

ASX ANNOUNCEMENT

24 January 2024

January 2024 Business Update

Continued growth in profitability driven by the evolution toward Platform-Based business

Kogan.com Limited (the Company; the Business; Kogan.com; ASX: KGN) is pleased to announce sustained strong profitability through the first half of FY24. This was accompanied with a strong cash balance of \$83.3 million after having invested over \$17.2 million for the Company's share buy-back¹ during the half and settling the final Mighty Ape tranche payment of \$10.9 million in October 2023.

During the half, the Company also significantly progressed two key initiatives, being Kogan FIRST and the Kogan Advertising Platform. Kogan FIRST grew to over 466,000 Subscribers² as at 31 December 2023, representing growth of 15.3% year-on-year and Kogan FIRST Subscriber contribution³ was over 62% of Kogan.com's Gross Sales (excluding Mighty Ape). The Kogan Advertising Platform, which launched at the beginning of the half, has quickly become a material contributor for the Company, achieving over \$1.3 million in Advertising Revenue during 1HFY24, and is expected to continue scaling.

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

"The past six months have seen Kogan.com go from strength to strength, delivering on multiple projects for our Customers and ensuring we continue to help customers live their best lives by offering remarkable value."

"The growth in our Kogan FIRST loyalty program and community demonstrates the value we are delivering every day to our customers. We now have over 466,000 Kogan FIRST Subscribers amongst our millions of customers, who get to enjoy the many new benefits we've introduced to the program."

"In the face of continued cost-of-living pressures, our team remains dedicated to delivering the best value to support the millions of Aussies and Kiwis who are feeling the pinch. Having returned the Business to a position of stability and strength, our unwavering focus remains on enabling Aussies and Kiwis to live their best lives."

¹ Refer to the ASX announcement titled 'April 2023 Business Update & Share buy-back' released on 26 April 2023 for further details on the share buy-back program.

² Kogan FIRST Subscribers excludes Kogan FIRST customers who are in a trial period, and includes only non-trial subscribers.

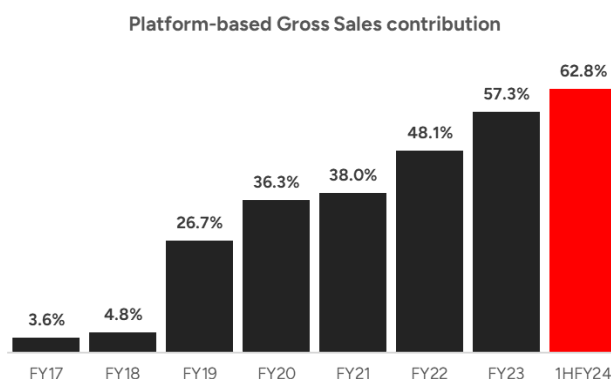
³ Kogan FIRST Subscriber contribution measures the proportion of Gross Sales generated from Kogan FIRST Subscribers within Kogan.com (excluding Mighty Ape), calculated as Kogan.com only (excluding Mighty Ape) Gross Sales value purchased by Kogan FIRST Subscribers divided by total Kogan.com only (excluding Mighty Ape) Gross Sales value.

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The Company provides the following update which, where applicable, is based on unaudited management accounts as at 31 December 2023. The update compares the 1HFY24 to 1HFY23:

- **Gross Sales** of \$445.4 million reflects a decline of 5.6% YoY following optimisations to our quality of Revenue and focus on Platform-based Sales⁴, which resulted in a significant reduction in inventories YoY. The reduction in inventories has been discussed at length in recent announcements made by the Company, and follows the Company's plan to evolve into a more capital-light business.
- **Gross Profit** of \$89.5 million increased 42.1% YoY, driven by an improving Gross Margin.
- **Gross Margin** of 36.0% improved 13.2pp YoY, underpinned by a growing proportion of Platform-based Sales⁴ and improved profitability of in-warehouse inventory sales after the prior sell-through of excess inventory.
- **Platform-based Sales⁴** contribution for Kogan.com (excluding Mighty Ape) grew to 62.8% of Gross Sales (see Figure 1). A key contributor to the growth has been the new Kogan.com Advertising Platform, which delivered over \$1.3 million in Advertising Revenue in the half.
- **Group Active Customers** were 2,744,000 as at 31 December 2023 consisting of 2,026,000 for Kogan.com and 718,000 for Mighty Ape.
- **Kogan FIRST Subscribers²** totalled over 466,000 as at 31 December 2023, compared to over 404,000 as at 31 December 2022.
- **Mighty Ape Primate Subscribers⁵** totalled over 24,000 as at 31 December 2023, compared to over 16,000 as at 31 December 2022.
- The Group returned to strong sustained profitability:
 - **Adjusted EBITDA⁶** was \$21.5 million in 1HFY24 compared to \$(4.4) million in 1HFY23, and EBITDA was \$19.3 million in 1HFY24 compared to \$(23.0) million in 1HFY23.
 - **Adjusted EBIT⁶** was \$14.0 million in 1HFY24 compared to \$(12.7) million in 1HFY23, and EBIT was \$11.8 million in 1HFY24 compared to \$(31.3) million in 1HFY23.
- The Company's Balance Sheet strengthened further, underpinned by:
 - **Cash** totalling \$83.3 million as at 31 December 2023 with no external debt, compared to net cash (after loans & borrowings) of \$74.0 million as at 31 December 2022. This result was achieved after investing over \$28.0 million under the Company's share buy-back program and completion of the Mighty Ape tranche 4 payment (being the final tranche) of \$10.9 million, over the past 12 months.
 - **Inventories** totalling \$68.2 million as at 31 December 2023, comprising \$58.1 million in-warehouse and \$10.1 million in-transit. The inventory balance represents a reduction YoY of 30.6% and demonstrates the continuing shift to a more capital-light business model.

Figure 1: Kogan.com (excluding Mighty Ape) Platform-based Sales⁴



4 Refers to sales generated by Kogan Marketplace, Kogan FIRST, Kogan Verticals, Mighty Ape Verticals and Advertising & Other Income. It excludes Exclusive Brands, Third-Party Brands and Mighty Ape.

5 Mighty Ape Primate Subscribers excludes Mighty Ape Primate customers who are in a trial period, and includes only non-trial Subscribers.

6 Adjusted EBITDA and Adjusted EBIT excluded non-cash items such as unrealised gains/(losses) and equity-based compensation.

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Annexure 1

Gross Sales (\$m)	1HFY23	1HFY24	Mvmt (\$m)	Mvmt (%)
Kogan Marketplace	142.2	129.2	(13.0)	(9.1%)
Exclusive Brands	118.2	88.5	(29.7)	(25.1%)
Mighty Ape	87.0	87.1	0.1	0.1%
Third-Party Brands	57.9	44.5	(13.4)	(23.1%)
Kogan Mobile Australia	33.6	39.2	5.6	16.7%
Kogan FIRST	14.5	33.9	19.4	133.5%
Kogan Energy	8.9	7.8	(1.1)	(11.8%)
Kogan Mobile New Zealand	2.6	5.5	2.9	110.6%
Kogan Internet	5.7	5.4	(0.3)	(5.5%)
Kogan Insurance ⁷	0.7	2.5	1.8	260.0%
Advertising income	0.2	1.5	1.3	645.2%
Other ⁸	0.1	0.2	0.1	86.6%
Total	471.6	445.4	(26.2)	(5.6%)

Gross Profit (\$m)	1HFY23	1HFY24	Mvmt (\$m)	Mvmt (%)
Kogan.com	41.3	66.9	25.6	61.9%
Mighty Ape	21.6	22.5	0.9	4.3%
Total	62.9	89.5	26.5	42.1%

Adjusted EBITDA ⁵ (\$m)	1HFY23	1HFY24	Mvmt (\$m)	Mvmt (%)
Kogan.com	(11.2)	15.7	26.9	241.1%
Mighty Ape	6.8	5.7	(1.0)	(15.3%)
Total	(4.4)	21.5	25.9	590.0%

Adjusted EBIT ⁵ (\$m)	1HFY23	1HFY24	Mvmt (\$m)	Mvmt (%)
Kogan.com	(18.6)	9.3	27.9	150.0%
Mighty Ape	5.9	4.7	(1.2)	(20.7%)
Total	(12.7)	14.0	26.7	209.9%

⁷ Due to reporting restrictions from some Partners associated with Kogan Insurance, 1HFY23 Kogan Insurance Gross Sales were not complete. Following improvements in reporting to Kogan.com, Kogan Insurance Gross Sales have now been restated for 1HFY23 to disclose the entire value of Gross Sales achieved.

⁸ Other includes Mighty Mobile in 1HFY24 and Kogan Travel (currently on pause) in 1HFY23.

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 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.

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