

ASX ANNOUNCEMENT

22 January 2018

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 31 December 2017 (2QFY18).

The Company ended 2QFY18 with cash of \$28.2 million.

The Company advises that its half yearly results are currently under normal review by the auditor, and detailed commentary on trading performance will be provided with the release of the half yearly accounts next month. Nonetheless, assessing unaudited management accounts for the period, Kogan.com is pleased to advise:

- Acceleration in trading momentum in 2QFY18 resulted in the business outperforming management budgets.
- At the Company's AGM on 17 November 2017, the Company announced that in the four months to the end of October, unaudited management accounts reflected: revenue growth 36.2% year-on-year and EBITDA growth (compared to Pro Forma EBITDA in YTD17) of 58.3% year-on-year. The Company is now pleased to advise a further acceleration in growth of these key metrics during November and December.
- Notwithstanding the significant investment in inventories, the Company produced a net operating cash flow of \$4.2 million for the quarter.
- Kogan Mobile continues to perform with strong growth achieved in 1HFY18.
- The Company remains in a strong financial position as at 31 December 2017 -
 - Cash of \$28.2 million, and access to a \$10.0 million bank facility that remains undrawn.
 - Inventories of \$69.6 million (comprised of \$13.8 million of inventory in transit and \$55.8 million of inventory in warehouse). 93.4% of inventory in warehouse was less than 90 days old at 31 December 2017.

Kogan.com Founder & CEO Ruslan Kogan said the Company is pleased with the performance in 2QFY18, the accelerated growth and the strong trajectory of the business.

"I'm very proud of the entire Kogan.com team for achieving a record breaking quarter this Christmas sales season." Mr Kogan said.

“With sales hitting record after record, it demonstrates how compelling our offering is for customers. Our entire team is always working tirelessly to ensure we make the most in-demand products and services more affordable for all Australians.”

“We ended the Christmas quarter with a robust level of in-demand inventory. We are now extremely well poised to support our accelerated trajectory into the new calendar year.”

ENDS

**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, Kogan Health 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")

31 December 2017

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	113,276	205,146
1.2 Payments for		
(a) research and development	-	-
(b) inventory purchases and operating costs	(96,993)	(181,206)
(c) advertising and marketing	(5,456)	(9,405)
(d) leased assets	(211)	(420)
(e) staff costs	(3,553)	(6,632)
(f) administration and corporate costs	(1,745)	(2,946)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	118	155
1.5 Interest and other costs of finance paid	(23)	(51)
1.6 Income taxes paid	(1,186)	(1,342)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	4,227	3,299

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(27)	(77)
(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	(1,511)	(2,782)
	(e) other non-current assets	(282)	(738)
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	(1,820)	(3,597)

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)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(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	25,771	32,028
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,227	3,299
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,820)	(3,597)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(3,552)

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	28,178	28,178

As at the end of the prior quarter, 30 September 2017, the total inventories balance was \$52,511,000, comprising \$15,678,000 of inventory in transit and \$36,833,000 of inventory on hand. As at 31 December 2017, the total inventories balance was \$69,639,000 and was comprised of \$13,785,000 of inventory in transit and \$55,854,000 of inventory on hand. Trade & Other payables had a positive impact on the cash flow, with a corresponding increase of \$20.3 million, partially offset by a decrease in deferred income of \$5.1 million, from 30 September 2017 to 31 December 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	16,602	14,303
5.2	Call deposits	1,192	1,185
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit)	10,384	10,283
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,178	25,771

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	(266)
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 in respect of the Non-Executive Directors (\$66,000), and salaries before tax and including superannuation (\$200,000) 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	(2,541)
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	(69,248)
9.3 Advertising and marketing	(3,178)
9.4 Leased assets	(265)
9.5 Staff costs	(3,309)
9.6 Administration and corporate costs	(998)
9.7 Other (finance & income tax costs)	(1,309)
9.8 Total estimated cash outflows	(78,307)

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: 
(Director/Company secretary)

Date: 22 January 2017

Print name: Adam Sutherland

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.