

kogan.com

ACQUISITION OF MIGHTY APE - PRESENTATION

3 DECEMBER 2020



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Transaction Overview & Highlights

TRANSACTION OVERVIEW

Kogan.com has acquired Mighty Ape Limited. The acquisition enables the combined group to accelerate growth across Australia and New Zealand via improved customer offerings and superior infrastructure.

Transaction details	<ul style="list-style-type: none">• Kogan.com has acquired 100% of the issued capital of Mighty Ape Limited ('Mighty Ape') for a headline purchase price of AUD \$122.4m¹• Purchase price will be paid in 4 tranches. The structure of the tranches is described in Appendix A, and subject to completion adjustments• Implied headline acquisition multiples of:<ul style="list-style-type: none">◦ 8.5x Enterprise Value / FY21F EBITDA²;◦ 0.9x Enterprise Value / FY21F Revenue³;◦ 12.3x Enterprise Value / LTM Sep-20A EBITDA⁴; and◦ 1.0x Enterprise Value / LTM Sep-20A Revenue⁵• Founder and executive team members to be retained and incentivised to stay with Mighty Ape to at least deliver the FY23 financial results
Strategic rationale	<ul style="list-style-type: none">• Highly complementary acquisition of one of New Zealand's leading online retailers - the combination of two market leaders enables Mighty Ape to build on its strong customer offering, and provides the infrastructure to further scale• Acquisition delivers immediate scale to Kogan.com's operations in New Zealand, as well as incremental growth to Australian operations (via Mighty Ape's Australian websites)• Attractive financial metrics with expected meaningful synergies across the combined businesses• Significant opportunity to expand product offering on both platforms and bring Kogan.com's marketplace capability to New Zealand - growing the product selection and improving customer offering across Australia and New Zealand
Funding	<ul style="list-style-type: none">• Funded from the Company's cash reserves

1. Note headline Enterprise Value (EV) is NZD\$128.8m (value stated in AUD using spot rate of 0.95 on 23 November 2020).

2. Indicative EV/EBITDA multiple calculated based on forecast FY21 EBITDA (unaudited Management accounts incorporating 7 months actual and 5 months forecast and inclusive of the application of AASB 16: Leases) of AUD \$14.3m for the financial year ended 31 March 2021.

3. Indicative EV/Revenue multiple calculated based on forecast FY21 Revenue (unaudited Management accounts incorporating 7 months actual and 5 months forecast and inclusive of the application of AASB 16: Leases) of AUD \$137.7m for the financial year ended 31 March 2021.

4. Indicative EV/EBITDA multiple calculated based on Sep-20A LTM EBITDA (unaudited Management accounts and inclusive of the application of AASB 16: Leases) of AUD \$9.9m.

5. Indicative EV/Revenue multiple calculated based on Sep-20A LTM Revenue (unaudited Management accounts and inclusive of the application of AASB 16: Leases) of AUD \$120.1m.

INVESTMENT HIGHLIGHTS

Mighty Ape is a leading online retailer in New Zealand, with strong fundamentals and a significant growth trajectory.

NZ's leading online retail specialist brand	<ul style="list-style-type: none">• Leading online retailer in New Zealand• New Zealand's highest ranked retailer for customer experience¹
Highly engaged and loyal customer base	<ul style="list-style-type: none">• Over 690,000 unique customers in the twelve months ended 31 Oct 2020, with over 70% of NZ shoppers being repeat customers³.• A community of over 895,000 subscribers• Growing Primate loyalty program• Exceptional customer reviews (e.g. Google rating of 4.9/5.0 based on more than 37,000 reviews)
Large scale distribution and market leading shipping capability	<ul style="list-style-type: none">• Purpose built distribution centre near Auckland with existing capacity to grow• Market leading logistics capability (overnight anywhere in NZ, and same day delivery to Auckland, Hamilton, Wellington and Christchurch)
Significant growth trajectory	<ul style="list-style-type: none">• FY21F⁴:<ul style="list-style-type: none">◦ Revenue of AUD \$137.7m² representing 43.7% YoY growth◦ Gross Profit of AUD \$45.7m² representing 58.1% YoY growth◦ EBITDA of AUD \$14.3m² representing 254.1% YoY growth• Significant revenue and cost synergies expected to be available under the merged group• Well placed to continue growing organically through new and existing product categories across New Zealand and Australia, with significant near-term growth opportunities identified in expanding product ranges

1. Source: Kantar Customer Leadership Index, 2020.

2. Value stated in AUD using spot rate of 0.95 on 23 November 2020.

3. A repeat customer is someone who has placed an order with Mighty Ape in the past twelve months (1 November 2019 to 31 October 2020) and has also purchased with Mighty Ape at any other time.

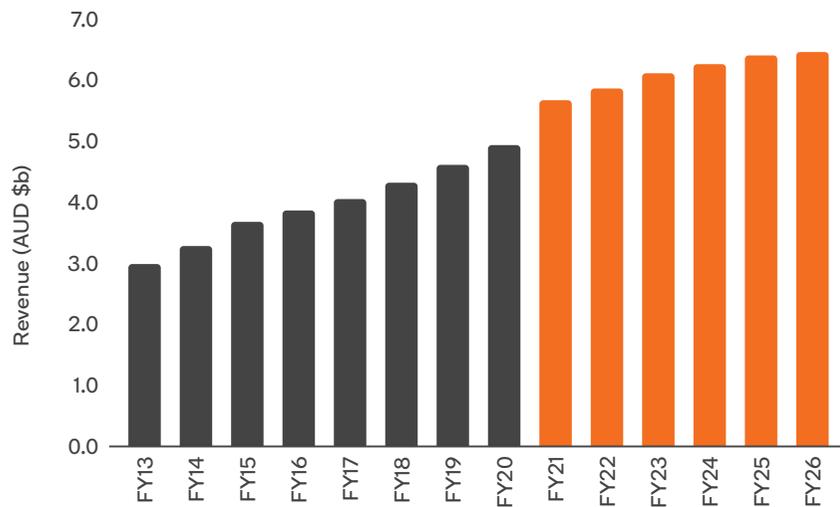
4. Mighty Ape Management forecasted results, inclusive of the application of AASB 16: Leases.

Market Overview

NEW ZEALAND MARKET OVERVIEW

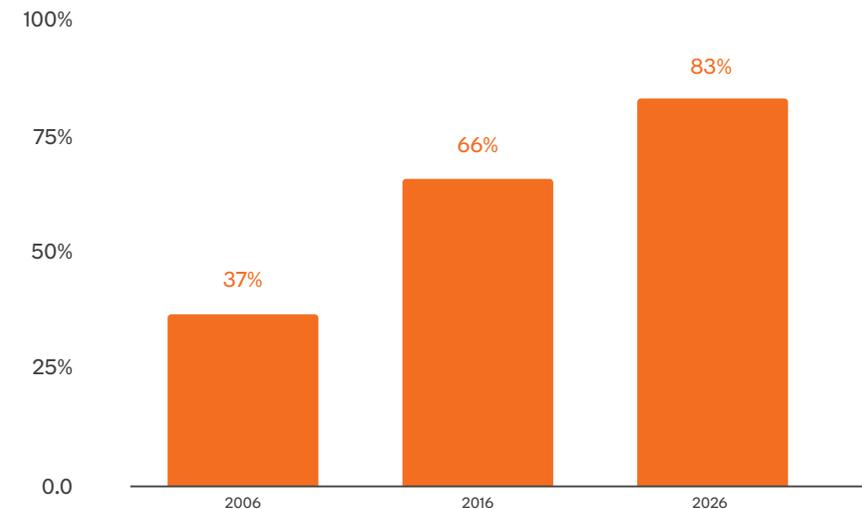
The online retail market in New Zealand is expected to be worth AUD \$6.5b¹ by 2026, with many of New Zealand's online shoppers favouring domestic online retailers.

NEW ZEALAND ONLINE RETAIL MARKET¹



- The approximately \$5 billion online retail market in New Zealand is expected to grow by 14.6% YoY from FY20 to FY21.
- The acceleration of online shopping in New Zealand has been significant for domestic online retailers, with New Zealanders spending 33.4% more on domestic sites in September 2020 versus the same time last year. At the same time, international online retailers saw a reduction of 6.2% in spend YoY³.

PERCENTAGE OF NEW ZEALANDERS SHOPPING ONLINE²



- When it comes to shopping, New Zealanders are increasingly digital, with two-thirds shopping online in the prior 12 months as at 2016 – up from 37% in 2006 and expected to hit 83% by 2026.

1. IBISWorld Industry Report: Online Shopping in New Zealand, October 2020. Chart values have been converted from NZD to AUD using the spot rate of 0.95 as at 23 November 2020.
2. Nielson New Zealand Connected Consumer Report 2018.
3. New Zealand Online Retail Sales Report, September 2020.

Overview of Mighty Ape

EVOLUTION OF MIGHTY APE

Mighty Ape has built a strong brand based on a proud history of exceptional customer experience.

- 1995** — **Launched as Gamezone**
 - Commenced as a traditional B&M store. Strong relationship with Sony is developed, hosting the official New Zealand release of the first Sony Playstation
- 1990's** — **eCommerce capability launched**
 - The first iteration of Mighty Ape's online store is developed
- 2000's** — **Expansion and the first of many awards**
 - Product offering extends to DVD movies, computer hardware, music and books
 - Wins 'Best Online Store' 3 times at the NetGuide Web Awards
- 2008** — **Mighty Ape rebrand & transformation to online only**
 - The brand is relaunched as Mighty Ape with a significant website upgrade. All B&M stores are closed
 - Wins 'Best New Site, Relaunch or Innovation' at the 2009 NetGuide Web Awards
- 2010's** — **More awards and improved customer experience**
 - Launches same day delivery service in Auckland, Wellington and Christchurch and DHL shipping to Australia
 - Mighty Ape wins 'Overall Best Site' (2012) at the NetGuide Web Awards, 'Excellence in Customer Service Delivery' (2015) at the Westpac Auckland Business Awards and places 1st for 'Non-retail Grocery' at the KPMG Customer experience Awards
- 2020** — **#1 New Zealand online retail specialist brand**
 - Fast growing exclusive brands portfolio, driving higher margins
 - In-house experts with 20+ years experience building one of New Zealand's most loved eCommerce brand
 - Operates own purpose built distribution centre, allowing room for future growth
 - Over 895,000 subscribers as at 31 October 2020, including over 690,000 unique customers in the last 12 months to October 2020.
 - Continues to deliver exceptional customer satisfaction, winning the Canstar 'Most satisfied customers award 2020'
 - Highest ranking retailer on the 2020 Kantar Customer Leadership Survey
- Today** — **Acquired by Kogan.com**
 - Ready to launch into a new and exciting phase of growth

The Mighty Ape family

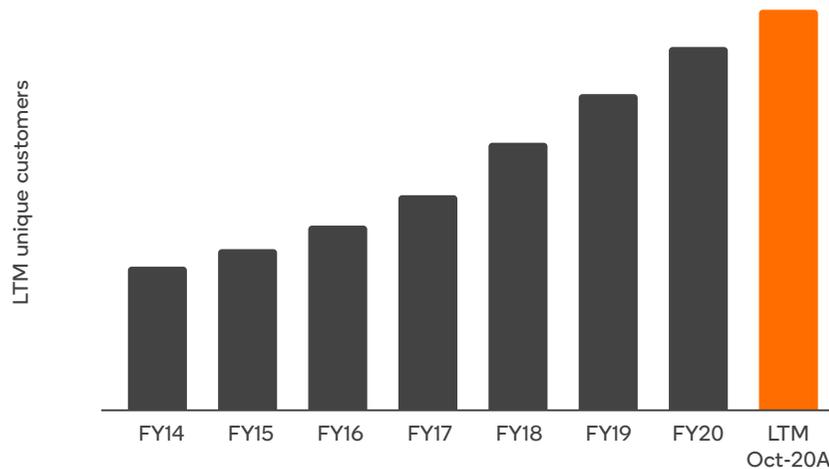


THE MIGHTY APE BUSINESS

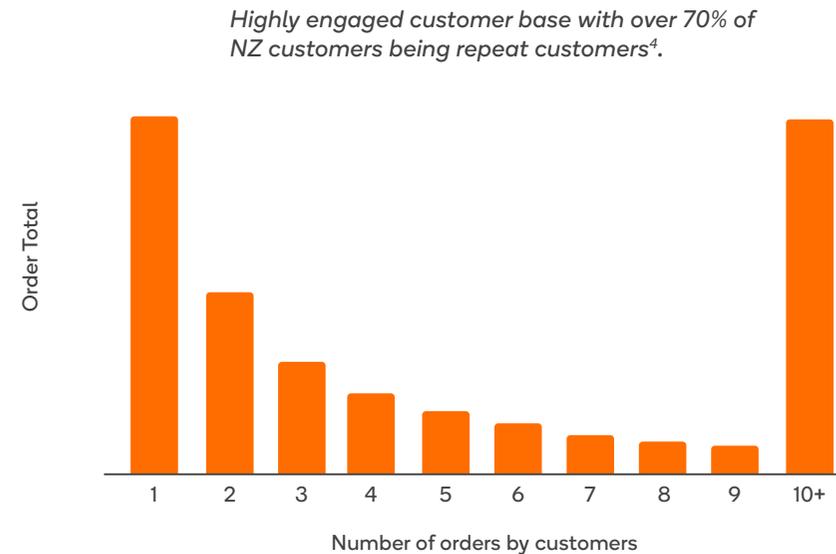
Mighty Ape is run by a highly skilled and experienced team, illustrated by strong growth in both LTM unique customers and strong repeat purchase activity from satisfied customers.

- Founder & CEO, Simon Barton, has committed to continue leading the Mighty Ape team until at least the delivery of the FY23 financial results
- Mighty Ape currently employs 161 permanent FTE. Executive team members to be granted retention options to provide incentive to remain and grow the business
- The Mighty Ape team has delivered strong results in the last 12 months - with unique customers growing to over 690,000, and subscribers growing to over 895,000³
- Over 70% of New Zealand orders in the twelve months to October 2020 were placed by repeat customers⁴, demonstrating strong retention

MIGHTY APE UNIQUE CUSTOMERS¹



MIGHTY APE REPEAT ORDERS²

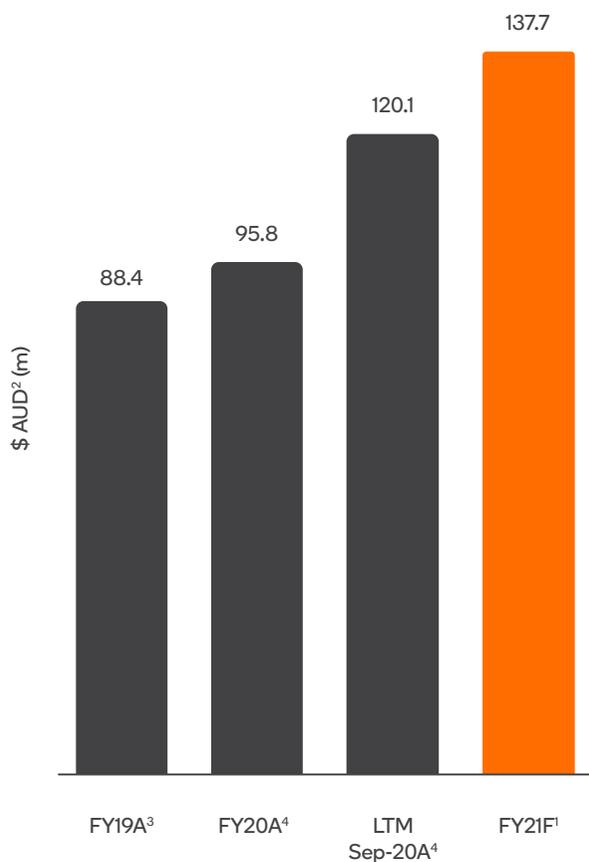


1. Unique customers: the number of distinct customers who have made a purchase on the Mighty Ape platform.
2. Repeat orders: data relates to the period Sep-19 through to Aug-20.
3. As at 31 October 2020.
4. A repeat customer is someone who has placed an order with Mighty Ape in the past twelve months to 31 October 2020 and has also purchased with Mighty Ape at any other time.

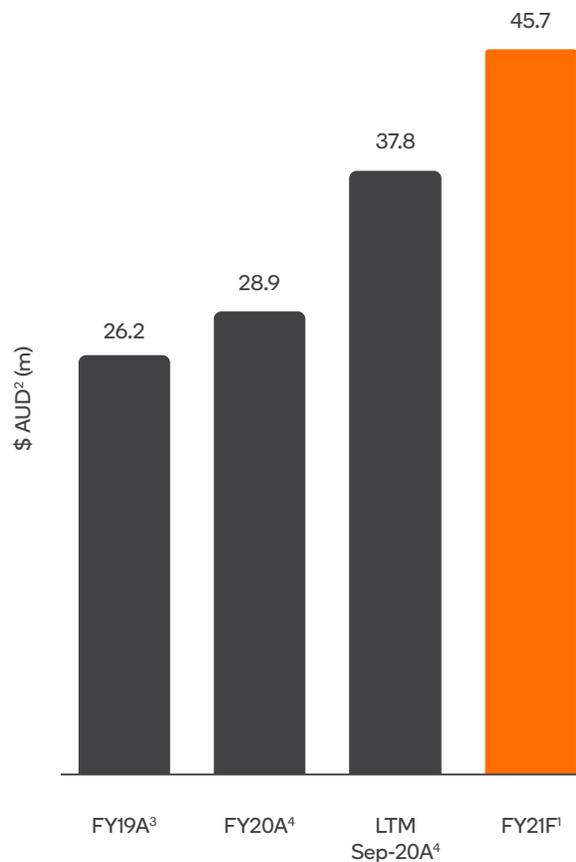
MIGHTY APE FINANCIAL OVERVIEW

Mighty Ape has successfully serviced the accelerating demand brought on by the shift to online shopping in the past 12 months, while also improving margins.

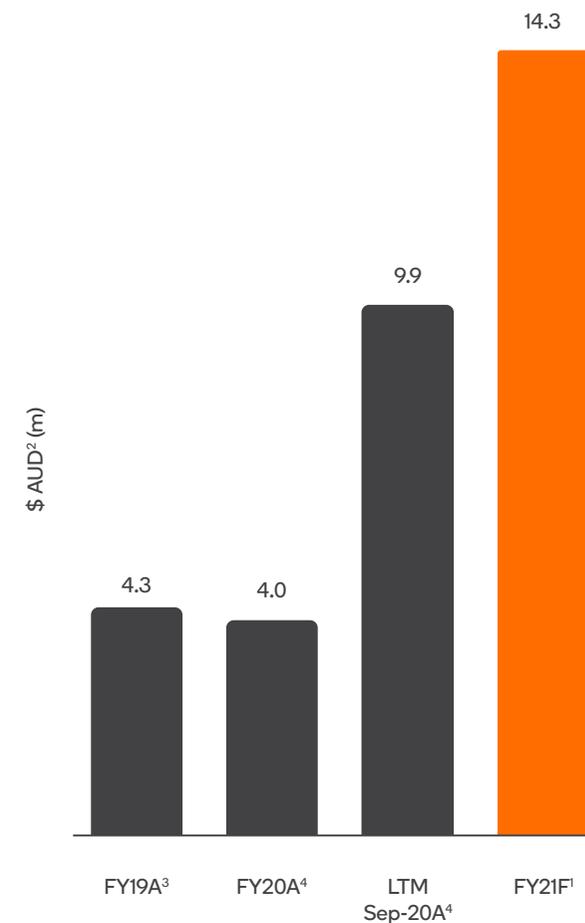
MIGHTY APE REVENUE (\$M)
FY19A - FY21F¹



MIGHTY APE GROSS PROFIT (\$M)
FY19A - FY21F¹



MIGHTY APE EBITDA (\$M)
FY19A - FY21F¹



1. FY21F is exclusive of any synergies post completion of acquisition. Forecast is inclusive of the application of AASB 16: Leases.
 2. Values stated in AUD using spot rate of 0.95 on 23 November 2020.
 3. Based on audited Management accounts, and inclusive of the application of AASB 16: Leases.
 4. Based on unaudited Management accounts, and inclusive of the application of AASB 16: Leases.

MIGHTY APE INCOME STATEMENT

Mighty Ape FY21F¹ versus FY20A² prior to any benefits derived from synergies upon acquisition.

(\$m) ³	FY20A ²	FY21F ¹	Var	Var (%)
Revenue	95.8	137.7	41.9	43.7%
Gross Profit	28.9	45.7	16.8	58.1%
<i>Gross Margin</i>	30.1%	33.2%		3.0pp
EBITDA	4.0	14.3	10.3	254.1%
<i>EBITDA Margin</i>	4.2%	10.4%		6.2pp

- Revenue growth is forecast to accelerate to 43.7% YoY (compared to 8.4% YoY pcp) partly as a result of the ongoing shift to online shopping in NZ
- Gross Profit is forecast to grow by 58.1% YoY, reflecting anticipated Gross Margin expansion and growth in sales
- Gross Margin is forecast to expand to 33.2% primarily as a result of the shift in product mix driven by the introduction and expansion of ranges of private label products
- EBITDA growth of 254.1% YoY is forecast to accelerate at a faster rate than Gross Profit growth (58.1% YoY), reflecting the business' ability to increase its operating leverage as it scales

1. Mighty Ape Management forecasted results, inclusive of the application of AASB 16: Leases
 2. Unaudited Mighty Ape Management accounts inclusive of the application of AASB 16: Leases
 3. Values stated in AUD using spot rate of 0.95 on 23 November 2020.

A World-Class Combination

A WORLD-CLASS COMBINATION

The acquisition of Mighty Ape by Kogan.com is a natural, exciting coming together of companies with complementary capabilities, meaning that significant synergies are likely to be available across the merged group.

Significant sourcing and procurement synergies	<ul style="list-style-type: none">• Significant potential savings and range expansion through enhanced group sourcing and procurement capabilities including:<ul style="list-style-type: none">◦ private label products;◦ third party branded products, and◦ cost drivers including IT systems, payments, warehousing, logistics and more
Corporate and back office efficiencies	<ul style="list-style-type: none">• Opportunity to combine certain corporate and back office functions and share knowledge to unlock efficiencies and improve customer experience over time
NZ marketplace opportunity	<ul style="list-style-type: none">• Leverage the existing Kogan.com marketplace platform to introduce a New Zealand marketplace capability - growing product range and customer offering
Improved marketing efficiency and range cross-promotion opportunities	<ul style="list-style-type: none">• Opportunity to further optimise Mighty Ape's marketing efficiency and increase its total revenue, utilising Kogan.com's marketing systems and proprietary bidding and personalisation algorithms• Opportunity to promote Kogan.com and Mighty Ape's product ranges on each other's sites to improve customer choice and drive growth
Logistics and supply chain synergies	<ul style="list-style-type: none">• Optimisation of warehousing and logistics operations across the Group in both Australia and New Zealand• Improved supply chain efficiency through scale benefits from logistics partners

AUD: value stated in Australian dollars using spot rate of 0.95 on 23 November 2020.

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

EBITDA Margin: EBITDA divided by Revenue.

Exclusive Brands: products sold under brands owned by Mighty Ape.

Enterprise Value (EV): the economic valuation of a company.

FYxx: financial year ended 31 March 20xx, inclusive of the application of AASB 16: *Leases*.

FYxxF: Management's forecast for the financial year ended 31 March 20xx, inclusive of the application of AASB 16: *Leases*.

FYxxA: financial year ended 31 March 20xx actuals.

Gross Margin: Gross Profit divided by Revenue.

Gross Profit: Revenue less cost of goods sold.

LTM: last twelve months.

Management: refers to the Mighty Ape executive team.

Normalised EBITDA: EBITDA using the normalisation principles under the Share Purchase Agreement.

Repeat customers: the number of customers who have made at least one purchase in the last twelve months, and have purchased at any other time.

The Business: refers to Kogan.com Ltd.

The Company: refers to Kogan.com Ltd.

The Presentation: refers to this document, titled 'Acquisition of Mighty Ape - Presentation'.

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

Working Capital: total of trade and other receivables, inventories and prepayments which are included within other assets, less trade and other payables, deferred income, employee benefits and current provisions.

MMM-XXA: results for that particular month. E.g. 'Sep-20A' relates to the actual results for September 2020.

YoY: year-on-year.

ANNEXURE A

Summary of transaction structure.

Tranche	Payment Timing	Payment Split	Payment
1	At Completion	70%	AUD \$56.1m ¹ , subject to completion adjustments
2	Post 31 Mar 2021		Up to AUD \$29.5m ¹ based on a multiple of the amount by which full-year FY21 Normalised EBITDA (year ending 31 March 2021) exceeds Sep-20A LTM Normalised EBITDA
3	Post 31 Mar 2022	15%	Based on a multiple of the FY22 Normalised EBITDA (year ending 31 March 2022)
4	Post 31 Mar 2023	15%	Based on a multiple of the FY23 Normalised EBITDA (year ending 31 March 2023)

1. Purchase price is payable in \$NZD. Values stated above in AUD using spot rate of 0.95 on 23 November 2020.