

## ASX ANNOUNCEMENT

25 February 2022

# Over 4 million Active Customers underpin another record half for Kogan.com

### 1HFY22 highlights (vs 1HFY21)<sup>1</sup>

- **Gross Sales<sup>2</sup> up 9.4%** to \$698.0 million, and a CAGR of 46.9% since 1HFY20
- **Revenue up 1.3%** to \$419.5 million, and a CAGR of 38.2% since 1HFY20
- **Gross Profit** down 8.1% to \$108.1 million<sup>3</sup>, but had a CAGR of 47.1% since 1HFY20
- **Adjusted EBITDA<sup>4</sup>** was \$17.4 million, and had a CAGR of (2.3)% since 1HFY20
- **EBITDA** was \$(2.0) million
- **Adjusted NPAT<sup>5</sup>** was \$4.8 million, and had a CAGR of (30.6)% since 1HFY20
- **Adjusted Earnings per Share<sup>4</sup>** was \$0.04, and had a CAGR of (34.9)% since 1HFY20
- **Statutory NPAT and EPS** were \$(11.9) million and \$(0.11) per Share, reflecting the impact of the continuing supply chain interruptions as a result of the current COVID situation and associated fluctuations in consumer demand
- **Over 4 million Kogan Group Active Customers, up 9.4%** to 4,071,000
- **Operating cash inflow of \$61.7 million with net cash at bank of \$39.7 million**, after funding A\$29.9 million Tranche 2 Mighty Ape acquisition payment.

Kogan.com Limited (the Company; Kogan.com; ASX:KGN) is pleased to announce its results for the half-year ended 31 December 2021 (1HFY22).

### Progressing towards FY26 growth goal, with another record for Gross Sales and Revenue in 1HFY22

The Group achieved Gross Sales of \$698.0 million, up 9.4% (1HFY21: \$638.2 million), and a CAGR of 46.9% since 1HFY20, progressing towards the Group's five year goal of \$3 Billion in annual Gross Sales. The increase in Gross Sales was driven by the contribution from Kogan Marketplace which grew Gross Sales by 28.7% in 1HFY22 with a CAGR of 94.6% since 1HFY20, Mighty Ape which grew Gross Sales to \$95.6 million and Kogan First subscriptions.

1. 1HFY22 consolidation incorporates the results of both Kogan.com and Mighty Ape. 1HFY21 consolidation incorporates the results of both Kogan.com and Mighty Ape (for December 2020). See Annexure 1 of the 1HFY22 results presentation for further details.

2. 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. Gross Profit relating to 1HFY21 has been restated to include inventory related items originally recorded as 'Other Costs' in the Profit & Loss Statement released on 26 February 2021. This was reflected in the FY21 audited Financial Statements and noted in the AGM Presentation, released on the ASX on 25 November 2021. The restatement had no impact to Revenue, EBITDA, Adjusted EBITDA or Net Profit After Tax for 1HFY21.

4. Measures the underlying performance of the Business, removing non-cash items including unrealised FX gain/ (loss), equity-based compensation and one-off non-recurring items from the sale of the Bitbuy.com domain. Post the unaudited January 2022 Business Update released on the ASX on 27 January 2022, the proceeds from the sale of the bitbuy.com domain has been reclassified to Other Income and removed from Adjusted EBITDA. Refer to Annexure 2 of the Results Presentation for a detailed reconciliation of adjusting items.

Given the volatility over the COVID period, the Compound Annual Growth Rate (CAGR) between 1HFY20 and 1HFY22 is an informative metric to consider the underlying growth of the Business.

The Kogan First loyalty program grew 176% YoY to over 274,000 subscribers as at 31 December 2021 (now over 310,000). Kogan.com's goal is to reach 1,000,000 Kogan First Subscribers by FY26<sup>5</sup>, and the Company is investing in marketing and subscriber benefits to achieve this goal. Kogan Delivery Services significantly expanded its operations delivering over 150,000 orders since launching in June 2021.

1HFY22 statutory NPAT of \$(11.9) million and EPS of \$(0.11) per Share were materially impacted by the continuing supply chain interruptions as a result of the current COVID situation and associated surges in customer demand.

A significant investment in Kogan First and technology to scale the platform have impacted Operating Costs, EBITDA, NPAT and EPS in the period but are expected to have long-term benefits for the Business.

### **Performance of Mighty Ape**

The integration of Mighty Ape is progressing well with the Business recording a strong trading performance with 1HFY22 Revenue of \$93.8 million<sup>6</sup>. Active Customers were 757,000 as at 31 December 2021.

The Business launched Jungle Express in 2QFY22, this is an exciting investment for the Business increasing the speed of delivery and quality of delivery experience in New Zealand.

### **Strong Balance Sheet and capital position**

As at 31 December 2021 the Company had a net cash position (total cash less drawn debt) of \$39.7 million given strong operating cash inflows of \$61.7 million. The net cash position was after funding the Tranche 2 payment in respect of the Mighty Ape Acquisition of A\$29.9 million, and a \$49.0 million repayment of the trade advance facility.

Inventories stood at \$196.8 million, comprising \$38.3 million in transit and \$158.5 million in warehouse, a reduction of 12.7% from 31 December 2020.

### **Commenting on Kogan.com's performance over 1HFY22, Founder and CEO Ruslan Kogan said:**

*"Our Business has achieved huge scale, from the roughly \$100 million Gross Sales recorded in the December half prior to our listing in 2016, to our largest recorded Gross Sales in a single half of \$698 million in 1HFY22. We have set our sights high, with a five year goal of \$3 Billion in annual Gross Sales, which the first-half results show we are progressively on our way to achieving.*

*"Over the last six months we have invested heavily on expanding product choice, value and speed of delivery for our over four million Aussie and Kiwi shoppers to delight them each and every step of the way. I am extremely proud of our team's achievements, and even through the COVID situation — which has continued to bring operational disruption to all industries around the country and the world — our team has continued to focus on innovative ways to further enhance the Kogan.com and Mighty Ape customer experience.*

*"We have been delighting our loyal customers for over 15 years and we look forward to continuing our obsession in delighting our customers by making the most in demand products and services more affordable and accessible.*

*"This is a team that thinks very long term. What you're seeing right now is the building blocks for an even bigger and greater business, as we invest in building the best place for Aussie and Kiwi customers to get what they need. There's a reason more than 4 million customers are shopping at the Kogan Group, and we're working hard to help millions more."*

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

6. Values stated in AUD using the AU/NZ average rate from 1 July 2021 to 31 December 2021 of 0.9537.

## Key drivers of financial performance over 1HFY22

- **Platform growth** - The Group's Active Customers at 31 December 2021 grew 9.4% to 4,071,000 Active Customers since 1HFY21. At 31 December 2021 Kogan.com had 3,314,000 Active Customers (excluding Mighty Ape). Mighty Ape Active Customers was 757,000.

The Business has strategically continued its marketing investment in order to grow Active Customers (which it has been), and provide long-term benefits to our Business through repeat purchasing from the incremental Active Customers and growth in Kogan First subscriptions.

- **Product Division performance** - Exclusive Brands and Third-Party Brands have cycled extreme growth in the prior year, with a decline in Revenue of (11.2)% and (33.5)%, respectively. However, Exclusive Brands Revenue of \$185.3 million in 1HFY22 had a CAGR of +38.1% since 1HFY20, reflecting the strong long-term growth trajectory of the division.

Exclusive Brands also achieved a Gross Profit CAGR for the half of +32.9% since 1HFY20, resulting in a contribution of 37.5% to the Group's overall Gross Profit in 1HFY22. This was achieved through ongoing investment in Exclusive Brands inventory to broaden our range and meet customer demand from the growing base of Active Customers, despite cycling extreme growth.

- **Kogan Marketplace growth** - The success of Kogan Marketplace has resulted in Gross Sales increasing by 28.7% in 1HFY22 compared to 1HFY21 and a CAGR of 94.6% since 1HFY20. 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.

We are continually improving our proprietary marketplace platform, enabling the Company to achieve ongoing exceptional growth without a corresponding investment in inventory. The growth of Kogan Marketplace means that customers have more choice than ever. Kogan Marketplace also successfully launched in New Zealand in June 2021.

- **Kogan First growth** - The Company's goal is to reach 1,000,000 Kogan First Subscribers by FY26, and is investing in marketing and subscriber benefits to achieve this goal.

The Kogan First loyalty program grew to over 274,000 subscribers as at 31 December 2021, with Kogan First Subscribers demonstrating stronger loyalty and repeat purchasing behaviour than non-subscribers. In February 2022, Kogan First Subscribers grew to over 310,000.

In 1HFY22 Kogan First subscription Revenue grew to \$5.9 million (1HFY21: \$4.2 million), with lower Kogan First subscription pricing across the two periods.

- **Mighty Ape** - The integration of Mighty Ape is progressing well with the Business recording 1HFY22 Revenue of \$93.8 million, Gross Profit of \$21.6 million and Adjusted EBITDA of \$7.1 million.
- **Kogan Delivery Services** - Kogan now offers its own last-mile delivery solution for certain items and locations, enabling faster delivery.

Since its launch in June 2021 and up to February 2022, Kogan Delivery Services has delivered over 150,000 orders to customers. Kogan Delivery Services allows customers to live track their delivery vehicle once the order has left the warehouse to when it is delivered to their door.

- **Variable costs** - Variable Costs predominantly consist of warehousing and selling costs. Costs have largely been high reflecting the levels of inventory and increased logistics costs relating to COVID interruptions.
- **Investment in our Team** - In order to reward and incentivise 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 YoY, as a result. 1HFY22 included equity-based compensation expenses driven by the award of options after the Company's AGM in November 2020, which are being expensed as per the accounting treatment described in the Notice of Meeting of the 2020 AGM.

- **Other Costs** - Other costs include an additional \$1.4 million of website costs to build out new features, improve performance and accommodate increased customer and Marketplace seller activity.

### **Cash being utilised to support multiple attractive growth initiatives**

Kogan.com has a strong Balance Sheet, and multiple attractive short-term and long-term growth opportunities. To support the Company with its growth plans, the Board has decided to utilise its cash balance for business investment and growth purposes, and has not declared a FY22 interim Dividend.

### **Positive outlook for continued growth**

Kogan.com is a dynamic portfolio of businesses — we are constantly innovating and delivering more to delight our loyal customers.

During 2HFY22, Kogan.com expects to generate further growth in Kogan First subscriptions heading toward the FY26 goal of 1,000,000 subscribers, continued growth in Kogan Marketplace, continued strong contribution from Exclusive Brands, further integration of the Mighty Ape team and operations and continued growth in Mighty Ape and improved operating leverage, consistent with the Company's long-term track record.

As with prior years, the Company will not be providing earnings guidance for 2HFY22. However, it will provide regular business updates during the year.

January 2022 unaudited management accounts showed Gross Sales growth of 11.9% above January 2021 and a CAGR of 27.4% since January 2020.

### **Investor conference call**

A presentation of the 1HFY22 result as well as a briefing session for investors and analysts will be held at 10:30am (AEDT) today. Participants can register for the briefing session via:

[www.koganpresentation.com](http://www.koganpresentation.com).

### **Authorised for release by the Board of Kogan.com Limited.**

ENDS

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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.