

ASX ANNOUNCEMENT

23 April 2018

Kogan.com quarterly Cash Flow Statement and Trading Update

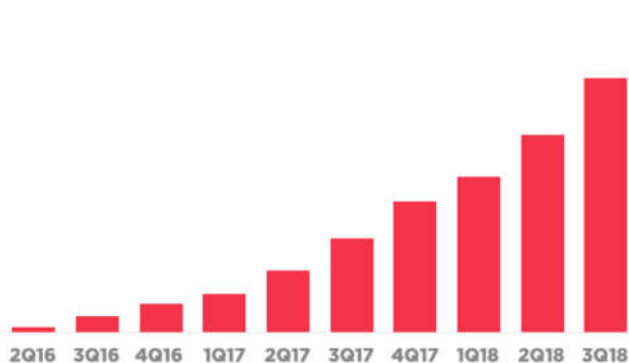
Kogan.com Limited (Kogan.com; ASX:KGN) today released its Appendix 4C Cash Flow Statement for the quarter ended 31 March 2018 (3QFY18).

The Company ended 3QFY18 with cash of \$19.3 million.

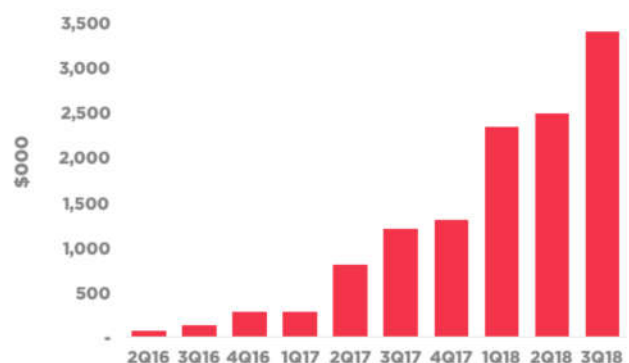
Assessing management accounts for the period, Kogan.com is pleased to advise:

- Unaudited management accounts reflect the following 3QFY18 performance versus the prior corresponding period (3QFY17)
 - » Gross Transaction Value growth of 49.8%
 - » Revenue growth of 46.1%
- Kogan.com had Active Customers of 1,288,000 as at 31 March 2018.
- Kogan Mobile continues to perform with strong growth achieved in 3QFY18, as illustrated in the charts below showing active customer and gross profit growth -

KOGAN MOBILE ACTIVE CUSTOMERS



KOGAN MOBILE GROSS PROFIT



- The Company continued to strategically invest in marketing activities in 3QFY18, which are expected to provide a strong return-on-investment in the short term.
- Notwithstanding a significant reduction in trade payables of \$20.6 million, the Company produced a net operating cash flow of (\$625,000).

- The Company remains in a strong financial position as at 31 March 2018 -
 - » Cash of \$19.3 million, and access to a \$10.0 million bank facility that remains undrawn.
 - » Inventories of \$54.7 million (comprised of \$9.0 million of inventory in transit and \$45.7 million of inventory in warehouse). This represents a reduction in inventory of \$15.1 million since 31 December 2017.
 - » Trade & Other Payables of \$30.8 million, which represents a decrease of \$20.6 million since 31 December 2017. The reduction in trade payables (and consequent impact on operating cashflow) is driven by the reduction in inventory levels as at 31 March 2018 compared to 31 December 2017, and reflects a normal payables pattern following the peak Christmas trading period.
 - » The FY18 interim dividend of 6.9 cents per share was paid on 13 March 2018.

Kogan.com Founder & CEO Ruslan Kogan said -

“Kogan.com commenced the new calendar year with a strong quarter of continued growth as we execute our long term strategy. Our team is delighting customers across the board and our portfolio strategy is starting to gain strong momentum” Mr Kogan said.

“The business is poised to continue its growth trajectory into the seasonally strong end-of-financial-year quarter”.

ENDS

For further information
please contact:

relations@kogancorporate.com

Subscribe to Kogan.com Investor Relations

Updates: **<https://www.kogancorporate.com/subscribe/>**

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, Kogan Pet Insurance, Kogan Life 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")

31 March 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		108,173	313,319
1.2 Payments for			
(a) research and development		-	-
(b) inventory purchases and operating costs		(98,178)	(279,384)
(c) advertising and marketing		(5,245)	(14,650)
(d) leased assets		(235)	(655)
(e) staff costs		(3,829)	(10,461)
(f) administration and corporate costs		(1,053)	(3,999)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		77	232
1.5 Interest and other costs of finance paid		(22)	(73)
1.6 Income taxes paid		(323)	(1,665)
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(635)	2,664

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(27)	(104)
(b) businesses (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	(1,506)	(4,288)
	(e) other non-current assets	(310)	(1,048)
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	(1,843)	(5,440)

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	(6,449)	(10,001)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(6,449)	(10,001)

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	28,178	32,028
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(635)	2,664
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,843)	(5,440)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6,449)	(10,001)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	19,251	19,251

Trade & Other payables and deferred income negatively impacted the cash flow, with decreases of \$20.6 million and \$2.9 million respectively, from 31 December 2017 to 31 March 2018. The reduction in trade payables (and consequent impact on operating cash flow) is driven by the reduction in inventory levels as at 31 March 2018 compared to 31 December 2017, and reflects a normal payables pattern following the peak Christmas trading period.

As at the end of the prior quarter, 31 December 2017, the total inventories balance was \$69.8 million comprising \$13.8 million of inventory in transit and \$56.0 million of inventory on hand. As at 31 March 2018, the total inventories balance was \$54.7 million and was comprised of \$9.0 million of inventory in transit and \$45.7 million of inventory on hand. This represents a reduction in inventory of \$15.1 million since 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	10,815	16,602
5.2	Call deposits	12	1,192
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit)	8,424	10,384
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19,251	28,178

6. Payments to directors of the entity and their associates

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

Current quarter \$A'000
(266)
-

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

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
(2,595)
-

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

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (see below)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
10,000	-
-	-
-	-

- 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	(83,833)
9.3	Advertising and marketing	(3,721)
9.4	Leased assets	(267)
9.5	Staff costs	(3,318)
9.6	Administration and corporate costs	(908)
9.7	Other (finance & income tax costs)	(1,007)
9.8	Total estimated cash outflows	(93,054)

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: 23 April 2018

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.