

ASX ANNOUNCEMENT

21 July 2021

Kogan.com Business Update

Kogan.com Limited (the Company; Kogan.com; ASX: KGN) is pleased to advise that, following the Company's continued focus on improving customer value, trading performance in June 2021 saw an acceleration in the delivered Gross Sales, Gross Profit and Adjusted EBITDA¹, ahead of the performance in April and May 2021.

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

"In early July we celebrated five years since listing on the ASX, and we are now proud to have delighted millions of customers while delivering five consecutive years of significant growth in sales and Adjusted EBITDA."

More customers than ever are turning to Kogan.com for convenience, range and price. We are proud to have been able to service more than 3 million Australians during the challenging year behind us, all while expanding our warehousing operations, enhancing Kogan First membership rewards, and rolling out new exciting projects that will further improve delivery times and customer experience in the near future."

The Company provides the following update which, where applicable, is based on unaudited management accounts as at 30 June 2021-

- Comparing the FY21 year to the equivalent prior period (FY20) and the period before (FY19):
 - Gross Sales grew by more than 52% above FY20, and a CAGR of more than 46% since FY19
 - Revenue grew by more than 56% above FY20, and a CAGR of more than 33% since FY19
 - Gross Profit grew by more than 60% above FY20, and a CAGR of more than 49% since FY19
 - Adjusted EBITDA¹ grew by more than 23% above FY20, and a CAGR of more than 39% since FY19

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 FY21, among other items: 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 through April 2021; a write-down of COVID-related inventory (PPE) and there is a provision for payment of the Mighty Ape Acquisition tranches.

The Company believes that the Compound Annual Growth Rate (CAGR) between FY19 and FY21 is a useful metric to consider the underlying growth of the business, given the volatility over the COVID period. For further details please refer to Annexure 1 below.

- Active Customers grew by more than 46% since 30 June 2020 to 3,207,000 for Kogan.com, and grew to 764,000 for Mighty Ape.
- Total inventories were \$228.1m, with \$191.8m in warehouse and \$36.3m in transit, reflecting a significant unwinding of inventories received during the second half.
- As at 30 June 2021 the Company had a net cash position (total cash less drawn debt) of \$12.8m.
- The Company utilises data and analytics in forecasting its operations to enable the delivery of the right products to customers at the right time. Given the turbulent trading and social environment over the last year, forecasting consumer needs has been harder than ever for the Company.
As discussed over the last few months, the Company took the view late last year that the levels of demand during the first half of FY21 would likely continue into the second half, and potentially grow further still. The Company invested in inventory and operational capacity to be able to fulfil that growth.
As is now clear, the Company's expectations weren't accurate and as a result the Company purchased too much stock. This led the Company to focus on strong promotions to bring inventory to the right level for the relative size of business, and this promotional activity combined with high warehousing costs has impacted financial performance in the second half.
Following the end of the second half, the Company can now say that the efforts to bring down levels of inventory have come a very long way, and inventory is approaching the right level for the business. The Company expects improved efficiency moving forward.

Annexure 1

Gross Sales

				FY21 vs FY19			FY21 vs FY20	
Gross Sales	FY19	FY20	FY21	Mvmt (\$)	Mvmt (%)	CAGR (%)	Mvmt (\$)	Mvmt (%)
Kogan.com	551.8	772.3 ²	1,097.4	545.6	98.9%	41.0%	325.2	42.1%
Mighty Ape	n/a	n/a	80.3	80.3	n/a	n/a	80.3	n/a
Total	551.8	772.3	1,177.7	625.9	113.4%	46.1%	405.5	52.5%

Revenue

				FY21 vs FY19			FY21 vs FY20	
Revenue	FY19	FY20	FY21	Mvmt (\$)	Mvmt (%)	CAGR (%)	Mvmt (\$)	Mvmt (%)
Kogan.com	438.7	497.9	700.5	261.8	59.7%	26.4%	202.6	40.7%
Mighty Ape	n/a	n/a	80.2	80.2	n/a	n/a	80.2	n/a
Total	438.7	497.9	780.7	342.0	78.0%	33.4%	282.8	56.8%

Gross Profit

				FY21 vs FY19			FY21 vs FY20	
Gross Profit	FY19	FY20	FY21	Mvmt (\$)	Mvmt (%)	CAGR (%)	Mvmt (\$)	Mvmt (%)
Kogan.com	90.7	126.5	183.8	93.2	102.8%	42.4%	57.3	45.3%
Mighty Ape	n/a	n/a	19.9	19.9	n/a	n/a	19.9	n/a
Total	90.7	126.5	203.7	113.0	124.7%	49.9%	77.2	61.0%

Adjusted EBITDA¹

				FY21 vs FY19			FY21 vs FY20	
Adjusted EBITDA ¹	FY19	FY20	FY21	Mvmt (\$)	Mvmt (%)	CAGR (%)	Mvmt (\$)	Mvmt (%)
Kogan.com	31.5	49.7	54.2	22.7	72.0%	31.1%	4.6	9.2%
Mighty Ape	n/a	n/a	6.9	6.9	n/a	n/a	6.9	n/a
Total	31.5	49.7	61.1	29.6	93.9%	39.2%	11.5	23.1%

² FY20 has been restated to include Kogan Energy Gross Sales. Kogan Energy launched in September 2019, Gross Sales data has historically been unavailable.

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