

ASX ANNOUNCEMENT

26 February 2021

Kogan.com passes three million Active Customers and grows Gross Sales by over three hundred million dollars in the half

1H FY21 Highlights across the Kogan Group (including Kogan.com and Mighty Ape¹)

- **Gross Sales²** of \$638.2 million, up 97.4% on prior year (1H FY20: \$323.4³ million)
- **Revenue** of \$414.0 million, up 88.6% on prior year (1H FY20: \$219.5 million)
- **Gross Profit** of \$112.9 million, up 126.2% on prior year (1H FY20: \$49.9 million)
- **Adjusted EBITDA⁴** of \$51.7 million, up 184.4% on prior year (1H FY20: \$18.2 million)
- **Adjusted NPAT⁴** of \$36.5 million, up 250.2% on prior year (1H FY20: \$10.4 million)
- **NPAT** of \$23.6 million, up 164.2% on prior year (1H FY20: \$8.9 million)
- **Adjusted EPS⁴** of \$0.35 per Share, up 211.7% on prior year (1H FY20: \$0.11 per Share)
- **Growth in Kogan.com Active Customer base** (excluding Mighty Ape) to 3,003,000, up 76.8% from 31 December 2019. Mighty Ape Active Customers grew to 719,000 at 31 December 2020
- **Cash at period end** was \$79.0⁵ million with \$1.4 million of the Group's debt facility drawn within Mighty Ape
- **Fully franked interim Dividend** of 16.0 cents per Share, up 113.3% on prior year (1H FY20: 7.5 cents per Share)

Kogan.com Limited (the Company; Kogan.com; ASX:KGN) today announced financial results for the half-year ended 31 December 2020 (1H FY21).

After a record breaking Black Friday trading period, with 7 of the 10 biggest trading days ever occurring within the period surrounding Black Friday, the Company reported Gross Sales² of \$638.2 million, up 97.4% on prior year (1H FY20: \$323.4³ million), and Revenue of \$414.0 million, up 88.6% on prior year (1H FY20: \$219.5 million).

Gross Profit was \$112.9 million, up 126.2% on prior year (1H FY20: \$49.9 million), which reflected an increase in Gross Margin of 4.5pp to 27.3% (1H FY20: 22.7%). Adjusted EBITDA⁴ increased 184.4% to \$51.7 million (1H FY20: \$18.2 million), NPAT grew 164.2% to \$23.6 million (1H FY20: \$8.9 million) and Adjusted NPAT⁴ increased 250.2% to \$36.5 million (1H FY20: \$10.4 million). Adjusted Earnings per Share⁴ grew 211.7% to \$0.35 per Share.

1. The results reflect the inclusion of Mighty Ape's results for the one month period of December 2020.

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

3. 1H FY20 has been restated to include Kogan Energy Gross Sales. Kogan Energy launched in September 2019, Gross Sales data has historically been unavailable.

4. Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are measures of the underlying performance of the Business, they remove non-cash items, refer to Annexure 2 in the 1H FY21 Results Presentation dated 26 February 2021.

5. Cash held by Mighty Ape at 31 December 2020 was converted using a spot rate of 0.9376.

During the period the Company acquired 100% of the profitable, fast-growing, online retailer Mighty Ape for a headline purchase price of AUD \$122.4⁶ million. Mighty Ape is an award winning New Zealand based online retailer, with a focus on gaming, toys and other entertainment categories. Mighty Ape is progressively being integrated into the Kogan Group.

As at 31 December 2020, the Company had cash of \$79.0⁵ million post Tranche 1 of the Mighty Ape acquisition in December 2020, with \$1.4 million of the Group's debt facility drawn within Mighty Ape. The Company ended the period with inventories of \$225.3 million, which comprised \$72.6 million of inventory in transit and \$152.7 million of inventory in warehouse. This reflects the Company's investment over the course of the half in inventory in order to meet growing customer demand — particularly of Exclusive Brands, and the internal projections of the Business of future demand from the growing customer base. More than 99% of Kogan.com and 92% of Mighty Ape inventory in warehouse at 31 December 2020 was less than 365 days old.

Following the strong results in the first half of the financial year 2021, the Board is pleased to have declared an interim Dividend of 16.0 cents per Share fully franked, which represents year-on-year growth of 113.3%.

Kogan.com Founder & CEO, Ruslan Kogan, said:

"We launched Kogan.com to change the retail industry nearly 15 years ago, and we would've been cheering if we helped 3,000 customers that year.

"So even though well over three million customers used Kogan.com in the last 12 months, we feel like we're just getting started. We're not just focused on today, or tomorrow, but how we'll continue to delight all our customers on our 30th birthday.

"This includes significant improvements to our logistics network, speed of delivery, range expansion, and improved competition on our platform to drive even better experiences for our customers.

"The rapidly expanding network effect at Kogan.com means that as we attract more customers, we're able to make the products and services they need even more affordable and accessible. I love hearing feedback from customers that have shopped with us many times over our 15 year journey about how the experience keeps getting better and better - this is what makes our team jump out of bed in the morning. The investments we're making into Kogan.com today are to ensure that we can continue to delight millions of customers in more and more ways.

"As we enter the half-way mark of this critical financial year of growth, I'd like to thank the Kogan.com team for their tireless work to delight our customers. They are the most talented and passionate team in eCommerce and they're helping to completely change our industry and the customer experience for the better."

Key drivers of financial performance in 1H FY21

- **Platform Growth** - The Business achieved growth in Active Customers of 76.8% in 1H FY21. At 31 December 2020 Kogan.com had 3,003,000 Active Customers (excluding Mighty Ape). Mighty Ape Active Customers grew to 719,000.
Kogan First memberships scaled significantly during 1H FY21 as more and more customers recognised the significant value we are offering via our loyalty program.

6. Headline purchase price is to be read in conjunction with 'Acquisition of Mighty Ape - Presentation' released on 3 December 2020. Value is stated in AUD using the AU/NZ spot rate of 0.95 as at 23 November 2020.

The Business strategically increased its marketing activities in order to grow Active Customers. The significant investment to grow our platform and Active Customers had an immediate impact on growth in Active Customers and is also expected to have ongoing long-term benefits to our Business.

- **Product Divisions** - Exclusive Brands continued to achieve year-on-year Revenue growth with an increase of 114.9% on 1H FY20. Exclusive Brands also achieved Gross Profit growth of 174.9%, resulting in a contribution of 55.9% to the Group's overall Gross Profit in 1H FY21. This was achieved through ongoing investment in Exclusive Brands inventory to broaden our range and meet consumer demand from the growing base of Active Customers.

Third-Party Brands achieved growth in Revenue and Gross Profit, delivering an increase of 50.5% and 77.0% on 1H FY20, respectively.

- **Kogan Marketplace** - The success of Kogan Marketplace has resulted in Gross Sales² increasing by 194.3% in 1H FY21 compared to 1H FY20. The platform continues to resonate with sellers, with Kogan Marketplace having increased the number of sellers significantly, while there continues to be a strong pipeline of new sellers ready to be onboarded.

The exceptional growth of Kogan Marketplace has led to a period of transition for the Business. We are continually improving our proprietary marketplace platform which enables the Business to achieve ongoing growth without a corresponding investment in inventory. The growth of Kogan Marketplace means that customers have more choice than ever.

- **New Verticals** - Kogan Mobile grew 12.9% YoY, contributing over 4.8% of the Group's total Gross Profit. Kogan Internet Customers grew 17.9% YoY. Negative growth was experienced in some New Verticals, driven by Travel and Insurance (inc Travel Insurance and certain other Insurances, which are suspended).
- **Mighty Ape** - The newly acquired Mighty Ape team and operations are progressively integrating into the Kogan Group. December 2020 trading showed strong sales over the Christmas peak trading period with Revenue and Gross Profit of \$20.0 million⁷ and \$5.4 million⁷, respectively. Active Customers grew to 719,000.
- **Variable Costs** - Variable Costs predominantly consist of warehousing and selling costs. The increase in these costs was largely driven by growing volumes of transactions and stock holding that has allowed the Business to deliver its largest Gross Sales² and Gross Profit ever. Variable costs also includes logistics demurrage charges of \$1.9 million, driven by one-off warehousing and supply chain interruptions from late 2020 (almost never previously incurred, and expected to be resolved from early 2021).
- **Investment in our Team** - In order to retain key talent and align their interests with our Shareholders, the Business has made strategic investments in team members. Long-Term Incentives remain in place and People Costs have increased year-on-year, as a result. 1H FY21 is also inclusive of significant equity-based compensation expenses driven by the recent awards of options after the Company's AGM in November 2020.

7. Values stated in AUD using spot rate of 0.9376 on 31 December 2020.

- **Other Costs** - Other costs are inclusive of an infringement notice of \$0.3 million paid to ACMA in relation to Australia spam law.

Dividend

The Kogan.com Board has declared a fully franked interim Dividend of 16.0 cents per share (Dividend). The Dividend Reinvestment Plan will apply to the interim Dividend at a 2.5% discount.

Outlook

Kogan.com is a dynamic portfolio of businesses — there is always more that we can do and new ways we can delight our customers. During 2HFY21, we are due to further expand our Exclusive Brands, enhance and develop Kogan Marketplace, complete the integration of the Mighty Ape team and operations, and further grow the Group's Active Customer base.

Consistent with prior years, the Company will not be providing earnings guidance for 2HFY21. However, the Company will provide regular business updates during the period.

January 2021 unaudited management accounts show:

- Gross Sales² grew more than 45% YoY, which included:
 - 111.6% growth in Kogan Marketplace
 - 54.6% growth in Exclusive Brands
 - negative growth in some New Verticals, driven by Travel and Insurance (inc Travel Insurance and certain other Insurances, which remain suspended)
- Gross Profit grew more than 102% YoY
- Adjusted EBITDA⁴ grew more than 90% YoY

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.