

ASX ANNOUNCEMENT

23 October 2017

Kogan.com quarterly Cash Flow Statement and Trading Update

Kogan.com Limited (Kogan.com; ASX:KGN) today released its Appendix 4C Cash Flow Statement for the quarter ended 30 September 2017 (1QFY18).

The Company ended 1QFY18 with cash of \$25.8 million.

Assessing management accounts performance in 1QFY18, Kogan.com is pleased to advise:

- The Company surpassed the milestone of 1 million active customers during August, as strong trading momentum in 1QFY18 resulted in the business outperforming management budgets. Unaudited management accounts reflect the following Q1FY18 performance against the prior corresponding period (Q1FY17) –
 - Revenue growth of 35.9%
 - Gross Margin of 18.2% in 1QFY18 (compared to 17.9% in 1QFY17)
 - EBITDA growth of 37.7% (compared to 1QFY17 Pro Forma EBITDA)
 - Active customer growth of 278,000
- Kogan Mobile continued to perform with strong growth achieved in 1QFY18. Kogan Mobile celebrated its 2nd Birthday on 19 October 2017 with a very successful promotion, in partnership with Vodafone
- Kogan Insurance launched in August with encouraging initial metrics highlighting the long term value creation opportunities from the Company's portfolio strategy
- The Company is well poised to continue its trajectory into the peak Christmas quarter, with an increase of \$12.8m in inventories since 30 June 2017 in anticipation of strong seasonal sales
- The Company took the decision to strategically increase marketing activities in 1QFY18, which had an immediate impact on earnings in the quarter, but is expected to provide a strong return-on-investment in the short term and improved operating leverage
- Notwithstanding the significant investment in inventories and marketing, the Company produced a net operating cash flow of (\$928,000)
- The Company remains in a strong financial position as at 30 September 2017
 - Cash of \$25.8 million, and access to a \$10.0 million bank facility that remains undrawn
 - Inventories of \$52.5 million
 - The FY17 final dividend of 3.8 cents per share was paid on 4 September

Kogan.com Founder & CEO Ruslan Kogan said the Company is pleased with the performance in 1QFY18 and the continuation of the strong trajectory of the business.

“By continuing to delight our growing customer base with our various long term business strategies, we are pleased to deliver a trading update that demonstrates ongoing strong year-on-year growth in revenue and profitability.” Mr Kogan said.

“Our new verticals continue to shine and attract customers with our compelling offering - Kogan Mobile had impressive growth this quarter and, in October, celebrated its second birthday with an exceptionally popular promotion. Also, Kogan Insurance is off to a promising start after launching in August.”

“With a significant investment in high quality inventory, and an exciting line-up of new product releases and promotional offers to be rolled out over the coming quarter, we are better poised than ever to help out Santa Claus this Christmas.”

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For further information please contact:

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About Kogan.com

Kogan.com is a leading Australian consumer brand. It is a portfolio of retail and services business units that includes Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance and Kogan Travel. The Kogan brand is renowned for price leadership through digital efficiency. The company is focused on making in-demand products and services more affordable and accessible.

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")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	91,870	91,870
1.2 Payments for		
(a) research and development	-	-
(b) inventory purchases and operating costs	(84,213)	(84,213)
(c) advertising and marketing	(3,949)	(3,949)
(d) leased assets	(209)	(209)
(e) staff costs	(3,079)	(3,079)
(f) administration and corporate costs	(1,201)	(1,201)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	37	37
1.5 Interest and other costs of finance paid	(28)	(28)
1.6 Income taxes paid	(156)	(156)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(928)	(928)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(50)	(50)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	(1,271)	(1,271)
(e) other non-current assets	(456)	(456)
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	(1,777)	(1,777)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	(3,552)	(3,552)
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(3,552)	(3,552)

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	32,028	32,028
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(928)	(928)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,777)	(1,777)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(3,552)	(3,552)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	
4.6	Cash and cash equivalents at end of quarter	25,771	25,771

As at the end of the prior quarter, 30 June 2017, the total inventories balance was \$39,742,000, comprising \$9,014,000 of inventory in transit and \$30,728,000 of inventory on hand. As at 30 September 2017, the total inventories balance was \$52,511,000 and was comprised of \$15,678,000 of inventory in transit and \$36,833,000 of inventory on hand. Trade & Other payables and Deferred Income also had a positive impact on the cash flow, with increases of \$2.9 million and \$6.5 million, respectively from 30 June 2017 to 30 September 2017.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,303	19,073
5.2	Call deposits	1,185	2,672
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit)	10,283	10,283
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	25,771	32,028

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

**Current quarter
\$A'000**

(377)

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 (\$69,000) in respect of the Non-Executive Directors, and salaries before tax and including superannuation (\$308,000) in respect of the Executive Directors of the Group. This includes payment of the short-term incentives to the Executive Directors in relation to the FY17 out-performance, paid in August 2017.

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	(1,875)
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 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.

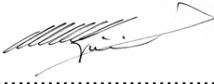
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Inventory purchases and operating costs	(85,346)
9.3 Advertising and marketing	(3,786)
9.4 Leased assets	(264)
9.5 Staff costs	(3,301)
9.6 Administration and corporate costs	(892)
9.7 Other (finance & income tax costs)	(1,113)
9.8 Total estimated cash outflows	(94,702)

The estimated cash outflows for the next quarter represent management's current best estimate.

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: 

Date:23 October 2017.....

(~~Director~~/Company secretary)

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.