

2018 ANNUAL GENERAL MEETING

16 November 2018

Chairman's address

SLIDE 3: Chairman's address

Year in review

I will begin with some highlights of our FY18 performance together with some comments on trading conditions during the start of FY19, before passing over to Ruslan Kogan, Founder & CEO, for a more detailed review and an outline of your company's strategy.

During the year, the Company continued with its long-term strategy of not only growing our existing portfolio, but of launching new verticals and expanding our product range. Our goal is to make the most in-demand products and services more affordable for all Australians.

During FY18, the Company launched five New Verticals: a full suite of insurance products under the Kogan Insurance umbrella has been achieved by adding Kogan Health, Kogan Pet & Kogan Life. We have also launched Kogan Internet.

So far in FY19, we have also announced a new brand, Kogan Money, with Kogan Money Home Loans and Kogan Money Super set to launch during the current financial year.

Additionally, Kogan Mobile New Zealand will launch during FY19 and you can now find a comprehensive range of Kogan whitegoods for sale on our sites.

Also, for the first time in our nearly 13 year history, customers in Queensland and Western Australia will be able to get many of their Christmas purchases delivered faster and more efficiently from a local distribution center.

These are all exciting opportunities that demonstrate the reach and leverage of the Kogan brand in bringing great value products and services to the Australian market.

SLIDE 4: FY18 Results

Kogan.com delivered a strong result in FY18, with:

- Revenue of \$412.3 million, up 42.4% on FY17;
- EBITDA of \$26.0 million, up 108% on the FY17 Pro Forma EBITDA; and
- NPAT of \$14.1 million, up 110.4% on FY17 Pro Forma NPAT.

These strong results reflect the commitment of the Kogan.com team to the Company's strategy and, of course, the fantastic customer offerings we bring to market.

Further, your company ended the year with a strong balance sheet including \$42.6 million in cash and an undrawn debt facility.

Following the strong results in FY18, the Board was pleased to declare total dividends of 13 cents per share for 2018, fully franked.

Strategic opportunities

As a Board, we have confidence in our long-term strategy and see opportunities for growth in our Exclusive Brands and Partner Brands Product Divisions and our expanding portfolio of businesses. As I mentioned earlier, FY19 will see the launch of Kogan Mobile New Zealand, Kogan Money Home Loans and Kogan Money Super. These new partnerships will strengthen and complement our existing portfolio of businesses. Ruslan will discuss these opportunities further in his review.

The New Verticals launched in FY18 were predominantly in the second half of the financial year and we expect them to scale in FY19 and beyond.

Additionally, we continue to on-board new and market-leading brands to our Partner Brands Product Division, as well as broadening and deepening our Exclusive Brands product range and we see significant opportunities for growth in each of these Product Divisions.

In relation to our Global Brands Product Division, we have seen a recent significant decline in sales which has been driven by rampant GST fraud following changes to the GST regime, subdued sales of the new iPhone models recently launched and weakening of the Australian dollar. The current trading environment sees many foreign websites undertaking GST fraud — that is to say that they are simply avoiding collecting the GST. These fraudsters are not even bothering to hide — they are widely and openly advertising on some of the biggest marketing platforms in the country.

Our team is communicating with the relevant authorities. However, we cannot be sure how the trading conditions for our Global Brands division will evolve. If these tax evaders are brought to compliance by the Australian authorities, we would anticipate better trading conditions for our Global Brands division. Until that time though, our Global Brands division has continued to decline month-by-month as GST avoidance accelerates and more foreign websites are emboldened to break the law. This is something which will be discussed further in our trading update.

We are committed to delivering on our long-term strategy of building a portfolio of businesses. We are a resilient enterprise, able to withstand any challenging conditions in any particular division. Our team is agile, and we are implementing strategies to limit the impact of the changing trading conditions. These strategies have contributed to a much stronger trading result in October compared with the prior month. Our divisions of Exclusive Brands, Partner Brands and Kogan Mobile continue to show strong growth as Ruslan will detail later, and gross margin has also improved in the month.

Our People

The Board recognises the performance of the Group depends on the calibre and motivation of its team members. We are fortunate to have a great team of committed and talented people, who bring our business strategy to life each and every day across all areas of the business. I would like to recognise the commitment and contribution of the entire Kogan.com team, and thank them on behalf of the Board.

In order to continue to deliver on our strategy, Kogan.com needs to appropriately attract, reward and retain team members at all levels of the business and, with that in mind, the Board has put in place long term incentive arrangements for key members of the Kogan management team — other than the directors.

Conclusion

In conclusion, we recognise the recent challenges for our company and for our shareholders and, as a Board, we are focussed on delivering long term value to shareholders. We see a bright future ahead for your Company, as its key divisions continue to grow nicely, while new verticals present abounding opportunities. As mentioned, more discussion on current performance will follow in Ruslan's presentation.

Finally, I would like to add that now the Company is included in the ASX300 index, we anticipate appointing a fifth director, and third independent director, during this financial year.

I would now like to invite Ruslan Kogan, Founder and CEO of Kogan.com, to address the meeting and provide a more comprehensive review of the business during the 2018 financial year, and an update on trading for the start of FY19.

CEO's presentation

SLIDE 5: CEO's presentation

Thanks, Chairman.

I am delighted to address fellow shareholders at our 2018 Annual General Meeting. We are grateful for the continued support from our shareholders and appreciate you taking the time today.

Since we met at last year's AGM, the Kogan.com team has been working tirelessly to implement our long-term strategy. We now operate in more industries than ever, with a compelling offering in each sector. We continue to invest in the Kogan brand to drive our growing portfolio of businesses to improve our value proposition. As Greg mentioned, our goal is to make the most in-demand products and services more affordable for all Australians.

We were proud to deliver strong results for FY18 and I would like to take this opportunity to run you through our FY18 performance before providing a current trading update for FY19.

SLIDE 6: Strategy driven results

FY18 saw the ongoing implementation of our strategy to grow the Kogan brand, launch New Verticals, on-board new Partner Brands, and invest in inventory in Exclusive Brands.

This strategy led to year-on-year revenue growth of 42.4% to \$412.3 million and EBITDA of \$26.0 million.

The FY18 highlights include:

- accelerating growth in Active Customers, growing 45.3% year-on-year in FY18 to 1,388,000 Active Customers at the end of the financial year;
- achieving strong growth from key initiatives like Kogan Mobile and investments in marketing & inventory;
- the launch of 5 New Verticals — Kogan Insurance, Kogan Health, Kogan Pet, Kogan Life and Kogan Internet; and
- the announcement of Kogan Mobile New Zealand, due to launch in FY19.

We endeavour to exceed customer expectations and delight our community. We are obsessed with delivering value to our loyal Kogan.com customers.

SLIDE 7: Growth drivers

There were a range of key drivers of financial performance in FY18.

Firstly, in line with our long term strategy, we expanded our product offering. FY18 saw us continue to invest in inventory of new and in-demand products across our Product Divisions. Our Partner Brands Product Division onboarded new market-leading brands, with more to come. In FY18, our Partner Brands Product division became a larger contributor to gross profit than the Global Brands Product Division, in which we direct import brands from distributors overseas.

Our Exclusive Brands Product Division, right at the core of our business, remains the largest contributor to gross profit, representing 44.2% of overall gross profit in FY18.

Kogan.com has over 12 years' experience in private label manufacturing and supply chain optimisation. Our Exclusive Brands continue to demonstrate strong growth, as we continue to service strong consumer demand across a wide array of categories.

Secondly, we continued to invest in our brand, growing Active Customers by 45.3% year on year, with more than 1.3 million people transacting through our retail websites during the year. The Kogan.com brand has evolved to become a Portfolio of products and services businesses serving the Kogan Community.

Most importantly, we are growing our customer-base because our customers are happy, and they in turn become promoters of our brand. This is demonstrated by our Net Promoter Score, which has remained consistently high.

Thirdly, we continued to explore opportunities for future growth in our portfolio, launching five New Verticals and announcing Kogan Mobile New Zealand, set to launch during FY19.

These verticals are in line with our win-win-win philosophy. They are a win for our customers through competitive market-leading offers. They are a win for our partners by providing an effective and efficient customer acquisition channel. And they are a win for our business, enabling us to scale our offering and leverage our brand to provide incredible offers to our customers.

Kogan Mobile is a fantastic example of the potential of our portfolio strategy. Kogan Mobile, which launched during October 2015, represented 14.9% of overall gross profit in FY18 and achieved gross profit of \$12 million. So, less than three years since launch, Kogan Mobile has grown to around 2% of the mobile-phone market in Australia, and we continue to have high expectations for the future.

We are extremely excited about our New Verticals and the opportunities they present for our customers, our partners and our business. The New Verticals launched in FY18 were mostly launched in the second half of the financial year. We expect them to scale in FY19 and beyond.

SLIDE 8: Portfolio strategy

At Kogan.com we believe it is our duty to our customers to continuously bring better and better value across a broader range of products and services. We are continually evolving as a business to respond to the demands of our customers and to strengthen our competitive advantage in the market.

With that in mind, FY19 will see the launch of more New Verticals. In June 2018, we announced a new partnership with Vodafone New Zealand Limited, that will see Kogan.com offering telecommunications services in New Zealand. Kogan Mobile New Zealand will enable Kogan.com to bring market-leading telecommunications offers to New Zealand consumers in partnership with the largest mobile network operator in New Zealand. This is expected to launch before the end of the current financial year.

We also recently announced a new brand, Kogan Money, which will offer a suite of financial products. Kogan Money will focus on simplifying financial services for all Australians and making them more affordable through digital efficiency. The first of these financial products will be Kogan Money Home Loans, in partnership with Adelaide Bank and Pepper Group Limited, set to launch during FY19. Kogan Money Home Loans will offer competitively priced home loans to Australian homeowners and

investors. Just last week, we announced Kogan Super in partnership with Mercer. Kogan Super will offer a no frills, ultra-low fee Australian superannuation fund and be one of Australia's best value superannuation options.

We continue to explore opportunities for future growth in our Portfolio. We see more opportunities ahead. We are 100% focussed on giving our Kogan Community access to products and services that are in high demand *and* where we can deliver value better and more efficiently than anyone else.

SLIDE 9: Portfolio business - market

Our growing portfolio of businesses provides opportunities for growth, as you can see from the market size data. We are proud to partner with industry leading providers for New Verticals and continue to bring more compelling offerings to the Kogan Community. We have achieved more than 1% market share in Kogan Retail and Kogan Mobile.

As you can see on this slide, the markets we are entering are massive markets — from fixed-line internet, to various insurance types, to New Zealand's telco market, to the financial services industry. In each market entry, we are leveraging our brand, our data, and our marketing engine to chase market share. Given that we are leveraging our existing assets to enter these markets, we believe that each market entry offers an asymmetric economic opportunity for the Kogan business. Should any one of these new verticals attain 1% or 2% market share, we believe that the economic benefit to Kogan will be significant.

In each case, Kogan.com aims to offer market leading deals by using our marketing engine to drive efficient customer acquisition and pass the savings on to our customers in the form of a compelling offer. We have partnered with tier one institutions to offer a budget no frills service in each category, and we believe that our consumer offering stacks up as extremely compelling.

SLIDE 10: Some recent awards

We were proud to be recognised at the Australia Post ORIAS, winning the People's Choice Award for Australia's favourite online retailer, for a second consecutive year. This type of award means a lot to us because it's voted by the Australian public. Over 1,100 retailers were up for the award, over 240,000 Aussies voted and Kogan.com took out the prestigious award for the second year in a row.

In addition, our Exclusive Brands products continue to be recognised by Canstar with Kogan TVs winning the 2018 Value for Money Award and Kogan Steam Mops winning the 2017 Most Satisfied Customers Award.

SLIDE 11: Current trading - revenue & margin

I would now like to turn to our current trading in FY19.

The Kogan Community of loyal and savvy customers continues to grow, with Active Customers at 31 October 2018 in excess of 1.4 million. This represents year on year growth of 37.9%.

As Greg mentioned earlier, we see significant opportunities in our Exclusive Brands and Partner Brands Product Divisions, in addition to our New Verticals.

We have been experiencing challenging market conditions in our Global Brands Product Division, which is generally our lowest gross margin Product Division, and which represented 18.3% of our Gross Profit in FY18. We have seen a decline in revenue from this Product Division, with revenue down by 27.4% year on year in the quarter to September and the situation further deteriorated in October, with sales in Global Brands down 48.4% in October 2018 compared to October 2017.

Notwithstanding the challenges to our Global Brands Product Division, we have achieved significant year on year growth in our higher gross margin Product Divisions.

The Partner Brands Product Division, which represented 20.5% of our GP in FY18, was up 73% in the first quarter of FY19 and accelerated to 84.1% year on year growth for October.

Our Exclusive Brands Product Division which represented 44.2% of our GP in FY18 achieved year on year growth of 15.7% in the first quarter of FY19 and an acceleration to 38% in October, following receipt of much of our pre-Christmas inventory.

Gross Margin during the September quarter declined year-on-year, but October saw an improvement in Gross Margin to levels above last financial year, and significantly above the September quarter.

We are now in the peak Christmas trading period — a time of year that our teams prepare for months in advance. Our warehouses in Melbourne, Sydney, Brisbane and Perth are fully stocked up with in-demand products, and we are looking forward to helping millions of Australians find the perfect gifts for their family and friends without breaking the bank. We now have a wider logistics footprint and we'll be able to service more customers faster and more efficiently than ever before.

SLIDE 12: Current trading - New Verticals

Turning to our New Verticals, Kogan Mobile Australia Active Customers continue to grow each quarter. This growth is reflective of the strength of the Kogan brand, and our strong commercial relationship with Vodafone. We are excited to strengthen our value proposition further with the addition of global roaming, expected to launch this year.

During the second half of FY18 we launched Kogan Internet, also in partnership with Vodafone. This New Vertical is progressively growing and we expect it to scale during FY19 and beyond as the NBN rollout continues.

Kogan Insurance includes the new insurance verticals launched during the second half of FY18 — Kogan Health, Kogan Pet & Kogan Life, as well as the general insurance offering. We are seeing organic growth in this New Vertical and we remain focussed on working with our partners in Kogan Insurance to implement strategies to accelerate growth.

SLIDE 13: Current trading - overheads

We take our responsibilities to keep costs low, seriously. So far in FY19, we have seen overhead growth exceed that of revenue. The increase in overheads has been driven by a few key factors, which we are addressing.

Marketing costs increased in excess of the growth in revenue largely as a result of a decline in competitiveness of our Global Brands product offering, due to the GST fraud from foreign websites that was discussed earlier. The Company is taking steps to improve the ROI on marketing and ensure we are not wasting valuable resources on marketing products where we are hamstrung from competing due to foreign tax evaders.

Variable costs also increased significantly year on year in the September quarter, as the business expanded its warehouse footprint. Growth of these costs has reduced to more comfortable levels in October. The expansion of our warehouse footprint will allow us to better serve customers around Australia, offering a larger range of products and faster shipping. It was important to the business that these new facilities be in place and operating prior to the peak Christmas trading period.

People costs & Other costs have also grown above revenue growth. The Company is reviewing certain areas where expenditure could be reduced, or better served in another area. We work as a team at Kogan.com, with talented and capable team members willing to go above and beyond to support the business. Given the challenging conditions in the Global Brands Product Division, we may look to re-assign staff to support our growing business divisions.

Finally, with the Australian dollar declining, the business has around \$0.8 million of in-the-money forward contracts as at the end of October. While this indicates a positive P&L impact, it is not reflected in the above data or commentary.

There's no doubt that the GST fraud environment is somewhat of a challenge for our Global Brands Product Division. For the last 12.5 years while I've been living and breathing this business, we have faced many challenges — everything from an SAP implementation that nearly ground operations to a halt, to banks giving us a very hard time before we had a strong balance sheet like we do today. We have an incredibly dedicated and innovative team and thanks to them each time this business has faced a challenge, we conquered it and came out the other end a stronger and better and more resilient business. As October results indicate, we are progressively re-aligning the certain areas of the business to respond to the changing environment, and seeing early positive indications in the October results.

On that note, I would like to echo Greg's sentiment and thank the incredibly hard working and dedicated team we have at Kogan.com. What we have been able to achieve and are currently achieving would not be possible without their relentless pursuit for excellence and dedication to our customers. It's this dedication to delight our customers while focusing on digital efficiency and innovation that makes this business possible. Several of our senior team are here today and we look forward to chatting to you informally after the meeting.

Thank you.