

27 April 2021

ASX reference: 33811

Mr Gerald Mimery
Adviser, Listings Compliance
525 Collins Street, Rialto, North Tower Level 4
Melbourne VIC 3000

By email

Dear Mr Mimery,

Kogan.com Ltd ('KGN') Query

Thank you for your letter dated 26 April 2021. Responses to your questions are detailed below.

ASX question 1

Please clarify the measured percentage increase in Gross Sales for 3QFY21 by providing the actual amount of Gross Sales separately for Kogan.com and Mighty Ape in 3QFY21, and the actual amount of Gross Sales for Kogan.com in the prior corresponding period 3QFY20.

KGN response 1

Announcement:

Group - Gross Sales grew by more than 47%

Kogan.com - Gross Sales grew by more than 32%

Further details:

Gross Sales (\$m)	3QFY20	3QFY21	Mvmt (\$m)	Mvmt (%)
Kogan.com	183.8	244.0	60.2	32.8%
Mighty Ape	n/a	27.5	27.5	n/a
Total	183.8	271.5	87.7	47.7%

ASX question 2

Please clarify the measured percentage increase in Revenue in 3QFY21 by providing the actual amount of Revenue separately for Kogan.com and Mighty Ape in 3QFY21, and the actual amount of Revenue for Kogan.com in 3QFY20.

KGN response 2

Announcement:

Group

- Revenue grew by more than 65%

Kogan.com

- Revenue grew by more than 41%
- Exclusive Brands revenue grew by more than 63%
- Third Party Brands revenue grew by more than 13%
- Marketplace revenue grew by more than 100%
- Kogan Mobile revenue grew by more than 23%

Further details:

Revenue (\$m)	3QFY20	3QFY21	Mvmt (\$m)	Mvmt (%)
Kogan.com	114.1	161.8	47.7	41.8%
Mighty Ape	n/a	27.5	27.5	n/a
Total	114.1	189.3	75.2	65.9%

ASX question 3

Please clarify the measured percentage increase in Gross Profit in 3QFY21 by providing the actual amount of Gross Profit separately for Kogan.com and Mighty Ape in 3QFY21, and the actual amount of Gross Profit for Kogan.com in 3QFY20.

KGN response 3

Announcement:

Group - Gross Profit grew by more than 54%

Kogan.com - Gross Profit grew by more than 33%

Further details:

Gross Profit (\$m)	3QFY20	3QFY21	Mvmt (\$m)	Mvmt (%)
Kogan.com	28.4	37.9	9.5	33.5%
Mighty Ape	n/a	6.1	6.1	n/a
Total	28.4	44.0	15.6	54.9%

ASX question 4

Please clarify the measured percentage decrease in Adjusted EBITDA in 3QFY21 by providing the actual Adjusted EBITDA amount for the Kogan Group in 3QFY21, and the actual amount of Adjusted EBITDA in 3QFY20.

KGN response 4

Announcement:

Group - Adjusted EBITDA declined by more than 24%

Kogan.com - Adjusted EBITDA declined by more than 42%

Further details:

Adj EBITDA (\$m)	3QFY20	3QFY21	Mvmt (\$m)	Mvmt (%)
Kogan.com	9.6	5.5	(4.1)	(42.7%)
Mighty Ape	n/a	1.7	1.7	n/a
Total	9.6	7.2	(2.4)	(24.8%)

ASX question 5

Please provide the adjustments to Kogan Group's EBITDA included in Adjusted EBITDA for 3QFY21 and for Kogan.com, as it was then, in Adjusted EBITDA for 3QFY20.

KGN response 5

Adjustments (\$m)	3QFY20	3QFY21	Mvmt (\$m)	Mvmt (%)
Unrealised FX gain/(loss)	0.0	(0.1)	0.1	(100.0%)
Equity-based compensation	(0.2)	(6.3)	6.1	(96.8%)
COVID related logistics provision for demurrage	0.0	(3.9)	3.9	n/a
Mighty Ape Tranches 3 & 4 provision	0.0	(5.1)	5.1	n/a

ASX question 6

Please clarify the measured percentage increase in Revenue in 3QFY21 for

- Exclusive Brands;
- Third Party Brands;
- Market Place; and
- Kogan Mobile,

by providing the actual amount of Revenue in each category in 3QFY21 and 3QFY20.

KGN response 6

Announcement:

- *Exclusive Brands revenue grew by more than 63%*
- *Third Party Brands revenue grew by more than 13%*
- *Marketplace revenue grew by more than 100%*
- *Kogan Mobile revenue grew by more than 23%*

Further details:

Revenue (\$m)	3QFY20	3QFY21	Mvmt (\$m)	Mvmt (%)
Exclusive Brands	53.7	88.0	34.3	63.9%
Third-Party Brands	52.9	60.1	7.2	13.6%
Kogan Marketplace	2.5	5.1	2.6	104.0%
Kogan Mobile	2.8	3.5	0.7	23.8%

ASX question 7

Please clarify the measured percentage decrease in Adjusted EBITDA for Kogan.com in 3QFY21 by providing the actual amount of Adjusted EBITDA in 3QFY21 and the actual amount of Adjusted EBITDA in 3QFY20.

KGN response 7

Refer to question 4.

ASX question 8

Noting that the April 2020 Business Update and KGN's other business updates on 21 July 2020, 20 January 2020, and 23 October 2019 included information about KGN's inventories and cash, please explain why this was not included in the Announcement in respect of 3QFY21.

KGN response 8

The Company does not intend to provide quarterly updates to specific balance sheet items on an ongoing basis.

ASX question 9

Please confirm that KGN's responses to the requests for information above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KGN with delegated authority from the board to respond to ASX on disclosure matters.

KGN response 9

Authorised by the Board of Kogan.com Limited.

We thank you for your questions and welcome any follow up questions or comments.

Yours sincerely,

Kogan.com



26 April 2021

Reference: 33811

Mr Mark Licciardo
Company Secretary
Kogan.com Ltd
Level 7, 330 Collins Street
Melbourne VIC 3000

By email

Dear Mr Licciardo

Kogan.com Ltd ('KGN'): Query

ASX refers to the following:

- A. KGN's announcement entitled 'April 2021 Business Update' lodged on the ASX Market Announcements Platform ('MAP') and released at 9:30 AM AEST on 23 April 2021 (the 'Announcement'), which disclosed the following:

'Kogan Group (Kogan.com and Mighty Ape consolidated):

- *Active Customers grew by more than 77% to 3,215,000 for Kogan.com as at 31 March 2021*
- *Active Customers was 742,000 for Mighty Ape as at 31 March 2021*
- *Gross Sales grew by more than 47%*
- *Revenue grew by more than 65%*
- *Gross Profit grew by more than 54%*
- *Adjusted EBITDA declined by more than 24%, driven by a significant increase in Operating Costs caused by high warehousing and storage expenses from the high level of inventory, together with an ongoing significant investment in Marketing and People*

Kogan.com:

- *Gross Sales grew by more than 32%*
- *Revenue grew by more than 41%*
 - *Exclusive Brands revenue grew by more than 63%*
 - *Third Party Brands revenue grew by more than 13%*
 - *Marketplace revenue grew by more than 100%*
 - *Kogan Mobile revenue grew by more than 23%*
- *Gross Profit grew by more than 33%*
- *Adjusted EBITDA declined by more than 42%*
- *The adjustments to EBITDA (resulting in Adjusted EBITDA) include:*
 - *A provision of \$5.1m for payment of Tranches 3 and 4 under the Sale Agreement of Mighty Ape*
 - *Equity-based compensation expenses*
 - *Logistics demurrage charges of \$3.9m driven by one-off warehousing and supply chain interruptions from late 2020 (almost never previously incurred, and expected to be resolved by May 2021)'*

- B. Footnote 2 of the Announcement which states:

'3QFY21 consolidation incorporates the results of both Kogan.com and Mighty Ape. 3QFY20 only includes the result of Kogan.com as the period was prior to the Mighty Ape Acquisition'.

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- C. The change in the price of KGN's securities from a closing price of \$12.47 on Thursday 22 April 2021 to a closing price of \$10.69 on Friday 23 April 2021, subsequent to the release of the Announcement.
- D. KGN's announcement entitled 'April 2020 Business Update' lodged on MAP and released at 4:12 PM AEST 20 April 2020, which disclosed the following:
- 'Kogan.com grew Active Customers by more than 13% year-on-year to 1,809,000 as at 31 March 2020, with an incremental 62,000 Active Customers in the month of March, reflecting the largest monthly increase in Active Customers since IPO.*
- *Gross Sales grew by more than 30% (March Gross Sales grew more than 50%).*
 - *Revenue grew by more than 6% (March Revenue grew more than 19%).*
 - *Gross Profit grew by more than 23% (March Gross Profit grew more than 50%).*
 - *Kogan Marketplace Gross Sales in 3QFY20 grew by more than 7% above the prior December quarter (Christmas) quarter (2QFY20). March 2020 Gross Sales grew by more than 69% above February 2020 Gross Sales.*
 - ...
 - *Adjusted EBITDA grew by more than 4%'.*
- E. Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B* which states the following.

At section 7.3, page 48:

'for many entities, the market's expectations of its earnings over the near term may be a material driver of the price or value of its securities. Those expectations may have been informed by:

- *earnings guidance the entity has given to the market;*
- *in the case of entities covered by sell-side analysts, the earnings forecasts of those analysts; or*
- *the entity's pcp earnings'.*

At section 7.3 (answer to question 6 on page 56, 'What should be included in an announcement about a market-sensitive earnings surprise?'):

'If the earnings surprise relates to the entity's pcp earnings:

- *a statement to the effect that the entity is expecting its earnings for the current reporting period to differ materially from its pcp earnings;*
- *the **amount** (our emphasis) of its pcp earnings;*
- ...
- *if the announcement is made after the end of, and prior to the publication of its financial statements for, the reporting period, the **amount** (our emphasis) or range of earnings it is expecting to report for the current reporting period'.*

Request for information

ASX notes that the disclosure provided in the April 2020 Business Update relates to the financial performance of Kogan.com only, whereas the Announcement relates to the financial performance of Kogan.com and Mighty Ape.¹ ASX considers that consistent with the extracts of Guidance Note 8 referred to in paragraph E above, KGN should provide clearer disclosure than is reflected in the Announcement comparing 3QFY21 results with

¹ Please note that in reference to the last bullet point in paragraph E above, ASX does not expect KGN to provide a forecast for earnings for the year ending 30 June 2021. ASX is seeking clarification of financial information reported in the Announcement for 3QFY21.

3QFY20 results. Accordingly, ASX asks KGN to respond separately to each of the following requests for information:

1. Please clarify the measured percentage increase in Gross Sales for 3QFY21 by providing the actual amount of Gross Sales separately for Kogan.com and Mighty Ape in 3QFY21, and the actual amount of Gross Sales for Kogan.com in the prior corresponding period 3QFY20.
2. Please clarify the measured percentage increase in Revenue in 3QFY21 by providing the actual amount of Revenue separately for Kogan.com and Mighty Ape in 3QFY21, and the actual amount of Revenue for Kogan.com in 3QFY20.
3. Please clarify the measured percentage increase in Gross Profit in 3QFY21 by providing the actual amount of Gross Profit separately for Kogan.com and Mighty Ape in 3QFY21, and the actual amount of Gross Profit for Kogan.com in 3QFY20.
4. Please clarify the measured percentage decrease in Adjusted EBITDA in 3QFY21 by providing the actual Adjusted EBITDA amount for the Kogan Group in 3QFY21, and the actual amount of Adjusted EBITDA in 3QFY20.
5. Please provide the adjustments to Kogan Group's EBITDA included in Adjusted EBITDA for 3QFY21 and for Kogan.com, as it was then, in Adjusted EBITDA for 3QFY20.
6. Please clarify the measured percentage increase in Revenue in 3QFY21 for
 - 6.1. Exclusive Brands;
 - 6.2. Third Party Brands;
 - 6.3. Market Place; and
 - 6.4. Kogan Mobile,by providing the actual amount of Revenue in each category in 3QFY21 and 3QFY20.
7. Please clarify the measured percentage decrease in Adjusted EBITDA for Kogan.com in 3QFY21 by providing the actual amount of Adjusted EBITDA in 3QFY21 and the actual amount of Adjusted EBITDA in 3QFY20.
8. Noting that the April 2020 Business Update and KGN's other business updates on 21 July 2020, 20 January 2020, and 23 October 2019 included information about KGN's inventories and cash, please explain why this information was not included in the Announcement in respect of 3QFY21.
9. Please confirm that KGN's responses to the requests for information above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KGN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 PM AEST Wednesday, 28 April 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KGN's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KGN to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceMelbourne@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in KGN's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in KGN's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KGN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that KGN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Gerald Mimery
Adviser, Listings Compliance (Melbourne)