

2023 Annual General Meeting

23 November 2023

Chairman's address

SLIDE 4: Chairman's address

Throughout the 2023 financial year, our team executed a targeted strategy to position the Business for success in increasingly volatile market conditions. As a result, we have achieved many highlights – I will now take you through a number of those.

A key undertaking of the Business in FY23 was to align inventory levels and achieve cost reductions across marketing and warehousing. As we reported during our FY23 results presentation, we delivered on this initiative. The substantial decrease in inventory levels contributed to notable operational efficiencies, namely through our Variable Costs. These declined to 8.8% of Gross Sales in the second half of FY23 from 9.5% in the second half of FY22. We anticipate the continuation of these cost efficiencies in FY24, especially as we continue to realise further warehousing cost savings.

We continued to onboard new Marketplace Sellers each week and improve the platform, supplementing our in-warehouse inventory offering with millions of Marketplace products, without any capital investment. The Kogan Marketplace delivered another impressive result, achieving a compound annual growth rate of 18% compared to pre-COVID trading conditions, that's FY23 compared to FY20. Towards the end of the financial year, we also introduced our new Advertising Platform. The platform allows Marketplace Sellers to bid for additional visibility on our platform through sponsored listings. We've seen significant uptake since its launch and look forward to strong results from it in FY24.

Throughout FY23 we continued to enhance the Kogan FIRST loyalty program, introducing benefits such as double Qantas points, increased Kogan reward credits, exclusive Subscriber-only deals, and engaging competition giveaways. We have seen strong growth as we progress in FY24, and expect to achieve improving ROI for our marketing investment, as we build our growing dedicated community of Kogan.com shoppers.

In March 2023 Simon Barton, Mighty Ape Founder, retired from the Business. Gracie MacKinlay, who took on the role of Mighty Ape CEO in June 2022, has helped to deliver commendable results amid a challenging macroeconomic environment in New Zealand. Replacing Simon in

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the capacity of Mighty Ape CFO, we welcomed Daniel Balasoglou, who brings a wealth of experience and knowledge to the team. Ongoing investments in IT infrastructure, logistics networks, and the Mighty Ape team, reflect our commitment to positioning the Business for future growth.

Our strong Balance Sheet allowed us to continue our track record of opportunistic acquisitions, buying Brosa out of administration. Brosa, one of Australia's largest online luxury furniture retailers, was acquired for \$1.5 million from the Company's cash reserves and included the provision of logistics support for thousands of customers with undelivered orders. Brosa joined the Kogan Group alongside other notable historic acquisitions, Mighty Ape, Dick Smith and Matt Blatt.

At Board level, throughout FY23 we maintained a majority independent Board, Audit & Risk Management Committee and Remuneration & Nomination Committee. We are committed to upholding stringent governance standards and the effective management of risks across all aspects of our business.

SLIDE 5: FY23 Group Results

As just discussed, there's been a number of positive achievements throughout FY23. I'd like to take this opportunity to further highlight a number of the key items:

- The evolutionary journey our company has been on became evident this year, with Gross Sales and Gross Profit contribution from our Platform-based Sales outsizing our Product Divisions, with over 57% and 71% contribution, respectively. This change signals a shift to a higher recurring income, lower risk and higher margin business;
- Our Loyalty Program, Kogan FIRST, grew to over 401,000 Subscribers at the end of FY23, and delivered \$26.3 million in Revenue.
- We right-sized inventory levels to the currently prevailing trading conditions, achieving a reduction of over 57% year-on-year to finish FY23 with \$68.2 million in total.
- As inventory was right-sized, clearance activity reduced, allowing for profitability to rapidly recover, demonstrated by the Gross Margin improvement of 8.9 percentage points in 2HFY23 to 34.4%.
- We finished the year with \$65.4 million of cash, after completion of the Mighty Ape Tranche 3 payment, complete repayment of external debt and over \$10 million in Share buy-backs.
- We recorded \$11.2 million of Adjusted EBITDA in 2HFY23, growth of over 600% year-on-year, signalling a strong trajectory as we enter FY24;

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Strategic opportunities

Having successfully stabilised and reset the Business in FY23, I, along with the rest of the Board, am very excited and confident about the opportunities ahead in FY24 and beyond.

We anticipate strong growth and strong benefits from the Kogan FIRST loyalty program, Kogan Marketplace and the newly launched Advertising Platform. We also look forward to further growth in our Verticals, particularly Kogan Mobile Australia, our largest Vertical, and Mighty Mobile, our newest Vertical in New Zealand. Ultimately, we foresee a return to strong profitability in our Exclusive Brands Division, and in turn, a return to positive operating leverage.

Our Team

I take immense pride in the unwavering dedication of the Kogan.com team, consistently delivering on our mission day in and day out. Despite facing a challenging operating environment, they have continued to maintain their exceptionally high standard of performance. On behalf of the Board, I express our gratitude to all of our team members for their ongoing commitment to the mission, values and community of Kogan.com.

Now, I would like to extend an invitation to our Founder and CEO, Ruslan Kogan, to address the meeting. He will provide a comprehensive overview of the business's performance during the 2023 financial year and provide an update on trading for FY24 thus far.

Chairman's address

SLIDE 6: CEO's Address

Thank you, Chairman.

I'm delighted to speak with all of you at our 2023 Annual General Meeting. Thank you for taking the time today.

FY23 was a pivotal year in the history of our Business. For the first time ever at Kogan.com, the majority of our Gross Sales and Gross Profit were generated from our subscription, platform and software based sales — what we refer to as Platform-based Sales.

As these sales grow, we can expect a rapid and more dependable growth in the business. This is because Platform-based Sales deliver higher quality recurring, lower risk and higher margin Revenue than our traditional inventory-based Product Divisions. This in turn allows us to invest even more in creating the best customer experience and exceptional value for Kogan.com members.

But that's just one of the highlights. We also completed the year with a strong Balance Sheet, underpinned by \$65.4 million of cash. We commenced a share buy-back, purchasing over \$10 million of shares to 30 June 2023, with the buy-back continuing into FY24. We aligned our inventory levels with current business strategy, which led to a strong recovery in Gross Margin in the second half of the financial year. This recovery was complemented by ongoing efficiencies in the operations of the Business, setting the business up for long term success.

I'll now take you through an overview of our progress over FY23.

SLIDE 7: Kogan.com Platform-based Sales

As I have mentioned, the notable shift of Kogan.com toward a predominantly platform-based business is a major highlight of FY23. This shift has generated significant efficiencies in Gross Sales as we continue to optimise our return-on-investment on inventory. The chart on the left demonstrates that, as we become a more capital-efficient business, our Gross Sales per dollar of inventory continues to scale.

In our first year on the ASX, Platform-based Sales comprised only 3.6% of Gross Sales and 9.5% of Gross Profit. Fast forward to the end of FY23, and these figures surged to over 57% of Gross Sales and more than 71% of Gross Profit. This trend has continued into FY24, with over 63% of Gross Sales and more than 73% of Gross Profit being delivered from Platform-based Sales in FY24 year-to-date.

This marks a significant inflection point after years of groundwork.

SLIDE 8: Delighting our customers

We brought joy to millions of customers across Australia and New Zealand, as we do each year. Our team takes immense pride in the quality of the shopping experience we provide, evident by the increasing proportion of repeat customers. This year over 70% of our customers were repeat shoppers on Kogan.com, surpassing the 50% achieved four years ago before the onset of the COVID-19 pandemic. It is this group of loyal and engaged customers, who are setting the foundation for long term sustainable growth.

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SLIDE 9: AI Leadership & efficiency

The pride we have in providing a fantastic shopping experience centres around the technology we have developed across our platform. Technology and data have been at the core of our decision-making and efficiency for many years, and AI is only accelerating this. We already use AI to optimise our marketing, product merchandising, and internal productivity.

Today our projects are delivering immediate customer service resolutions, any time of the day, along with improved search results for our customers and product range selections.

Finally, I anticipate it won't be long before our website content is largely generated and curated by AI to give customers an individually customised shopping experience.

SLIDE 10: Kogan Marketplace

The Kogan Marketplace is pivotal to expanding our Platform-based Sales, enabling us to provide millions of sought-after products to customers while transitioning to a more capital-efficient business model with reduced operating costs. Since launch, we've had many of our Marketplace Sellers provide positive feedback. As a new revenue stream for the business, it's showing very promising results, growing to over \$14,000 of revenue per day this month. We expect this acceleration to continue as more of our Marketplace Sellers realise the benefits it delivers for them.

Our focus remains on providing more choice and competition for our customers, which is anchored in having high-quality sellers on our platform and maintaining a stringent customer-centric approach. With thousands of sellers already on board, we continue to add more every week.

Our award winning Marketplace is expected to drive year-on-year growth in FY24, achieved through closer engagement with sellers and the rapid expansion of the Kogan Marketplace in New Zealand, which launched in mid 2022.

SLIDE 11: Exclusive Brands

Our business started with just one exclusive brand. Now more than 17 years later, our Exclusive Brands remain a pillar of our Company and a highlight of what people love about Kogan.com. We now have 20 Exclusive Brands in our stable and they all represent ridiculously good value for our customers.

This Division is essential to our Business, because it is a highly efficient method for delivering unique products from manufacturers to customers. This leads to exceptional value and unique offers that are not available anywhere else in the market, and therefore creates a unique proposition for shoppers to choose Kogan.com.

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SLIDE 12: Kogan FIRST

Kogan First Subscribers receive exclusive deals in addition to everyday discounts and free shipping. Subscribers also earn Kogan Reward Credits and the ability to earn double Qantas points.

Our program helps us build a loyal growing customer base, with an associated benefit in the form of a growing proportion of repeat customers. This, in turn, increases our marketing efficiency and ROI.

While Kogan FIRST subscribers reflect just over 20% of the Active Customers within Kogan.com, in FY24 so far, almost 60% of Kogan.com Gross Sales has been purchased by Kogan FIRST Subscribers. This demonstrates how incredibly loyal Kogan FIRST Subscribers are.

SLIDE 13: Kogan Verticals

Also driving our Platform-based Sales is our stable of Verticals. All our Verticals deliver subscription-like revenue, while providing customers with incredible deals and savings on essential services.

It was pleasing to see that our largest Vertical, Kogan Mobile Australia, returned to sustained growth in FY23. Our Verticals diversify our business and provide best value essential services to hundreds of thousands of Aussies and Kiwis. That's why I'm also delighted to report accelerating growth in Kogan Mobile New Zealand, Kogan Money, and Kogan Energy.

In FY24 we have introduced a new vertical — Mighty Mobile, offering New Zealand's first ever prepaid unlimited-data mobile plans. Mighty Mobile has started strongly and we look forward to delivering incredible value for Kiwis. Mighty Mobile also represents the first Vertical under the Mighty Ape brand.

SLIDE 14: Mighty Ape

We delivered relatively consistent and resilient financial results in Mighty Ape for FY23, despite facing increasing cost-of-living pressures and high interest rates in New Zealand.

I'd like to take this opportunity to once again thank Simon Barton, Founder of Mighty Ape, who finished with the business in March 2023. At the same time I'd also like to welcome Daniel Balasoglou, the new Mighty Ape CFO, and acknowledge Gracie MacKinlay on a solid first year as Mighty Ape CEO.

We continue to relish the opportunity to achieve Group synergies and deliver more long-term projects to drive growth well into the future.

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SLIDE 15: Operating cost efficiencies

In the last two years, we've been transparent about the operational challenges we've encountered, primarily stemming from market volatility driven by the COVID-19 pandemic — specifically excess inventory and elevated overheads.

As we announced during our FY23 Results Presentation, following the right-sizing of inventory, we have been able to achieve improvements in operational efficiency, particularly in the second half of FY23. These efficiencies are primarily through our warehousing and marketing costs. Further, IT cost reduction initiatives and restructuring of our off-shore customer care teams has provided further on-going savings through our fixed costs. Needless to say, it's in our DNA to continue to find better ways to run our business, and so further savings are expected in FY24. I've talked for many years about how it's our responsibility to our customers to run an extremely efficient operation. This efficiency directly leads to even better deals for customers and it's why we have such loyal members.

SLIDE 16: Kogan Group Trading - November 2023 update

Turning now to FY24 year-to-date trading covering July 2023 through October 2023. I'm delighted to announce a return to year-on-year growth of Gross Sales for the Group in October 2023. This marks a significant milestone as it represents the first instance of year-on-year growth in monthly sales since January 2022. This month's result highlights the positive trajectory of the business and may reflect a return to sustainable year-on-year growth. Along with this, we continued our strong return to year-on-year growth in profitability.

SLIDE 17: Kogan.com Advertising Platform

One of the most exciting projects in the business has been building an advertising platform to enable our Marketplace Sellers and partners to reach more customers. We knew this project had the potential to become a huge success because our marketplace sellers were asking us for ways to help them grow. But, as anybody in business knows, you can only really test whether an idea will be successful once the rubber hits the road. While it has only been a few months since launch, the signs are now promising and the organic demand from sellers is starting to translate into revenue.

Our team is now eagerly anticipating Black Friday, which is tomorrow, followed quickly by Christmas Sales and Boxing Day sales. It's the business end of the year for online retail and we're fully prepared to delight the millions of customers who rely on us to make their festive season a success!

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Lastly, I'd like to express agreement with Greg's sentiments and extend my congratulations to the outstanding team at Kogan.com. They've been instrumental in steering the business out of a tough and challenging 18 months. I look forward to now delivering on some amazing initiatives with them to continue delighting our millions of customers.

To our Shareholders, I look forward to chatting with many of you after today's formalities are completed.

I will now hand back to our Chair for the formal business of today.

Thank you.

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