

## ASX ANNOUNCEMENT

26 February 2024

### Kogan.com 1HFY24 Results Announcement Business transformation starting to pay dividends

#### 1HFY24 summary (vs 1HFY23)

- **Business model:** The transformation of our business model progressed, with Platform-based Sales<sup>1</sup> contribution increasing to 63.0% during the half. Revenue derived from Platform-based Sales<sup>1</sup> represents higher quality earnings for the business which is now more capital-light, and with more recurring revenue than ever.
- **Verticals:** Revenue grew 25.6% on the prior corresponding period (pcp), driven by Kogan Mobile Australia, Kogan Mobile New Zealand, Kogan Insurance, and Kogan Internet. During the half, Mighty Mobile was launched in New Zealand, representing the first Vertical under the Mighty Ape brand.
- **Kogan FIRST** grew Subscribers<sup>2</sup> to over 466,000 as at 31 December 2023, representing growth of 15.3% YoY. The program delivered \$22.7 million in Revenue in the half, an increase of 109.7% on the pcp. Kogan FIRST Subscribers<sup>2</sup> drove over 62% of Gross Sales on the Kogan.com platform in the period.
- **Inventory** reduced 30.6% on the pcp in line with the Company's focused strategy and growing platform and software-based subscription revenue, leading to Gross Sales<sup>3</sup> & Revenue of \$446.6 million and \$248.2 million (declined by 5.6% and 9.9% respectively).
- **Gross Profit** of \$89.5 million increased 42.2% on the pcp as Gross Margin improved to 36.1% for the half, up 13.2pp. The Gross Margin expansion was a result of Kogan.com Product Division profitability recovering following the optimisation of inventory and focusing on platform and software-based subscription revenue.
- **Group Active Customers**<sup>4</sup> were 2,744,000 comprising 2,026,000 for Kogan.com and 718,000 for Mighty Ape.
- **Cash** totalled \$83.3 million with no external debt at 31 December 2023, compared to net cash (after loans & borrowings) of \$74.0 million at 31 December 2022. In the past 12 months we invested \$28.0 million into our Share buy-back and \$10.9 million for the final Mighty Ape acquisition tranche.
- **Adjusted EBITDA**<sup>5</sup> was \$21.5 million and EBITDA was \$19.4 million.
- **Adjusted NPAT**<sup>5</sup> was \$10.2 million and Statutory NPAT was \$8.7 million.
- **Adjusted Earnings per Share**<sup>5</sup> was \$0.10 and Earnings per Share was \$0.08.

<sup>1</sup> Platform-Based Sales refers to Gross Sales generated by Kogan Marketplace, Kogan Verticals and Advertising & Other Income. It excludes inventory-based sales by Exclusive Brands, Third-Party Brands and Mighty Ape.

<sup>2</sup> Kogan First Subscribers excludes Kogan First customers who are in a trial period, and includes only non-trial subscribers.

<sup>3</sup> 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. Historically this has excluded Kogan Money Gross Sales due to reporting restrictions. In its place we have now included the commission value.

<sup>4</sup> The total number of unique customers who have purchased from the Kogan Group in the last twelve months from 1 January 2023, rounded down to the nearest thousand.

<sup>5</sup> Measures the underlying performance of the Business, removing non-cash items including unrealised FX gains/(losses) and equity-based compensation. Refer to Annexure 2 of the 1HFY24 Results Presentation for a detailed reconciliation of adjusting items.

Kogan.com Ltd (The Company; Kogan.com; ASX:KGN) announces its results for the half-year ended 31 December 2023 (1HFY24).

### Key drivers of financial performance over 1HFY24

- **Continuing evolution of our Business Model** - Kogan.com (excluding Mighty Ape) continued to evolve toward greater Platform-based Sales<sup>1</sup>. During the half, Kogan FIRST and Kogan Verticals continued to grow, driving Platform-based Sales<sup>1</sup> contribution to 63.0%. As Platform-based Sales<sup>1</sup> grow, the business will continue progressing to a more capital-light, lower inventory, higher recurring Revenue and higher margin business model.
- **Kogan FIRST** - The program continued to deliver exceptional value to our most loyal customers, through reward credits, free delivery, everyday discounts, prize giveaways and more. Subscribers<sup>2</sup> grew to over 466,000 as at 31 December 2023 representing growth of 15.3% and Revenue totalled \$22.7 million, reflecting an increase of 109.7% . During the half, Kogan FIRST Subscriber contribution<sup>6</sup> represented over 62% of Kogan.com's Gross Sales (excluding Mighty Ape).

To reflect the growing value Kogan FIRST provides subscribers, the Company today announced an increase to the annual price of Kogan FIRST to \$129 from 8 April 2024.

- **Kogan Verticals** - Revenue grew by over 25.6% on the pcp:
  - Kogan Mobile Australia Revenue grew by 26.0% on the pcp;
  - Kogan Mobile New Zealand Revenue grew by 131.0% on the pcp;
  - Kogan Insurance Revenue grew by 136.8% on the pcp; and
  - Kogan Internet Revenue grew by 8.8% on the pcp.

During the period, the first Vertical under the Mighty Ape brand was launched, Mighty Mobile. We expect this to be the first of many Mighty Ape Verticals in the coming years.

- **Trading performance** - The strategic decision to reduce inventory levels in the business, by over 30.6% on the pcp, and focus on Platform-based Sales<sup>1</sup>, resulted in a reduction in top line performance.
- **Kogan.com Product Division** - Following the right-sizing of inventory levels at the end of FY23, Gross Margin significantly improved during the half. Exclusive Brands, in particular, grew Gross Profit to \$17.7 million from \$9.8 million in the prior corresponding half, with Margin uplift of 13.1pp.
- **Kogan Advertising Platform** - We launched our new Advertising Platform, adding a new income stream for the business. It delivered \$1.3 million in Revenue during the period and has received great feedback from our Marketplace Sellers.
- **Mighty Ape** - the New Zealand subsidiary contributed \$87.1 million of Gross Sales in the half, an increase of 0.1% on the pcp. Gross Profit was \$22.5 million, an increase of 4.3% on the pcp, as Gross Margin improved 1.3pp following the continued increase in private label product sales and improved efficiency in last-mile delivery operations. During the period the new Christchurch warehouse was opened, providing even better service to New Zealanders on the South Island, along with investments in internal systems. These investments provide long-term value for online shoppers in New Zealand and for Mighty Ape's footprint, and led to an Adjusted EBITDA reduction of 15.3% to \$5.7 million.

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<sup>6</sup> Kogan FIRST Subscriber contribution measures the proportion of Gross Sales generated from Kogan FIRST Subscribers within Kogan.com (excluding Mighty Ape), calculated as Kogan.com only (excluding Mighty Ape) Gross Sales value purchased by Kogan FIRST Subscribers divided by total Kogan.com only (excluding Mighty Ape) Gross Sales value.

- **Group inventories** - reduced to \$68.3 million as at 31 December 2023, a reduction of 30.6% on the pcp. The reduction reflects the Company's focused strategy to realign inventory while transitioning to a more capital-light business model that delivers higher quality revenue and earnings.
- **Operational efficiencies** - The Business delivered on a number of cost-saving initiatives, reducing total Operating Costs across the Group by 18.4% on the pcp. These initiatives included the consolidation of logistics networks following the right-sizing of inventory mentioned above, renegotiation of various services contracts and efficiency gains across IT and hosting capabilities.
- **Strong Balance Sheet** - The Company ended the half with a strong Balance Sheet, with \$83.3 million cash and no external debt (31 December 2022: \$74.0 million net cash, after loans & borrowings). Strong cash flows during the half supported the \$17.2 million investment in the share buy-back program and \$10.9 million payment of the final Mighty Ape acquisition tranche. Inventories totalled \$68.3 million as at 31 December 2023, comprising \$58.2 million in-warehouse and \$10.1 million in-transit.
- **Investment in our Team** - Kogan.com has continued to strategically invest in its team members to recognise and motivate key talent while ensuring their interests are aligned with Shareholders. In doing so, long-term incentives have been maintained.

**Commenting on Kogan.com's performance over 1HFY24, Founder, CEO and Executive Director Ruslan Kogan said:**

*"There's never been a more important time to be able to deliver remarkable value for our customers. I'm incredibly proud of the Kogan Group teams who are driven by helping online shoppers live their best lives.*

*"While our business transformation to a more efficient, platform and software based model is in its early days, it's promising to see that it's starting to pay dividends. We've recently launched Mighty Ape's first Vertical, Might Mobile, as well as our Advertising Platform which is supporting sellers on our Marketplace. In addition, we've delivered more savings and benefits to our customers, in particular our fast-growing Kogan FIRST Subscribers.*

*"All these and more help us run a better business for you, our shareholders, while creating the best value for millions of customers. Kogan.com is about to turn 18 and I've never been more confident about the outlook for our business and its ability to deliver remarkable value."*

## Capital management

Having returned profitability to the Business and maintained a strong Balance Sheet, the Directors have declared a fully franked Interim Dividend of 7.5 cents per Ordinary Share. The record date of the Interim Dividend is 15 April 2024 and it will be paid on 31 May 2024.

The Dividend Reinvestment Plan will apply to the Interim Dividend at a 2.5% discount to the 5-day volume weighted average price of shares sold on the ASX from the trading day prior to the record date.

## Investor briefing

A presentation of the 1H FY24 results as well as a briefing session for investors and analysts will be held at 10:00 am (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 Ltd.**

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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 Money, Kogan Energy, Dick Smith, Matt Blatt, Mighty Ape and Brosa. 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.

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