rapidly growing platform-based sales, and most importantly, investing in our loyal customer base. This has helped put Kogan.com in its strongest position ever.

"In response to the ongoing cost-of-living crisis that our customers are facing, we are doubling down on our commitment to affordability and value. This was at the core of our brand when we launched 18 years ago, and we understand the economic challenges our customers are facing. Everything we do is aimed at enabling our customers to live their best lives without having to strain their budgets. You'll see this play out in all our investments and launches going forward.

Our team's obsession with delivering remarkable value for our customers has underpinned the growth of Kogan.com into the top performing Australian eCommerce company for nearly two decades. These efforts are more crucial than ever, and we're primed to deliver again for our customers in FY25."

Trading Update

July 2024 unaudited management accounts showed Kogan.com continuing its growth momentum across all key financial metrics, with earnings growing faster than revenues as margins further improved:

- Gross Sales up 2.1% YoY to \$63.9 million;
- Revenue up 15.6% YoY to \$40.3 million;
- Gross Profit up 23.0% YoY to \$15.6 million;
- Adjusted EBITDA up 53.4% YoY to \$5.3 million; and
- Adjusted EBIT up 88.9% YoY to \$4.0 million.

Further Dividend for FY24

Reflecting the strength of Kogan.com's financial performance in FY24 and strong Balance Sheet, the Company's Board of Directors has reinstated a dividend for FY24, declaring a fully franked Final Dividend of 7.5 cents per Ordinary Share. Together with the Interim FY24 dividend, the Directors have declared a total fully franked dividend for FY24 of 15.0 cents per Ordinary Share (FY23: nil).

The Dividend Reinvestment Plan (DRP) will be available for the Final FY24 dividend. The Record Date for the Final Dividend is 12 September 2024 and payment date is 29 November 2024.

Investor briefing

A presentation of the FY24 results as well as a briefing session for investors and analysts will be held at 10:30 am (AEST) today. Participants can register for the briefing session via: www.koganpresentation.com.

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 Money, Kogan Energy, Kogan Travel, Dick Smith, Matt Blatt, Mighty Ape, Mighty Mobile and Brosa. Kogan.com is a leading consumer brand renowned for price leadership through digital efficiency. The Company is focused on helping customers live their best lives by delivering remarkable value.