

ASX ANNOUNCEMENT

26 July 2023

Kogan.com Business Update

Kogan.com Limited (the Company; the Business; Kogan.com; ASX: KGN) is pleased to announce a return to sustained and improving positive Adjusted EBITDA in 2H FY23 (see Figure 1). This improvement in underlying profitability is the result of the actions taken by the Business over the past year to right-size inventory levels, optimise operating costs, and realign the Business to the current trading conditions.

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

"It has been an important year for Kogan.com as we drove efficiency through our business. Frugality, relentless pursuit of continuous improvement, data-driven decisions, and tough negotiations on behalf of our customers are all traits that are in our DNA. It's what we do day in, day out."

"We know millions of customers are struggling with cost of living pressures, and we've been able to recalibrate our business to better support them in these times. Our focus on making the most in demand products and services more affordable and accessible has never been more important."

"This shows in our results, but more importantly in the way we are able to support the livelihoods of our customers by helping them save. The value millions of customers get from shopping with the Kogan.com Group is precisely why we exist, and we're pleased to be in a position of strength and stability to best help them."

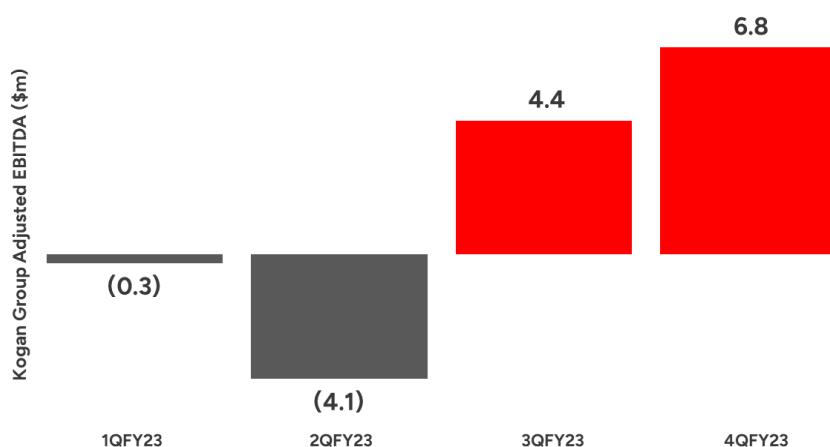
"Our focus on driving efficiency in the Business means that we are now more agile than ever, with a low cost-of-doing-business, combined with a market leading offering across millions of products, and all the essential services."

The Company provides the following update which, where applicable, is based on unaudited management accounts as at 30 June 2023. The update compares the 2H FY23 results to 2H FY22:

- **Cash** grew to \$65.4 million as at 30 June 2023, compared to a net cash balance (after loans & borrowings) of \$31.2 million as at 30 June 2022. The growth in cash balance has been delivered after the total repayment of bank debt, completion of Mighty Ape Tranche 3 payment and the payment of more than \$10m in respect of the share buyback program that commenced in May 2023.
- **Inventories** reduced to \$68.2 million (comprising \$60.6 million in-warehouse and \$7.6 million in-transit) as at 30 June 2023. This represents a reduction of over 57% since 30 June 2022, when inventories totalled \$159.9 million (comprising \$137.9 million in-warehouse and \$22.0 million in-transit). This adjustment in inventory levels reflects a complete right-sizing of inventory to current levels of demand.
- **Group Active Customers** were 2,945,000 as at 30 June 2023 (Kogan.com had 2,190,000 Active Customers and Mighty Ape had 755,000 Active Customers).

- **Kogan Mobile Australia**, the largest Vertical, continued its sustained return to growth in the year. Gross Sales in 2HFY23 grew by 4.7% YoY, compared to a decline of 5.1% YoY during 2HFY22.
- **Kogan First Subscribers** totalled over 401,000 as at 30 June 2023, compared to over 372,000 as at 30 June 2022. At the time of this release, Kogan First Subscribers total over 408,000, and subscriber numbers are expected to accelerate in growth following expansion of the Kogan First program toward the end of 2HFY23.
- **Gross Sales** of \$373.7 million declined 22.5% YoY. Topline performance is reflective of the soft market conditions during the period caused by inflationary pressures and interest rate rises, as well as the realigning of the inventory levels in the Business. The Business expects topline performance to return to growth over FY24.
- **Gross Profit** of \$73.6 million declined 3.6% YoY, impacted by soft topline performance mentioned above.
- **Gross Margin** of 34.4% in 2HFY23, improved 9.0pp YoY, underpinned by the removal of excess inventory.
- **Operational efficiency** was improved during the year as the Business recalibrated its operations to the prevailing market conditions. Group Variable & Marketing costs as a percentage of Gross Sales reduced to 8.6% in 2HFY23, compared to 9.2% in 2HFY22. The operational efficiency improvements are expected to continue into FY24.
- **Adjusted EBITDA¹** was \$11.2 million in 2HFY23 compared to \$1.6 million in 2HFY22, which represents growth of 624.1% YoY. See Figure 1 for the quarterly Adjusted EBITDA improvements over the course of FY23.
- **Adjusted EBIT¹** was \$3.0 million in 2HFY23, compared to \$(8.3) million in 2HFY22 .

Figure 1: Kogan Group Adjusted EBITDA¹



¹ 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.

Annexure 1

Gross Sales

			2HFY22 vs 2HFY23	
Gross Sales (\$m)	2HFY22	2HFY23	Mvmt (\$)	Mvmt (%)
Kogan Marketplace	142.7	117.9	(24.8)	(17.4%)
Exclusive Brands	134.7	81.8	(52.9)	(39.3%)
Third-Party Brands	78.4	36.8	(41.5)	(53.0%)
Mighty Ape	68.6	67.5	(1.1)	(1.6%)
Kogan Mobile Australia	35.3	37.0	1.6	4.7%
Kogan First	8.4	15.8	7.4	89.1%
Kogan Internet	6.2	5.4	(0.8)	(12.6%)
Kogan Energy	5.4	7.7	2.3	42.2%
Kogan Mobile New Zealand	0.9	2.0	1.0	111.9%
Advertising & Other Income	1.4	1.9	0.4	29.4%
Total	482.0	373.7	(108.2)	(22.5%)

Gross Profit

			2HFY22 vs 2HFY23	
Gross Profit (\$m)	2HFY22	2HFY23	Mvmt (\$)	Mvmt (%)
Kogan.com	58.8	56.2	(2.6)	(4.5%)
Mighty Ape	17.5	17.4	(0.1)	(0.6%)
Total	76.3	73.6	(2.7)	(3.6%)

Adjusted EBITDA¹

			2HFY22 vs 2HFY23	
Adjusted EBITDA (\$m)	2HFY22	2HFY23	Mvmt (\$)	Mvmt (%)
Kogan.com	(3.6)	8.5	12.1	333.5%
Mighty Ape	5.2	2.7	(2.5)	(47.2%)
Total	1.6	11.2	9.7	624.1%

Adjusted EBIT¹

			2HFY22 vs 2HFY23	
Adjusted EBIT (\$m)	2HFY22	2HFY23	Mvmt (\$)	Mvmt (%)
Kogan.com	(12.6)	1.2	13.8	109.4%
Mighty Ape	4.3	1.8	(2.5)	(57.6%)
Total	(8.3)	3.0	11.3	135.8%

Annexure 2

Gross Sales

			FY22 vs FY23	
Gross Sales (\$m)	FY22	FY23	Mvmt (\$)	Mvmt (%)
Kogan Marketplace	363.8	260.1	(103.7)	(28.5%)
Exclusive Brands	335.1	200.0	(135.2)	(40.3%)
Third-Party Brands	192.3	94.7	(97.6)	(50.7%)
Mighty Ape	164.2	154.4	(9.8)	(5.9%)
Kogan Mobile Australia	68.5	70.5	2.1	3.0%
Kogan First	19.0	30.3	11.3	59.3%
Kogan Internet	12.6	11.1	(1.5)	(11.9%)
Kogan Energy	12.0	16.7	4.7	38.9%
Kogan Mobile New Zealand	2.0	4.6	2.6	133.6%
Advertising & Other Income	10.5	2.4	(8.1)	(77.1%)
Total	1,180.0	844.8	(335.2)	(28.4%)

Gross Profit

			FY22 vs FY23	
Gross Profit (\$m)	FY22	FY23	Mvmt (\$)	Mvmt (%)
Kogan.com	145.4	97.6	(47.8)	(32.9%)
Mighty Ape	39.1	39.0	(0.1)	(0.1%)
Total	184.4	136.6	(47.9)	(26.0%)

Adjusted EBITDA¹

			FY22 vs FY23	
Adjusted EBITDA (\$m)	FY22	FY23	Mvmt (\$)	Mvmt (%)
Kogan.com	6.6	(2.7)	(9.2)	(140.6%)
Mighty Ape	12.3	9.5	(2.8)	(22.9%)
Total	18.9	6.8	(12.1)	(63.8%)

Adjusted EBIT¹

			FY22 vs FY23	
Adjusted EBIT (\$m)	FY22	FY23	Mvmt (\$)	Mvmt (%)
Kogan.com	(10.8)	(17.4)	(6.6)	(60.9%)
Mighty Ape	10.5	7.7	(2.8)	(27.0%)
Total	(0.3)	(9.7)	(9.4)	(3,201.4%)

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, Mighty Ape and Brosa. 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.