



1HFY23 RESULTS PRESENTATION

27 February 2023

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CEO Update

Ruslan Kogan
Founder, CEO and Executive Director

1HFY23 KOGAN GROUP HIGHLIGHTS

Substantial right-sizing of inventory has set up the Business for a stronger 2HFY23.

FINANCIAL PERFORMANCE

- Prior to this period, the Company had heavily invested in inventory and operational capacity to meet the significant growth in demand during the COVID-19 pandemic. As lockdown orders associated with the pandemic eased, the shift in online demand left the Company with surplus inventory and elevated operational expenses. 1HFY23 represented a half in which the Company accelerated the correction of both issues.
- Group inventory levels is now \$98.3m as at 31 December 2022. This is compared to \$159.9m at 30 June 2022 and \$196.8m at 31 December 2021. The substantial right-sizing of inventory allowed the Business to achieve operational efficiencies during the period, and these operational efficiencies are set to continue into 2HFY23.
- The Group delivered a strong operating cash inflow of \$62.3m and net cash (total cash less loans & borrowings) of \$74.0m, after funding the \$14.2m Mighty Ape Tranche 3 payment, repaying loans & borrowings of \$25.0m and making the Brosa acquisition payment of \$1.5m.
- Gross Sales^{1,2} of \$471.1m and Revenue² of \$275.6m were down 32.5% YoY and 34.3% YoY, respectively. Major impacts on performance included the cycling of COVID-19 related lockdown orders and subdued sales for the Company.
- Gross Profit was \$62.9m, Adjusted EBITDA³ was \$(4.4)m, Adjusted EBIT³ was \$(12.7)m and Adjusted NPAT³ was \$(9.6)m, respectively. Profitability during the period was impacted by the substantial right-sizing of inventory involving deep discounting.
- Statutory NPAT of \$(23.8)m was impacted by unrealised losses on financial instruments, non-cash equity-based compensation and the continued provision of Mighty Ape Tranche 4.

COST OF DOING BUSINESS

- Cost reduction initiatives continued in 1HFY23 to recalibrate the Cost of Doing Business (CODB). Variable costs as a percentage of Gross Sales were reduced from 2HFY22 to 1HFY23. These initiatives included reducing the scope of underperforming product categories, redirecting marketing spend as excess inventory progressively resolved and managing fixed costs to align with current trading conditions.

1. Gross Sales is a key metric of the Business, given that gross transaction values of Kogan Marketplace, Kogan Mobile and other Verticals are not reflected in Revenue.
2. The differential between Revenue and Gross Sales is reflective of Kogan Marketplace and Verticals recognising only seller fee or commission-based Revenue while the gross transaction values are recognised within Gross Sales.
3. Measures the underlying performance of the Business, removing non-cash items including unrealised gain/ (loss), equity-based compensation and one-off non-recurring items. Refer to Annexure 2 of the Results Presentation for a detailed reconciliation of adjusting items.

Substantial right-sizing of inventory has set up the Business for a strong 2HFY23.

PLATFORM PERFORMANCE

- 3,323,000 Kogan Group Active Customers.
- Kogan.com Active Customers were 2,550,000 at 31 December 2022.
- Mighty Ape Active Customers were 773,000 at 31 December 2022.
- The proportion of Repeat Customers continued to grow, increasing to 68% during 1HFY23 (1HFY22: 63%).

STRONG PERFORMANCE FROM KEY INITIATIVES

- Kogan First Subscribers¹ grew 47.6% YoY to over 404,000 as at 31 December 2022. This growth, along with a price revision, has resulted in Revenue increasing by 83.1% YoY to \$10.8m.
- Kogan Mobile Revenue grew 9.3% YoY to \$5.6m for the period. Kogan Mobile Australia continued its return to growth and Kogan Mobile New Zealand growth accelerated.
- Kogan Money Revenue grew by 6.9% YoY led by the continued growth of Kogan Money Credit Cards.
- Kogan Insurance for Home, Contents, Landlord, Car and Life insurances transitioned to a new partnership to deliver even better value to customers.
- The Business relaunched Kogan Travel and Kogan Travel Insurance following a pause on these Verticals as a result of the COVID-19 pandemic.

MIGHTY APE

- This period marked the successful transition of Gracie MacKinlay to CEO of Mighty Ape. Mighty Ape continued to deliver exceptional service to its customers, winning multiple awards, and extended its Jungle Express delivery service.
- Top line performance declined YoY with Gross Sales and Revenue down 9.1% and 7.9%, respectively, as Mighty Ape cycled COVID-19 related impacts in the prior period. The decline in top line performance was offset by an improvement in Gross Margins by 2.0pp as international shipping rates reduced. Adjusted EBITDA² was \$6.8m, Adjusted EBIT² was \$5.9m and Adjusted NPAT² was \$4.1m in 1HFY23.

ACQUISITIONS

- The Business acquired Brosa, one of Australia's largest online luxury furniture retailers, out of administration. The acquisition, for \$1.5m funded from the Company's cash reserves, involved the purchase of \$1.1m worth of inventory and \$0.4m of intellectual property, along with the provision of logistics support for thousands of customers with undelivered orders. The brand was relaunched in earlier 2HFY23 and the Business looks forward to delighting the Brosa community consisting of 500,000 subscribers in a similar manner to Dick Smith and Matt Blatt.

1. Kogan First Subscribers excludes Kogan First customers who are in a trial period, and includes only non-trial subscribers.
2. Values stated in AUD using the AU/NZ average rate from 1 July 2022 to 31 December 2022.

1HFY23 KOGAN GROUP RESULTS

Top line performance and profitability declined as the Business cycled COVID-19 lock-down orders and offered unprecedented levels of discounting to right-size inventory. Excess inventories have now substantially been resolved, our cost base has been reset, and we expect to return to profitability in 2HFY23 with a stronger Balance Sheet.

\$m	1HFY22	1HFY23	YoY Var (%)
Gross Sales	698.0	471.1	(32.5%)
Revenue	419.5	275.6	(34.3%)
Gross Profit	108.1	62.9	(41.8%)
<i>Gross Margin</i>	25.8%	22.8%	-2.9pp/-11.3%
Other Income	5.1	0.0	(100.0%)
Variable Costs ¹	(59.4)	(35.9)	39.6%
Fixed Costs	(55.5)	(50.0)	9.9%
EBITDA	(2.0)	(23.0)	
Adjusted EBITDA	17.4	(4.4)	
NPAT	(11.9)	(23.8)	
Adjusted NPAT²	4.8	(9.6)	
NPAT	(0.11)	(0.22)	
Adjusted EPS²	0.04	(0.09)	

1. Variable costs on this slide refer to Selling fees, Warehousing costs and Marketing costs. On slide 15, Marketing costs are disclosed separately.
 2. Adjusted NPAT and Adjusted EPS includes the Income tax Expense impact of the adjusting items that are temporary differences for tax purposes

DELIGHTING OUR CUSTOMERS

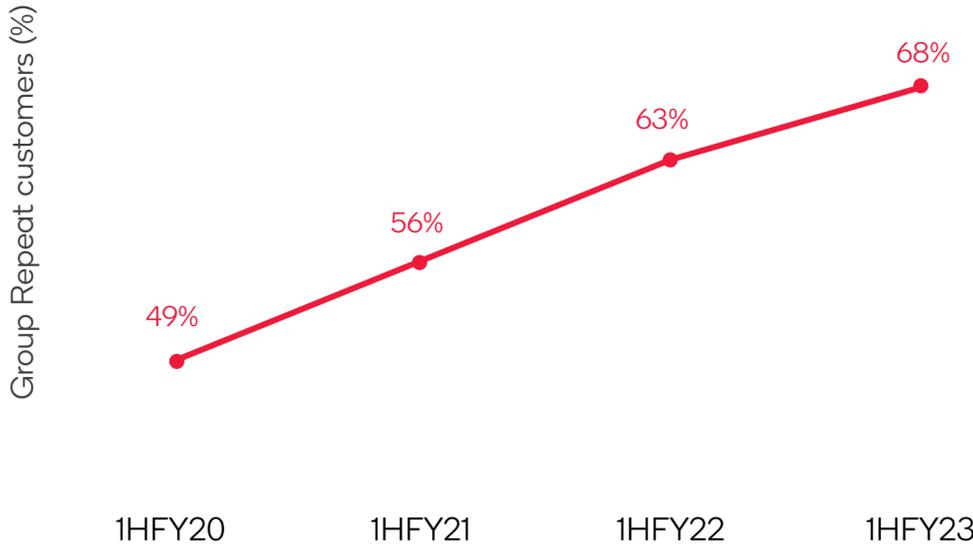
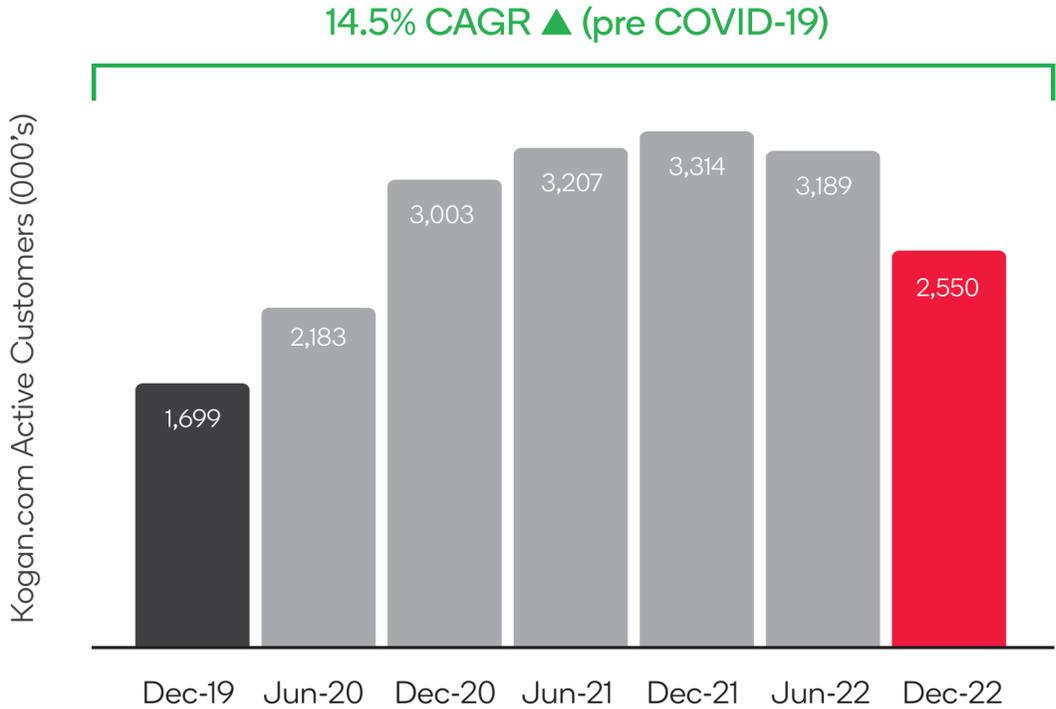
We are building a loyal customer base by delivering incredible value every day.



3,323,000
Group Active Customers

KOGAN.COM ACTIVE CUSTOMERS¹

PROPORTION OF REPEAT CUSTOMERS^{2,3}



Over the past 12 months, we have delivered incredible value to over 3.3 million customers in Australia and New Zealand. A deep dive into Kogan.com (exc Mighty Ape) shows continued growth in Active Customers on pre-COVID levels, with a CAGR of 14.5% versus Dec-19.

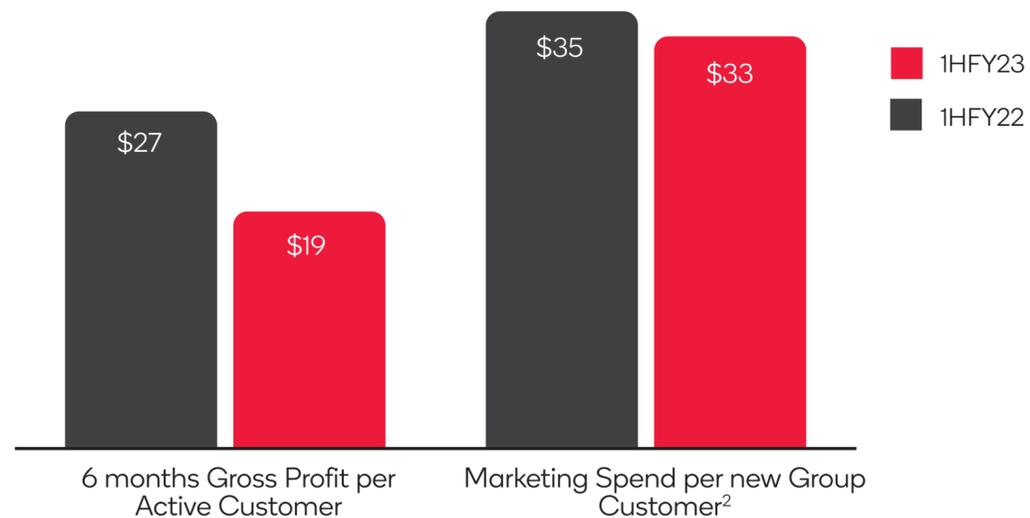
Importantly, we are building a strong loyal customer base, demonstrated by our increasing proportion of repeat customers.

1. Graph refers only to Kogan.com Active Customers, and exclude Mighty Ape.
2. 1HFY20 only includes Kogan.com as Mighty Ape was acquired in 1HFY21.
3. Repeat Customers refers to customers who have purchased more than once with Kogan.com.

BUILDING THE KOGAN.COM PLATFORM

The right-sizing of inventory levels during 1HFY23, whilst impacting Gross Profit through deep discounting, resulted in marketing efficiencies beginning to materialise.

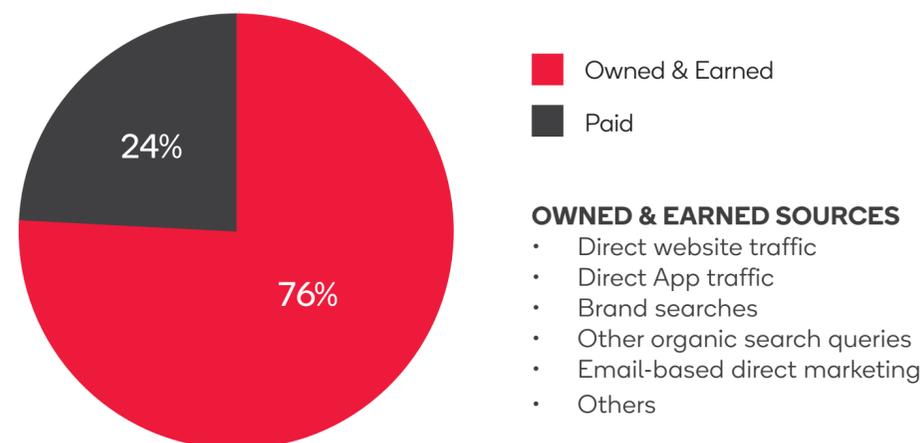
MARKETING ROI¹ IMPACTED BY RIGHT SIZING OF INVENTORY



Return on investment in marketing - 1HFY23 saw the aggressive reduction of excess inventory, largely through unprecedented discounting for our customers. As a result, the Gross Profit per Active Customer declined, but is expected to improve in 2HFY23 as margins strengthen.

Marketing spend per new Group Active Customer remained high following elevated marketing to clear excess inventory. This is expected to become more efficient in 2HFY23 as marketing spend is redirected and optimised without a focus on clearing excess inventory.

KOGAN.COM TRAFFIC - OWNED & EARNED VS PAID³



Owned & Earned
Paid

OWNED & EARNED SOURCES

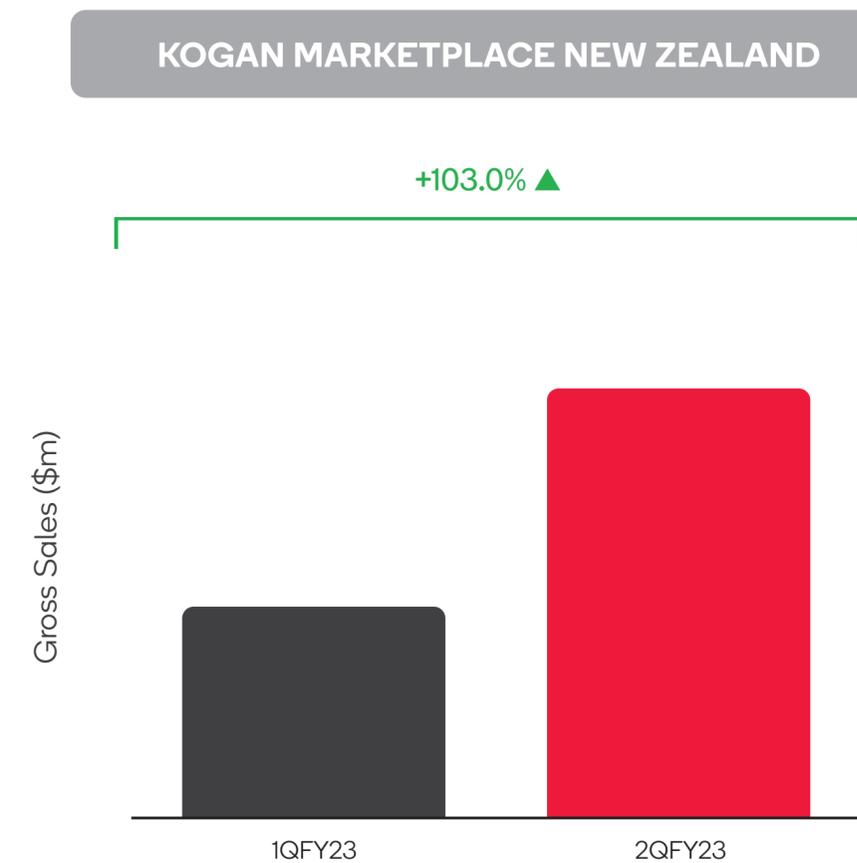
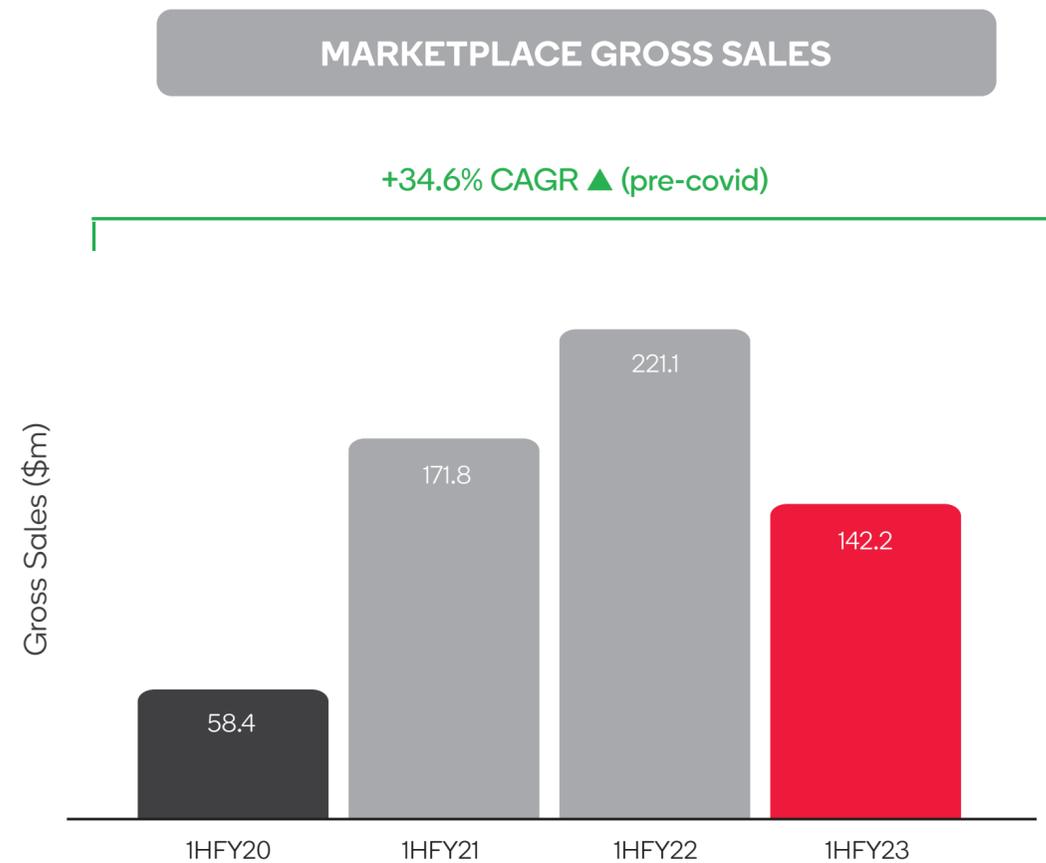
- Direct website traffic
- Direct App traffic
- Brand searches
- Other organic search queries
- Email-based direct marketing
- Others

Owned & Earned vs Paid - Owned & Earned traffic increased to 76% of all traffic (1HFY22: Owned & Earned: 64%, Paid: 36%), being reflective of the increase in repeat customers to the platform. This high proportion of owned & earned traffic is expected to be sustained as Kogan First Subscribers continues to grow.

1. 6 month Gross Profit / Active Customers; marketing costs/sum of new customers in 1HFY23 and 1HFY22.
 2. Marketing spend has been adjusted for advertising directly linked to the clearance of excess inventory, being 6.7% of total marketing spend for 1HFY23. This targeting advertising was not performed in 1HFY22.
 3. Chart reflects Kogan.com only (excluding Mighty Ape).

PRODUCT DIVISION - KOGAN MARKETPLACE

Kogan Marketplace continued its long-term growth trajectory and is rapidly growing in New Zealand.

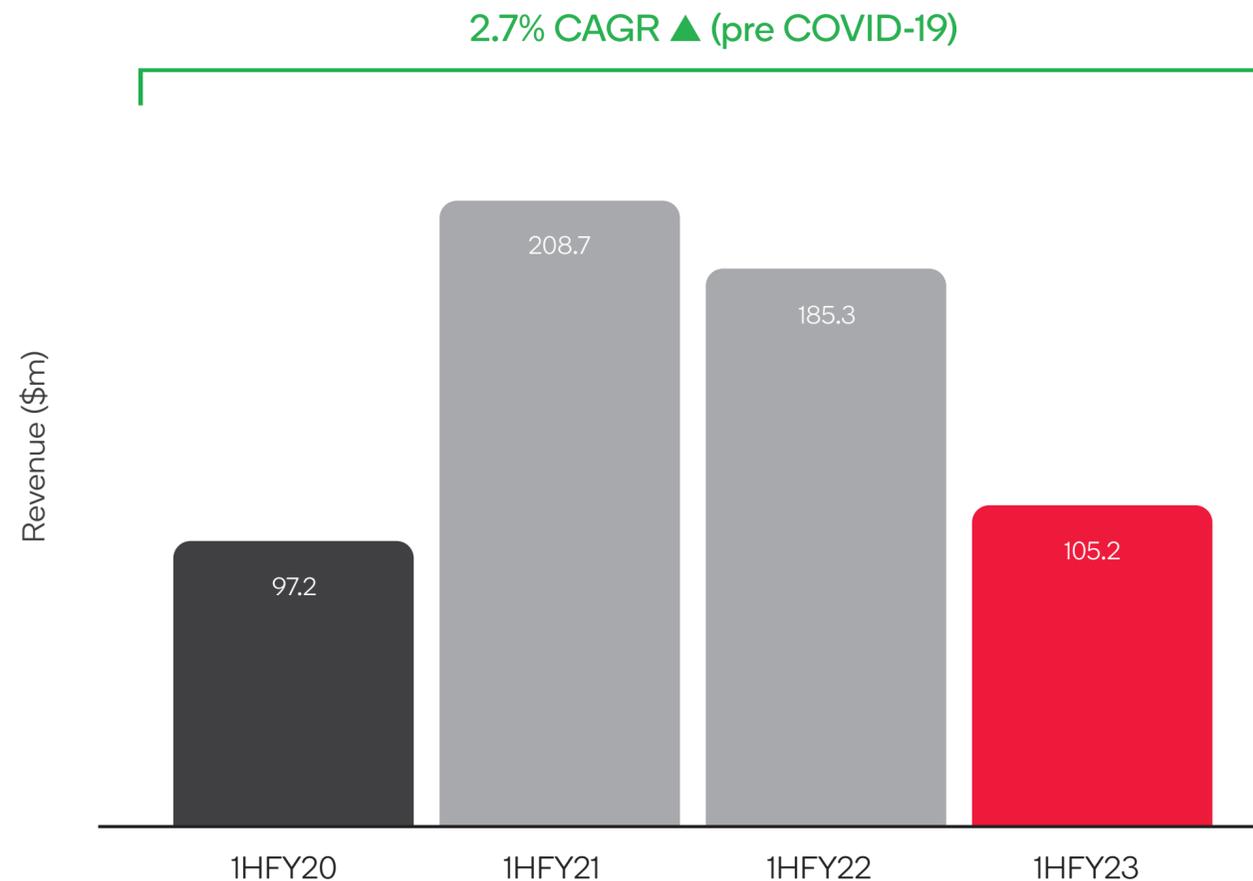


- The Business continued to optimise and improve the platform.
- In June 2022, Kogan.com launched the Marketplace in New Zealand and is quickly gaining traction. This growth is expected to continue in 2HFY23.
- In 2HFY23, we anticipate the official launch of a new advertising platform as part of the evolving Kogan Marketplace offering. The platform has been in beta testing for a number of months.

PRODUCT DIVISION - EXCLUSIVE BRANDS

The decline in Revenue in comparison to the past two corresponding periods is reflective of cycling lockdowns as well as soft trading conditions during 1HFY23. A longer term view continues to demonstrate long term growth of the Division.

EXCLUSIVE BRANDS RETURNS TO LONG-TERM GROWTH TRAJECTORY



Exclusive Brands continues pre-covid long term growth trajectory and benefits from:

- Full control of the end-to-end supply chain
- Strong competitive advantage
- Building trusted brands renowned for value
- Ever expanding range of in-demand products
- 16+ years' experience

The Business performs ongoing range reviews to ensure it is offering the most in-demand products at the most affordable prices. By focusing on in-demand products based on customer purchasing behaviour, it allows the Business to pass on savings to customers by offering a curated range of products and removing inefficiencies in the long-tail.



Our loyalty program grew by 47.6% to over 404,000 delighted subscribers.

FIRST



Free Shipping



Exclusive Subscriber Specials



Earn Kogan Rewards

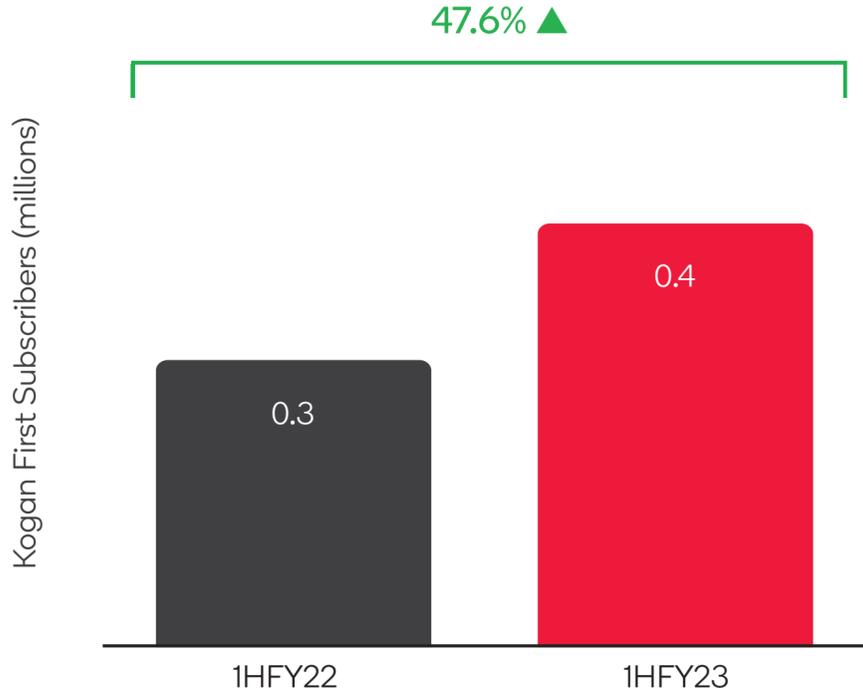


Everyday Discounts

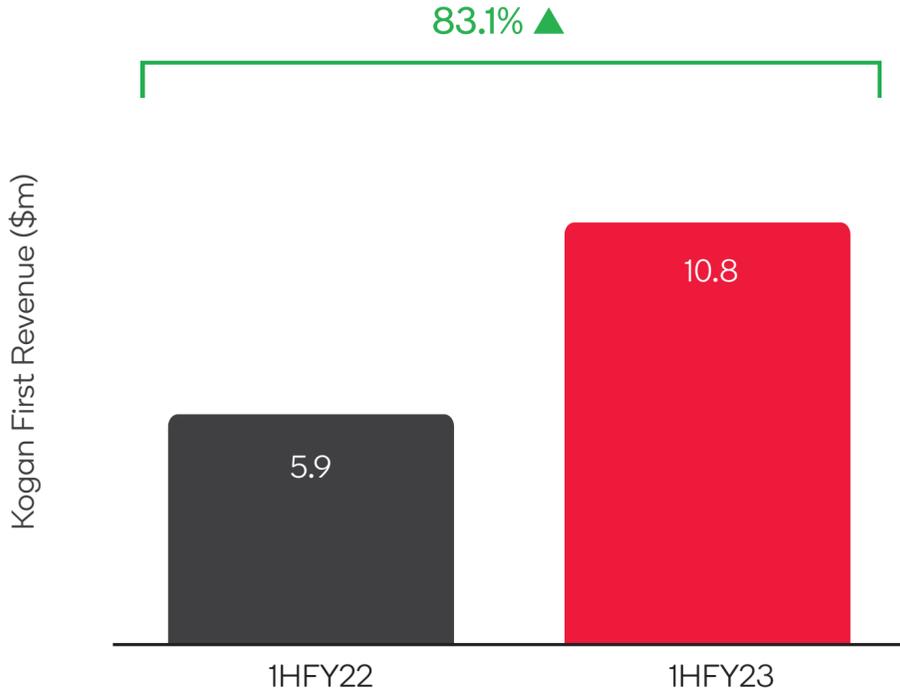


Priority Customer Service

KOGAN FIRST SUBSCRIBERS¹



KOGAN FIRST REVENUE²

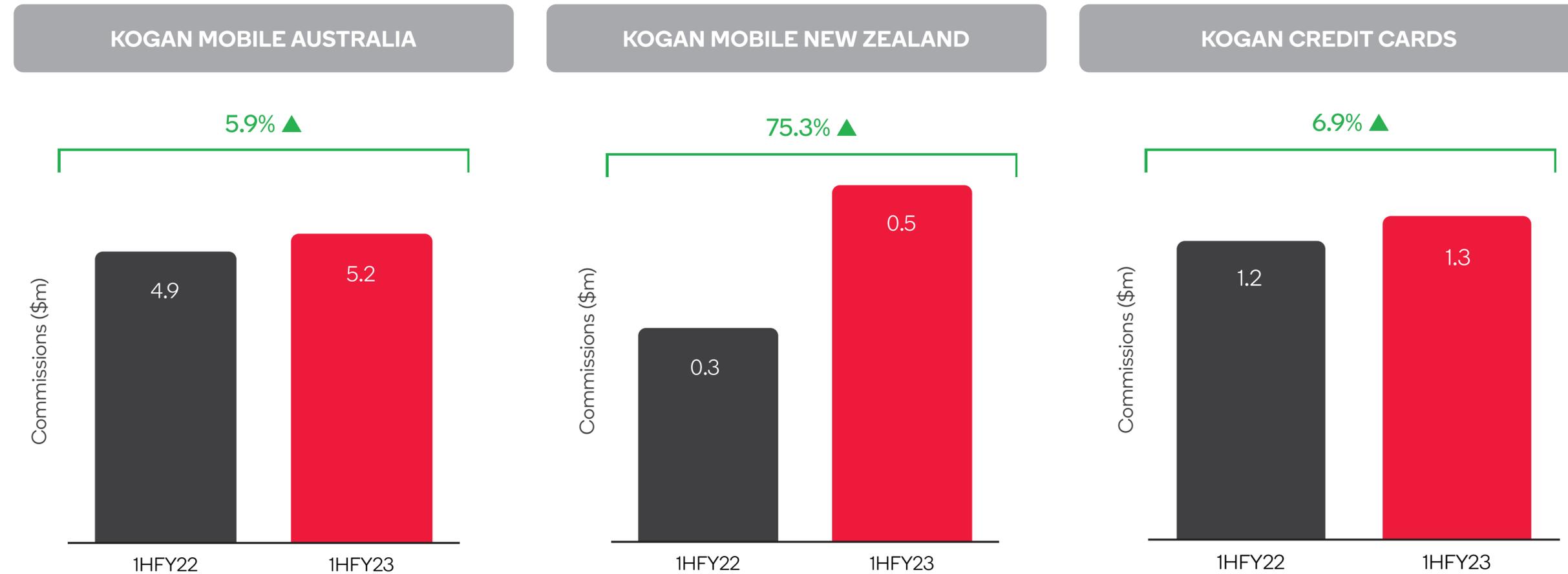


- The Kogan First loyalty program grew to over 404,000 subscribers as at 31 December 2022, with Kogan First Subscribers demonstrating stronger loyalty and repeat purchase behaviour. The strong growth in subscriber numbers, along with a revision to pricing at the beginning of FY23, has converted to an increase in Revenue of 83.1% compared with 1HFY22.
- Renewal rates in 1HFY23 were over 75%, demonstrating that the value of the Kogan First loyalty program continues to resonate with customers.
- In 1HFY23, the loyalty program has delivered over \$14.2m in subscription benefits. In addition to these benefits, Kogan First Subscribers also received early access and priority customer service.
- As we continue to implement enhancements to the program, and due to the continued increases of logistics costs, we will be revising the Kogan First subscription fee to \$99.00 during 2HFY23.

1. Kogan First subscribers excludes Kogan First customers who are in a trial period, and includes only non-trial subscribers.
 2. Kogan First Revenue related to annual subscriptions is amortised over 12 months in line with its usage.

KOGAN VERTICALS

Our larger Verticals achieved Revenue growth during the period.



- Revenue growth was achieved in our key Verticals, all reaching their largest ever customer base.
- Kogan Mobile Australia grew by 4.2% YoY
- Kogan Mobile New Zealand Active Customers grew by 118.1% YoY
- Kogan Money Credit Cards customers grew by 45.5% YoY
- In 2HFY23, the Business is looking forward to further growth across its Verticals as well as the launch of new Verticals in New Zealand.

1HFY23 saw Mighty Ape win multiple awards, expand the reach of Jungle Express and continue to deliver strong financial results.



AWARD WINNING CUSTOMER SERVICE



Westpac Auckland Business Awards
North - West | Central | South - East

Winner of Excellence in Customer Service Delivery at the 2022 Westpac Auckland Business Awards.



Winner of Canstar Blue Most Satisfied Customers Award 2019, 2020, 2021, & 2022.

MIGHTY APE FINANCIAL HIGHLIGHTS

A\$m	1HFY22	1HFY23	YoY Mvmt %
Gross Sales	95.6	87.0	(9.1%)
Revenue	93.8	86.4	(7.9%)
Gross Profit	21.6	21.6	0.2%
<i>Gross Margin</i>	23.0%	25.0%	2.0pp/8.8%
EBITDA	7.1	6.4	(9.1%)
<i>EBITDA Margin</i>	7.5%	7.4%	-0.1pp/-1.3%
Adjusted EBITDA	7.1	6.8	(5.2%)
Adjusted EBIT	6.3	5.9	(6.3%)
Adjusted NPAT	4.4	4.1	(6.2%)

Overview

- Mighty Ape continued to deliver its award winning customer service, including the introduction of its first ever ‘Under the tree guarantee’ service during the Christmas period. A large contribution to this was the class leading Jungle Express Delivery service which was launched in late 1HFY22. The Jungle Express now operates with a growing fleet of full time vehicles and commenced its expansion to Christchurch during 1HFY23.
- Mighty Ape Gross Sales and Revenue in 1HFY23 was impacted by soft consumer demand due to inflationary pressures, higher interest rates limiting discretionary spend and consumers shifting back to bricks and mortar stores immediately post COVID-19 lockdown orders easing.
- The trading performance decline was offset by an increase in Gross Margin by 2.0pp, driven by the sale of high margin Kogan.com Exclusive Brands inventory as well as international freight costs normalising, following impacts from COVID-19 in the prior period.
- Adjusted EBITDA was down 5.2% YoY, driven by an uplift in operational costs following investments to optimise IT infrastructure, which is anticipated to provide long term benefits.
- Net cash (total cash less drawn debt) of \$18.6m, increased from \$9.9m at 30 June 2022.
- Mighty Ape and Kogan.com synergy projects continue to be progressing well with exciting projects on track for 2023 including the expansion of verticals into Mighty Ape, and the launch of Australian warehousing operations for Mighty Ape.

Financial Update

David Shafer
CFO, COO and Executive Director

KOGAN GROUP P&L

The Business cycled lockdown orders in the prior year and operated through soft trading conditions for online retailers. Operational cost reductions continued to progress throughout the period.

\$m	1HFY22	1HFY23	YoY Mvmt %
Gross Sales	698.0	471.1	(32.5%)
Revenue	419.5	275.6	(34.3%)
Cost of sales	(311.4)	(212.6)	(31.7%)
Gross Profit	108.1	62.9	(41.8%)
Gross margin	25.8%	22.8%	-2.9pp/-11.3%
Other income	5.1	0.0	(100.0%)
Variable costs	(18.9)	(11.6)	(38.4%)
Marketing costs	(40.5)	(24.2)	(40.2%)
Contribution profit	53.9	27.1	(49.7%)
Contribution margin	12.8%	9.8%	-3pp/-23.4%
People costs	(45.6)	(39.1)	(14.3%)
Other costs	(9.9)	(10.9)	10.4%
Total operating costs	(109.7)	(85.8)	(21.7%)
Unrealised gain/(loss)	(0.4)	(0.1)	(74.5%)
EBITDA	(2.0)	(23.0)	
EBITDA margin	(0.5%)	(8.3%)	
Unrealised (loss)/gain	(0.4)	1.4	
Realised (loss) on Wonderfi shares	0.0	(1.7)	
Equity-based compensation	(13.6)	(14.2)	
Bitbuy.com domain sale	5.1	(0.1)	
Mighty Ape Tranche 3 & 4 and acquisition costs	(10.4)	(4.0)	
Adjusted EBITDA	17.4	(4.4)	(125.3%)
Depreciation & amortisation	(9.3)	(8.3)	(10.0%)
EBIT	(11.2)	(31.3)	
Interest	(1.1)	(0.6)	(42.9%)
Profit/(Loss) before tax	(12.3)	(31.9)	159.7%
Income tax benefit	0.4	8.1	>1,000%
NPAT	(11.9)	(23.8)	
Income tax expense - for adjusting items	(2.6)	(4.4)	n/a
Adjusted NPAT	4.8	(9.6)	n/a
EPS	(0.11)	(0.22)	
Adjusted EPS	0.04	(0.09)	n/a

KEY DRIVERS OF KOGAN GROUP 1HFY23 FINANCIAL PERFORMANCE

The substantial resolution of excess inventory has enabled for renewed focus on operational efficiency.

GROSS SALES & REVENUE

The Company recorded Gross Sales of \$471.1m and Revenue of \$275.6m. These results were both down on the prior corresponding period, as the Company experienced subdued sales activity and cycled COVID-19 lockdown orders.

Gross Sales reflects the total transactional value of Kogan Retail, Kogan Marketplace and Kogan Verticals. Revenue reflects the accounting Revenue of Kogan Retail and only the seller-based fees or commission received from Kogan Marketplace and Kogan Verticals.

Revenue during the period reflects growth in Kogan First, a return to growth of both Kogan Mobile divisions and growth of Kogan Money, driven by Kogan Credit Cards. This growth was offset predominantly by declines in Revenue in our Product Divisions, Kogan Marketplace and Mighty Ape, due to the reasons mentioned above.

PLATFORM PERFORMANCE

Group Active Customers were 3,323,000 at 31 December 2022. Kogan.com had 2,550,000 Active Customers while Mighty Ape had 773,000 Active Customers.

PRODUCT DIVISIONS

During this period, the Company accelerated the unwinding of excess inventory following a reset in demand for online retailing as COVID-19 related lockdown orders eased, which has been a key factor for elevated operational costs over the past year.

Unprecedented discounting was offered to customers in order to achieve the reduction of this inventory, impacting Gross Margins through the period.

Pleasingly, this excess inventory has now been substantially cleared and the Business expects stronger gross margins in the second half as a result.

The Business is continuing to perform extensive range reviews in order to offer a more focussed range of only the most in-demand products at the most affordable prices.

KEY DRIVERS OF KOGAN GROUP 1HFY23 FINANCIAL PERFORMANCE

KOGAN MARKETPLACE

Kogan Marketplace Gross Sales declined by 35.7% year-on-year due to softer market conditions discussed earlier. However, overall seller-fees reduced by a lesser percentage due to improvements in seller management and experience. The team were also excited to see the platform rapidly growing in New Zealand, having launched the platform there in late June 2022.

We are continuously improving our proprietary marketplace platform which will enable the Company to achieve ongoing growth without further investment in inventory - these improvements include a current investment in implementing an advertising platform for marketplace sellers to gain further reach within the Kogan website. The growth of Kogan Marketplace means that customers have more choice than ever and the Business can become leaner, without the reliance on ongoing investment in inventory to drive sales.

KOGAN FIRST

The Kogan First loyalty program grew to over 404,000 Subscribers as at 31 December 2022, with Revenue increasing to \$10.8m, an increase of 83.1% on the prior period. Kogan First Subscribers enjoy incredible value, with more than \$14.2m in benefits provided to members in 1HFY23, in addition to special access to deals and priority customer service. Growth of the program was underpinned by a strong renewal rate of over 75% in 1HFY23, demonstrating that the program continues to resonate with our customers. In 2HFY23 we will be rolling out a number of enhancements to the program. In order to support these changes, and due to the continued increases of logistics costs, we will be revising the Kogan First subscription fee to \$99.00 during 2HFY23.

MIGHTY APE

Mighty Ape recorded 1HFY23 Revenue of \$86.4 million, Gross Profit of \$21.6 million and Adjusted EBITDA of \$6.8 million. Active Customers were 773,000 as at 31 December 2022.

The period included the awarding of two major customer service awards, driven by the expansion of the Jungle Express delivery service, and the successful transition of Gracie Mackinlay to CEO of Mighty Ape.

KEY DRIVERS OF KOGAN GROUP 1HFY23 FINANCIAL PERFORMANCE

VARIABLE COSTS

Variable costs consist of warehousing and selling costs. Whilst the reduction in selling costs reflects softer trading conditions versus the prior period, the reduction in in warehousing costs is a result of the substantial right-sizing of inventory levels in the Business.

INVESTMENTS 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.

OTHER COSTS

Other Costs was driven by our ongoing investment in our IT infrastructure. These investments are expected to have long-term benefits and lay the foundation for growth.

STATUTORY NPAT

Statutory NPAT of \$(23.8)m was significantly impacted by deep discounting in order to substantially right-size inventory, non-cash equity-based compensation and the continued provision for the likely payment of Mighty Ape Tranche 4 Acquisition Payables.

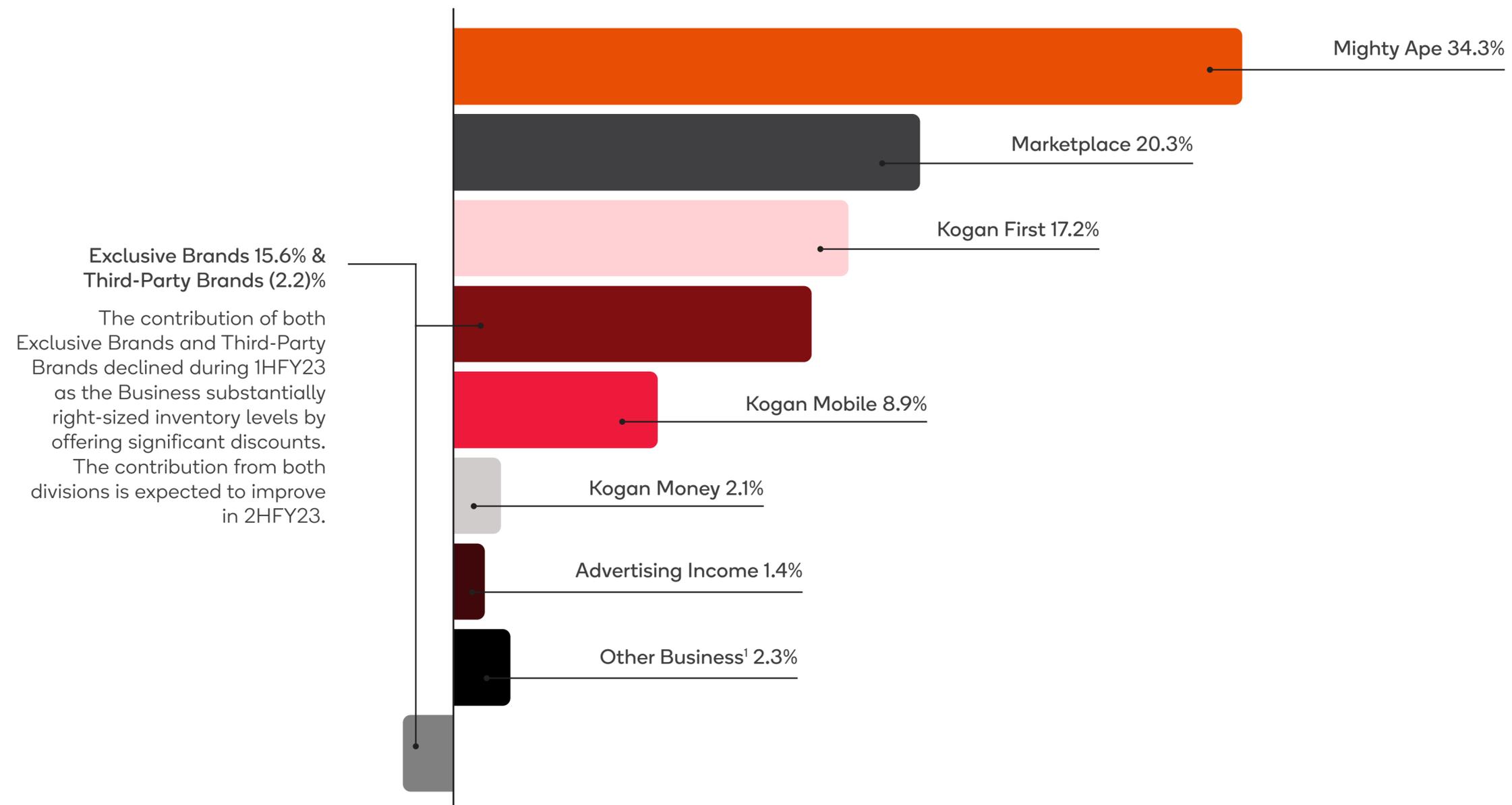
ADJUSTED EBITDA, ADJUSTED EBIT & ADJUSTED NPAT

These adjusted metrics measure the underlying performance of the Business, removing non-cash items including unrealised gains/(losses), equity-based compensation and one-off non-recurring items. As such, these metrics may provide a useful indication of the underlying trading performance of the Company.

Adjusted EBITDA, Adjusted EBIT and Adjusted NPAT was \$(4.4)m, \$(12.7)m, and \$(9.6)m, respectively. Refer to Annexure 2 of this Presentation for a detailed reconciliation of adjusting items.

1HFY23 GROUP GROSS PROFIT BUSINESS DIVISION MIX

The right-sizing of inventory levels via deep discounting resulted in a significant reduction in Gross Profit contribution from both Exclusive Brands and Third-Party Brands.

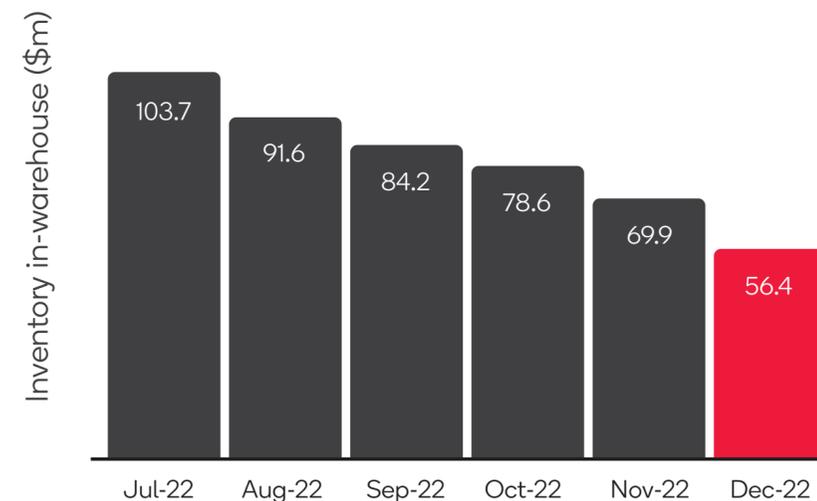


1. Other business includes Kogan Travel, Kogan Insurance, Kogan Internet, Kogan Cars and Kogan Energy.

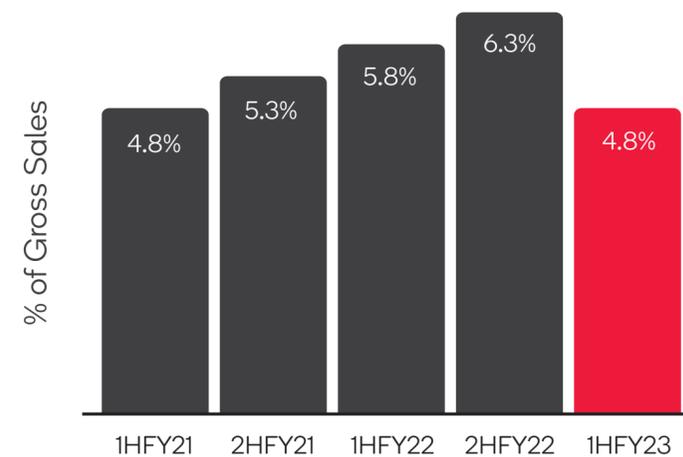
KOGAN.COM¹ COST OF DOING BUSINESS

The accelerated right-sizing of inventory during the period has allowed for improved operational efficiency, which will continue in 2HFY23.

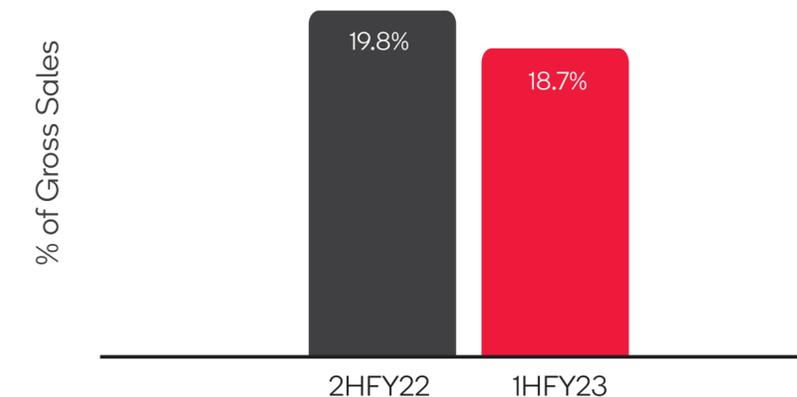
KOGAN.COM¹ IN-WAREHOUSE INVENTORY



KOGAN.COM¹ MARKETING



KOGAN.COM¹ COST OF DOING BUSINESS



The Business has achieved a reduction in the Cost of Doing Business across both variable and fixed costs. As the Business can now look past the issues of excess inventory, further focus will be placed on operational efficiencies, with key initiatives being:

- Redirecting marketing activity as well as optimising spend, now that the excess inventory issue is largely resolved
- Removing the long-tail of products and only focusing on in-demand inventory based on customer purchasing behaviour
- Retendering key services contracts

The Business is looking forward to improving profitability in 2HFY23 and making significant progress in returning to historically strong operating leverage.

KOGAN GROUP BALANCE SHEET

\$m	Jun-22	Dec-22
CURRENT ASSETS		
Cash	66.2	85.0
Trade and other receivables	8.1	9.6
Inventories	159.9	98.3
Current tax asset	0.7	1.0
Other financial assets	0.5	0.0
Total current assets	235.5	193.9
NON-CURRENT ASSETS		
Property, plant and equipment	24.6	25.4
Intangible assets	45.8	44.0
Deferred tax assets	8.1	22.0
Goodwill	46.3	46.3
Total non-current assets	124.8	137.8
Total assets	360.3	331.7
CURRENT LIABILITIES		
Trade and other payables	83.0	90.4
Other financial liabilities	0.0	0.1
Acquisition payables	29.1	18.1
Lease liability	7.7	8.6
Loans and borrowings	-	1.1
Provisions	4.0	4.5
Deferred income	13.8	19.9
Total current liabilities	137.6	142.6
NON-CURRENT LIABILITIES		
Lease liability	15.0	15.0
Deferred income and provisions	0.3	0.4
Loans and borrowings	34.9	9.9
Total non-current liabilities	50.1	25.3
Total liabilities	187.7	167.8
Net ASSETS	172.6	163.8

Overview

The Group has a strong capital position, with net cash (total cash less drawn debt) of \$74.0m increasing by \$42.8m in the period.

Inventories were substantially right-sized during the half to \$98.3m. At 31 December 2022 this balance comprised of:

- \$84.1m in-warehouse; and
- \$14.2m in-transit.

This reduction resulted in operational efficiencies during the half across warehousing and marketing, and are expected to continue in 2HFY23.

Acquisition Payables reflects Tranches 4 of the Mighty Ape acquisition amount at 31 December 2022 and Tranches 3 & 4 of the Mighty Ape acquisition amount at 30 June 2022. The Business completed the Tranche 3 payment during the half of \$14.2m.

Strong operating cash flows, discussed on the next slide, allowed for the repayment of \$25.0m of loans & borrowings, with a remaining balance of \$11.0m across the Group.

Assets purchased from the Brosa acquisition are reflected in inventories (\$1.1m) and intangible assets (\$0.4m).

KOGAN GROUP CASH FLOW

	1HFY22	1HFY23
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	439.9	295.4
Payments to suppliers and employees	(369.1)	(226.0)
Interest received	0.0	0.3
Finance costs paid	(1.1)	(1.3)
Income tax paid	(7.2)	(6.1)
Net cash provided by operating activities	62.5	62.3
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1.1)	(0.2)
Purchase of intangible assets	(1.6)	(2.0)
Disposal of intangible assets	2.1	0.0
Disposal of Financial Assets	0.0	0.3
Business Acquisition net of acquired cash	(29.9)	(14.2)
Net cash (used in) investing activities	(30.5)	(16.2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans & borrowings	(49.0)	(25.0)
Draw down on debt facility	0.0	1.1
Repayment of lease liabilities	(5.0)	(4.0)
Net cash (used in) financing activities	(54.0)	(28.0)
Net (decrease)/increase in cash held	(22.0)	18.2
Cash and cash equivalents at beginning of the period	91.7	66.2
Effects of exchange rate changes on cash	0.1	0.6
Cash and cash equivalents at end of the period	69.7	85.0

Overview

Our net cash position (total cash less loans & borrowings) increased to \$74.0m, from \$31.2m at 30 June 2022. The period included:

- The payment of Tranche 3 of the Mighty Ape acquisition, being \$14.2m
- Repayment of loans & borrowings totaling \$25.0m
- Payment of the Brosa acquisition purchase price of \$1.5m

2HFY23 Strategy & Outlook

2HFY23 KOGAN GROUP TRADING UPDATE, OUTLOOK & DIVIDEND



- Consistent with prior years, the Company will not be providing earnings guidance for 2HFY23. However, it will provide regular business updates during the period.
- January 2023 unaudited management accounts demonstrate the expected return to Adjusted EBITDA profitability in 2HFY23. Key items of the results include:
 - Gross Sales of \$68.8M, down 33.2% year-on-year (reflecting the consolidation of product ranges);
 - A Gross Margin of 32.9%, up 7.9pp year-on-year (reflecting the reduction of excess inventory sold with heavy discounting);
 - Operating costs reducing by 22.1% year-on-year; and
 - A return to positive Adjusted EBITDA of \$1.5 million.
- While the trading results for January reflect some positive momentum, the Kogan.com Board is mindful that this reflects only one month of trading activity and has decided not to declare an Interim Dividend. The Board will continue to assess appropriate capital management practices over the remainder of 2HFY23, having regard to the trading performance of the Company and its capital requirements.

IN 2HFY23, WE EXPECT:

- ✓ Continued development of Kogan Marketplace and the anticipated launch of an advertising platform
- ✓ Continued strong results from Mighty Ape
- ✓ Further growth in Kogan First as new enhancements are rolled out
- ✓ Continued growth of Kogan Mobile and other Verticals
- ✓ Launch of new Verticals in New Zealand
- ✓ Improved operating leverage, consistent with the Company's long-term track record

1HFY2x: the 6 months ended 31 December 20xx.

2HFY2x: the 6 months ended 30 June 20xx.

Adjusted EBITDA: earnings before interest, tax, depreciation, amortisation, unrealised gain/(loss), equity-based compensation and one-off non-recurring items. Refer to Annexure 2 of this Presentation for a detailed reconciliation of adjusting items.

Adjusted EBIT: earnings before interest, tax, unrealised gain/(loss), equity-based compensation and one-off non-recurring items. Refer to Annexure 2 of this Presentation for a detailed reconciliation of adjusting items.

Adjusted NPAT: net profit after tax and before unrealised gain/(loss), equity-based compensation and one-off non-recurring items. Refer to Annexure 2 of this Presentation for a detailed reconciliation of adjusting items.

Contribution Margin: Gross Profit less other income, variable costs and marketing costs divided by Revenue.

Core Website Channels: Kogan.com, Kogan Apps (iPhone and Android), Dick Smith, Matt Blatt and Brosa websites.

EBIT: earnings before interest and tax.

EBITDA: earnings before interest, tax, depreciation and amortisation.

EBITDA Margin: EBITDA divided by Revenue.

EPS: earnings per share.

Exclusive Brands: products sold under brands owned by Kogan.com.

Gross Margin: Gross Profit divided by Revenue.

Gross Profit: Revenue less cost of goods sold.

Gross Sales: is the gross transaction value, on a cash basis, of products and services sold, of Kogan Retail, Kogan Marketplace and the Verticals.

Group Active Customers: are the total Active Customers of Kogan.com and Mighty Ape who have purchased in the last twelve months from 1 January 202x, rounded to the nearest thousand.

Kogan.com Active Customers: unique customers who have purchased in the last twelve months from 1 January 202x on the Kogan.com platform, rounded down to the nearest thousand.

Kogan Cars: Vertical launched in 4QFY19 offering competitive prices on new-car purchases.

Kogan Energy: Vertical launched in 1HFY20 offering low cost power and gas whilst allowing customers to easily track their energy usage on-demand, in partnership with Shell Energy Operations Pty Ltd.

Kogan First: our loyalty program offering subscribers free/upgraded express shipping along with special offers across thousands of our products.

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

Kogan Insurance: Vertical launched in 1QFY18 offering Insurance online.

Kogan Internet: Vertical launched in 4QFY18 offering NBN plans via Vodafone's fixed line NBN network.

Kogan Life: Vertical launched in 4QFY18 offering life insurance online.

Kogan Marketplace: a platform launched in 3QFY19 for sellers and buyers to complete transactions on Kogan.com, with commission-based Revenue being earned by Kogan.com.

Kogan Mobile Australia: launched in 2QFY16, vertical offering pre-paid mobile phone plans available online using TPG's mobile network in Australia.

Kogan Mobile New Zealand: Vertical launched in 1HFY20 offering pre-paid mobile phone plans available online using Vodafone's mobile network in New Zealand.

Kogan Money Credit Cards: Vertical launched in 1HFY20 offering a competitively priced credit card with compelling loyalty incentives for customers to shop on Kogan.com and elsewhere. Kogan Money Credit Cards are offered in partnership with NAB.

Kogan Money Super: Vertical launched in 1HFY20 offering a new no frills, ultra low fee Australian super fund, in partnership with Mercer.

Kogan Pet: Vertical launched in 4QFY18 offering pet insurance online.

Kogan Retail: Exclusive Brands and Third-Party Brands sales through the Core Website Channels and eBay, Amazon.com.au, TradeMe and other platforms.

Kogan Travel: was relaunched in 1HFY23 in partnership with Luxury Escapes.

Kogan Travel Insurance: was relaunched in 1HFY23, in partnership with Cover-More

Kogan Verticals: Kogan Cars, Kogan Credit Cards, Kogan Energy, Kogan Insurance, Kogan Internet, Kogan Life, Kogan Mobile Australia, Kogan Mobile New Zealand, Kogan Money, Kogan Pet, Kogan Super, Kogan Travel and Kogan Travel Insurance.

Mighty Ape: refers to Mighty Ape Ltd.

Mighty Ape Customers: unique customers who have purchased in the last twelve months from 1 January 202x either on the Mighty Ape platform, rounded down to the nearest thousand.

Marketplace Active Sellers: Sellers who are integrated with our Marketplace and have recorded at least one sale.

Operating leverage: the efficiency by which a business converts its Revenue into Net Profit.

Partners: refers to the companies Kogan.com has conducted business with.

Product Division: means Exclusive Brands and Third-Party Brands.

Repeat Customers: refer to customers who have purchased more than once with the Business.

Repeat Orders: refer to orders placed during the period by Active Customers who had previously transacted with the Business at the time of their order.

The Business: refers to Kogan.com Ltd.

The Company: refers to Kogan.com Ltd.

The Group: refers to Kogan.com Ltd and its subsidiaries, including Mighty Ape Ltd.

The Presentation: refers to this document, titled 'Kogan.com - 1HFY23 Results Presentation'.

Third-Party Brands: products sold under brands owned by third parties, which are sourced domestically in Australia and internationally.

Unique customers: the number of distinct customers who have purchased in the last twelve months.

YoY: year-on-year.

ANNEXURE 1

1HFY23 REVENUE BY BUSINESS DIVISION

Strong Revenue growth was achieved in Kogan First, Kogan Mobile and Kogan Money.

\$m	1HFY22	1HFY23	YoY
	Revenue	Revenue	Revenue Var %
Exclusive Brands	185.3	105.2	(43.2%)
Third-Party Brands	105.9	50.9	(52.0%)
Product Divisions	291.2	156.1	(46.4%)
Kogan Marketplace	18.2	12.8	(30.0%)
Mighty Ape	93.8	86.4	(7.8%)
Kogan First	5.9	10.8	83.1%
Kogan Mobile	5.1	5.6	9.3%
Kogan Money	1.2	1.3	6.9%
Advertising income	2.6	0.9	(65.2%)
Other business ¹	1.5	1.6	9.1%
Total	419.5	275.6	(34.3%)

1. Other Business includes Kogan Travel, Kogan Insurance, Kogan Internet, Kogan Money, Kogan Cars and Kogan Energy.

RECONCILIATION TO KOGAN GROUP ADJUSTED EBITDA AND ADJUSTED NPAT

	Unadjusted	Unrealised (gain)/loss	Realised loss on Wonderfi shares	Equity-based compensation	Mighty Ape purchase - Tranche 4	Bitbuy.com domain sale	Adjusted
Revenue	275.6						275.6
Cost of sales	(212.6)						(212.6)
Gross Profit	62.9						62.9
Gross margin	22.8%						22.8%
Variable costs	(11.6)						(11.6)
Marketing costs	(24.2)						(24.2)
People costs	(38.8)			14.2	4.0		(20.6)
Other costs	(11.2)	(1.4)	1.7			0.1	(10.9)
Total operating costs	(85.8)						(67.3)
Unrealised gain/(loss)	(0.1)	0.1					0.0
EBITDA	(23.0)						(4.4)
EBITDA margin	-8.3%						-1.6%
Depreciation & amortisation	(8.3)						(8.3)
EBIT	(31.3)						(12.7)
Interest	(0.6)						(0.6)
Loss before tax	(31.9)						(13.3)
Income tax benefit/(expense)	8.1	0.4	(0.5)	(4.2)		(0.0)	3.7
NPAT	(23.8)						(9.6)
EPS	(0.22)						(0.09)

- Adjusted EBITDA and Adjusted NPAT** are measures of the underlying performance of the Business, they remove non-cash items including the unrealised gain/(loss), equity-based compensation and one-off non-recurring items including impacts from the proceeds of the sale of the Bitbuy.com domain (Wonderfi Shares). In respect of 1H FY23 the below items have been adjusted:
 - Unrealised gain/(loss):** unrealised loss at half-year end relating to Wonderfi Shares held and open forward foreign exchange contracts.
 - Equity-based compensation:** significant equity-based compensation expenses driven largely by the award of options after the Company's AGM in November 2020. These options were granted to Ruslan Kogan, CEO, and David Shafer, CFO & COO, with a strike price of \$5.29¹.
 - Mighty Ape purchase - Tranche 4:** refers to the provision for the likely payment of Mighty Ape Tranche 4 purchase price instalment as part of the Sale Agreement, which is contingent on the Mighty Ape Founder & CFO remaining with the Business until the delivery of the financial year 2022 and 2023 results, respectively. In line with accounting standards, the Tranche 4 payment will be considered as compensation for post-combination services, and as such, treated as employee remuneration for accounting purposes. The Group is proportionately accounting for this expense up until the respective payment date.
 - For Australian income tax purposes, amounts paid for the acquisition of Mighty Ape shares are considered as capital in nature and are therefore non-deductible, rather increasing the tax cost base of the shares. No deferred tax asset is recognised due to it being probable that the temporary difference will not reverse in the foreseeable future.
 - Realised (loss) on Wonderfi Shares:** relates to losses realised upon the liquidation of Wonderfi Shares, which were received as part of the proceeds for the Bitbuy.com domain sale in FY22.
 - Bitbuy.com domain sale:** relates to the write-off of a proportion of proceeds from the sale of the domain name bitbuy.com. For full details of the transaction, refer to the ASX release 'Domain sale re Bitbuy' on 14 December 2021.

1. The share price of Kogan.com Ltd at the close of day on 24.02.2023 was \$3.42.