

ASX Announcement

18 April 2019

Kogan.com Business Update

Kogan.com Limited (the Company; Kogan.com; ASX:KGN) is pleased to advise that the business generated strong earnings growth in the March quarter, while the team continued to lay the foundation for future growth.

Kogan.com Founder & CEO, Ruslan Kogan, said the team delivered a positive start to the calendar year:

“Our team has delivered a solid quarter of earnings growth, and continued to make in-demand products and services more affordable and accessible, all while launching Kogan Marketplace, and undertaking the preparatory work to launch key upcoming new verticals.

“Customer demand for better deals will soon be satisfied with Kogan Credit Cards, Kogan Super, and Kogan Mobile New Zealand. We are also announcing for the first time today, the signing of new verticals in Kogan Energy Compare and Kogan Cars.

“The millions of Aussies that visit Kogan.com every month continue to benefit from our ongoing investments in our platform and nationwide logistics capability that enhances the user experience across our portfolio of businesses.

“The Kogan.com team is building an innovative, efficient, agile and resilient business. We are extremely proud of our ability to help Aussies get the most in-demand products and services for less. We are obsessed about delivering our customers better value, and we look forward to the key end-of-financial-year trading period with confidence in our team, and our business strategy.”

The Company provides the following business update which, where applicable, is based on unaudited management accounts:

- Kogan.com achieved 23.4% year-on-year Active Customer growth. The Company had Active Customers of 1,589,000 as at 31 March 2019 (compared with 1,288,000 as at 31 March 2018).
- Kogan Mobile active customers grew 40.6% year-on-year, as at 31 March 2019. The March quarter represented a period of strong revenue growth year-on-year.
- Kogan Internet, which is less than one year old, grew active customers by 78.7% quarter-on-quarter, as at 31 March 2019, after a strong quarter of promotional activity driving accelerating customer growth. While the NBN market remains challenging, the Company is focussed on growing the active customer base, rather than growing revenues.

- Kogan Insurance revenue for 3QFY19 grew by 73.6% year-on-year. The Company has worked with its partners in Kogan Insurance to accelerate growth. This has led to the complete Kogan-branding of the Car, Home and Contents Insurance offerings. Previously the post-purchase experience in these insurance divisions was predominantly branded with the underwriter's brand. In Kogan Health Insurance, the offer is now co-branded (with the AHM brand) during the pre-purchase user flow (whereas previously the pre-purchase experience was Kogan-branded).
- The Company has arranged an insurance policy through a Syndicate Underwriter at Lloyd's of London to insure its financial exposure under extended care policies sold since July 2018. As a result, there is a positive P&L impact in respect of the period between July to December 2018 of \$0.7 million which was booked in March 2019 (Prior Period Positive Impact). The Company will also earn commissions from the sale of extended care policies on an ongoing basis. The new arrangement enables the Company to streamline its extended care offering and provide an enhanced customer experience while also covering its financial exposure.
- The Company has launched Kogan Energy Compare, which reflects its initial entry into the energy market, via the launch of an energy comparison tool enabling customers to simply upload an existing bill to see if any savings are available. From today, a beta-version of the tool is available at the Company's websites. The Company earns commissions under the arrangement. The Company also intends to continue its exploration of a Kogan-branded energy offering in parallel.
- The Company and Eclix Group Limited (Eclix Group; ASX:ECX) have entered into a new partnership to launch and operate an innovative new service: Kogan Cars. Kogan Cars will secure new cars at competitive prices from dealers across Australia while also enabling customers to trade-in cars from a wide range of makes and models. Kogan will receive fees from Eclix Group under the arrangement. Further details will be announced closer to the launch of Kogan Cars, which is expected to occur prior to the end of the financial year.
- The Company has launched a membership subscription service - Kogan First - which allows customers to subscribe for unlimited free shipping on a wide selection of items. The membership also entitles subscribers to several additional benefits.

Comparing unaudited management accounts of 3QFY19 against those of the prior corresponding period (3QFY18):

- **Gross Transaction Value growth** was 17.5% (this includes the transaction values of Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance and Kogan Travel, in addition to Kogan Retail).
- **Revenue growth** was 9.5% (and 8.8% after removing the Prior Period Positive Impact).
- **Gross profit growth** was 28.4% (and 24.5% after removing the Prior Period Positive Impact).
- **Operating costs** grew by 4.4% (Marketing Costs, Variable Costs, Other Costs & People Costs).
- **EBITDA growth** was 96.4% (and 81.7% after removing the Prior Period Positive Impact). This implies that, in relation to the financial performance of the business in the nine months of the financial year to 31 March 2019, EBITDA is more than 15% higher than the prior corresponding period.

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For further information please contact:

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About Kogan.com

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