

ASX ANNOUNCEMENT

16 January 2017

Kogan.com quarterly Cash Flow Statement and Business Update

Kogan.com Limited (Kogan.com; ASX:KGN), Australia's leading pure-play online retail website, today released its Appendix 4C Cash Flow Statement for the quarter ending 31 December 2016 (2Q17).

The Company ended 2Q17 with cash of \$26.5m.

Assessing management accounts of performance in 2Q17, Kogan.com is pleased to advise:

- it exceeded expectations for November and December trading against the budget for those months in the revised pro-forma EBITDA guidance of between \$8.0m – \$9.0m for FY17 as outlined at the Company's AGM in November 2016 (on a full year basis only)
- it has exceeded the full year FY17 Prospectus forecast pro-forma EBITDA of \$6.9m¹ during the first half of FY17
- the Company's level of inventories:
 - as at 31 December 2016 was \$41.83m, comprising \$32.27m stock in warehouse and \$9.56m stock in transit, whereas
 - as at 30 September 2016 was \$28.28m, comprising \$18.10m stock in warehouse and \$10.18m stock in transit
- almost 90% of stock in warehouse as at 31 December 2016 was received during 2Q17 indicating strong turnover of inventory

Kogan.com Founder & CEO Ruslan Kogan said the Company is pleased with the strong performance in 2Q17 combined with the healthy inventory level of recently received stock following the deployment of IPO proceeds into inventory as set out in the Prospectus.

"We are pleased to deliver cashflows that demonstrate better than forecast operating results for Kogan.com's second quarter of trading as a listed company. This has led to the Company exceeding its full year FY17 Prospectus forecast pro-forma EBITDA of \$6.9m in two quarters of trading. With a healthy cash balance and the Company's best ever level of quality inventory, we believe Kogan.com is well placed to continue the strong momentum generated in the first half."

"The benefits of our investment in inventory are demonstrated by the strong trading performance and margin improvement in 2Q17. The release of capital constraints has allowed the Company to operate with desired inventory levels of brand new in-demand private label stock. More importantly, Christmas trading demonstrated strong demand for new products and this has continued post Christmas. The team is also pleased to see the investment in systems, architecture and automation made in the years leading up to our IPO delivering positive results as we start to scale the business."

"While the Company's earnings performance to date is exceeding expectations of guidance which was revised upwards at the Company's AGM, the Board is mindful that a half-yearly review is being undertaken by the auditor. The Board is closely monitoring ongoing trading performance, and will consider if a further update to the Company's outlook is required at the conclusion of the auditor's half yearly review".

ENDS

**For further information please contact:
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¹ As at the date of this announcement, management accounts have not yet undergone the half yearly review by the Company's auditor.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Kogan.com Ltd (**Kogan**)

ABN

ACN 612 447 293

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	76,588	145,148
1.2 Payments for		
(a) research and development	-	-
(b) inventory purchases and operating costs	(73,983)	(130,675)
(c) advertising and marketing	(3,057)	(7,008)
(d) leased assets	(205)	(413)
(e) staff costs	(2,832)	(5,172)
(f) administration and corporate costs	(488)	(1,751)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	120	248
1.5 Interest and other costs of finance paid	(56)	(112)
1.6 Income taxes paid	(371)	(571)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,284)	(306)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(19)	(31)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	(590)	(1,493)
(e) other non-current assets	(292)	(439)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	
(b) businesses (see item 10)	-	
(c) investments	-	
(d) intellectual property	-	
(e) other non-current assets	-	
2.3 Cash flows from loans to other entities	-	
2.4 Dividends received (see note 3)	-	
2.5 Other (provide details if material)	-	
2.6 Net cash from / (used in) investing activities	(901)	(1,963)
 3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	35,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(3,106)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(4,900)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	26,994
 4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	31,718	1,808
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,284)	(306)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(901)	(1,963)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	26,994

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	26,533	26,533

As at 30 September 2016, the total inventories balance was \$28,275,000 and was comprised of \$10,177,000 of inventory in transit and \$18,098,000 of inventory on hand. As at 31 December 2016, the total inventories balance was \$41,831,000 and was comprised of \$9,557,000 of inventory in transit and \$32,274,000 of inventory on hand. Of the inventory on hand at 31 December 2016, almost 90% landed within the prior 90 days.

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	10,105	6,903
5.2 Call deposits	6,274	14,720
5.3 Bank overdrafts	-	-
5.4 Other (Term Deposit)	10,154	10,095
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	26,533	31,718

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(241)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors Fees (\$94,000) in respect of the non-executive directors, and salaries (\$147,000) in respect of the executive directors of the Group.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	(1,719)
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Purchases from eStore warehousing. Kogan Australia Pty Ltd entered into a Logistic Services Agreement with eStore Logistics Pty Ltd ("eStore"), in a prior financial period, in relation to the provision of warehousing, distribution and logistics services by eStore to Kogan Australia. Ruslan Kogan is a minority shareholder and director of eStore. The agreement was entered into on an arm's length basis.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	10,000	-
8.2 Credit standby arrangements	-	-
8.3 Other (see below)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 31 May 2016, the Group signed a new multi-option facility agreement with Westpac Banking Corporation, maturing on 31 May 2019. The Facility includes a Cash Advance Facility, Trade Finance Facility and LC Facility with a total limit of \$10.0 million.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 inventory purchases and operating costs	(47,427)
9.3 Advertising and marketing	(1,594)
9.4 Leased assets	(292)
9.5 Staff costs	(2,043)
9.6 Administration and corporate costs	(990)
9.7 Other (finance & income tax costs)	(117)
9.8 Total estimated cash outflows	(52,461)

The estimated cash outflows for the next quarter are based on the Prospectus forecast.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Company Secretary

Date: ...16 January 2017.....

Print name: Mark Licciardo.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.