

2019 ANNUAL GENERAL MEETING

19 November 2019

Chairman's address

SLIDE 3: Chairman's address

Year in review

I will commence with some highlights of financial year 2019, of which there are many. Following this I will pass over to Ruslan Kogan, Founder, CEO & Executive Director, for a more detailed review and outline of your company's strategy, together with some comments on our start to the new financial year and recent October trading.

The 2019 financial year results show the execution of a clear strategy, an agile and committed team and best-in-market consumer offerings.

I applaud our executive leadership and management team for their laser-like attention and rapid execution in recognising and overcoming hurdles and in exploring new opportunities.

The company accelerated growth of the Exclusive Brands Product Division, achieving 41.6% growth in revenue on FY18 and Kogan Mobile grew commission-based revenue by 9.8% year-on-year. Our logistics footprint expanded to 13 distribution centres to enable us to deliver goods faster and cheaper to our customers. Our business further diversified with the launch of Kogan Money Homes Loans and Kogan Cars, both of which continued our partnerships strategy with industry leaders.

The launch of Kogan Marketplace in financial year 2019 is proving transformational for your company as it will allow the business to move to a more capital-light model, as a greater proportion of Gross Sales are not reliant on inventory. The overwhelmingly positive feedback we have received from customers and sellers confirms we have found another way to deliver incredible value while expanding Kogan.com's portfolio of business divisions with best-in-market offers. Kogan Marketplace is a huge win for everyone - it creates more competition on our platform driving prices down for our customers and giving them much more choice, it helps grow Australian and International businesses that sell through our platform and it makes our company much stronger.

The year ahead is certainly proving to be very exciting as we continue our mission of making the most in-demand products and services more affordable and accessible.

SLIDE 4: FY19 Results

Kogan.com delivered a strong result in FY19, with:

- Gross Sales of 551.8 million, up 12.0% on FY18;
- EBITDA of \$30.1 million, up 15.6% on FY18; and
- NPAT of \$17.2 million, up 21.9% on FY18.

Further, your company ended the year with a strong balance sheet including \$27.5 million in cash and an undrawn \$30.0 million debt facility.

Following the strong results in financial year 2019, the Board was pleased to declare total dividends of 14.3 cents per share fully franked, in respect of 2019.

Strategic opportunities

As a Board we continue to see opportunity for growth in our Exclusive Brands Product Division, Kogan Marketplace and our expanding portfolio of businesses.

I am pleased and excited to reflect on the months post 30 June 2019 which also saw us launch four exciting New Verticals:

- Kogan Super;
- Kogan Credit Cards;
- Kogan Mobile New Zealand; and
- Kogan Energy.

All were ahead of schedule and Ruslan will discuss these New Verticals further in his review.

From a Board perspective, we are confident in our business strategy and see significant opportunity for growth in the large markets we have entered with compelling consumer offers.

FY19 also saw the appointment of a new Independent, Non-Executive Director to our Board, Mr Michael Hirschowitz. We are delighted to have Michael join our Board as he brings with him extensive experience from his previous retail roles where he was instrumental in the development and execution of whole-of-business strategy in retail settings. Mr Hirschowitz also serves as a member of the Remuneration and Nomination Committee and is a member of the Audit and Risk Management Committee.

Our People

Our team at Kogan.com work tirelessly to ensure our customers are getting truly incredible offers on the products and services they need most. Our team is committed to the long-term strategy of the business. The Board has maintained the long-term incentive arrangement for key members of the Kogan management team (other than the Executive Directors) to attract, reward and retain key team members at various levels of the business.

On behalf of the Board, I would like to thank each and every one of our amazing team members for their hard work and contribution throughout the year.

Conclusion

I would now like to invite Ruslan Kogan, Founder, CEO & Executive Director of Kogan.com, to address the meeting and provide a more comprehensive review of the business during the 2019 financial year, and an update on trading for the start of financial year 2020.

CEO's presentation

SLIDE 5: CEO's presentation

Thanks, Chairman.

I am delighted to address fellow shareholders at our 2019 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 continued to delight our customers with an incredible digital experience that delivers value across many of the most important consumer industries.

We have continued to deliver strong growth in the business while we invest in the future and our long-term strategy. We have made significant advancements in our mission to make the most in-demand products and services more affordable and accessible.

We are proud to have achieved solid growth in FY19 on what was a very strong financial year 2018 and continue to produce solid results for our shareholders. I will take this opportunity to discuss our FY19 financial highlights and provide you with a current trading update for FY20.

SLIDE 6: Financial highlights

With the ongoing implementation of our long-term strategy, we achieved an improved Gross Margin of 20.7% and EBITDA of \$30.1 million representing growth of 15.6% on FY18. This was driven by our Exclusive Brands division and our New Verticals, in addition to expanding our logistics network and improving the efficiency of our marketing spend through the invention of a proprietary algorithmic digital marketing platform.

The year had many highlights, some of which include:

- Gross Sales exceeding half a billion dollars for the first time ever;
- Double digit growth of Gross Sales (12.0%), Gross Profit (12.5%) and EBITDA (15.6%) on the prior year;
- Growth of Active Customers of 15.9% on FY18;
- Accelerated growth of our Exclusive Brands Product Division, achieving growth year-on-year of 41.6%;
- Expanding our warehousing footprint to 13 locations, providing faster and cheaper fulfillment to our customers;
- Achieving strong growth of Kogan Mobile, Kogan Internet and Kogan Insurance;
- The launch of Kogan Marketplace, Kogan Home Loans and Kogan Cars;
- The announcement of Kogan Super, Kogan Credit Cards, Kogan Mobile New Zealand and Kogan Energy - all of which went on to be launched in the first few months of FY20.

These key highlights are the result of the Kogan.com team's customer focused approach to meticulous planning and execution.

SLIDE 7: Who we are

We are a customer obsessed eCommerce company that strives to deliver better value for our customers across the products and services they use most often.

In the twelve months of FY19, more than 1.6 million people transacted with our retail websites. While this is a great number and one of the most impressive in the industry, our business represents only around 2% of Australian online retail trade.

During FY19, we also launched our loyalty program called Kogan First. While it's early days, we've seen impressive growth in Kogan First members who are shopping with us more frequently and more extensively.

FY20 has already seen us launch Kogan Super, Kogan Credit Cards, Kogan Mobile New Zealand and Kogan Energy ahead of schedule. We're continually evolving the business to respond to the demands of our customers and to strengthen our competitive advantage. We're just getting started.

SLIDE 8: Exclusive Brands strategy

Our Exclusive Brands Product Division continues to be a stand-out with 41.6% year-on-year revenue growth off a strong base in the prior year, where we delivered 39.6% growth. In the first quarter of FY20, we also went on to deliver more than 35% growth on prior year in Exclusive Brands.

With over 13 years' experience, we have built a loyal customer base that recognises the quality and value of our Exclusive Brands. It is this strong value proposition that enables us to continue to invest in and expand our range, which we did this year -- including into new core categories such as whitegoods and built-in kitchen appliances.

As you know, we make data driven decisions backed by existing demand metrics to determine how we deploy capital on inventory. Our Exclusive Brands Product Division is all about data driven radical efficiency and passing those savings on to our customers. Our vertically integrated supply chain is the most efficient way to get a product from the point of manufacture into the customer's hands.

SLIDE 9: Kogan Marketplace

Kogan Marketplace was launched during the second half of FY19. Marketplace allows Third-Party sellers to offer their products for sale on the Kogan.com platform.

The launch and growth of Kogan Marketplace enables us to boost competition on our platform which results in lower prices and more choice for our customers.

The rapid growth of Kogan Marketplace continued during Q1 of FY20, where we achieved Gross Sales of around double the first full quarter of operations. October 2019 also saw another solid month from Kogan Marketplace, with \$9.0 million of Gross Sales delivered last month.

The Kogan.com team is currently working to integrate Kogan Marketplace with popular eCommerce platforms such as Shopify, which we expect will accelerate onboarding of Marketplace sellers.

SLIDE 10: Portfolio Business - Market

Our expanding portfolio of businesses provides huge opportunities for growth, as you can see from the market size data. We are proud to be partnered with industry leading providers for our New Verticals and to be able to bring an ever-expanding portfolio of compelling offerings to the Kogan Community.

This page also illustrates the ongoing potential for diversification of our income. For each New Vertical, Kogan.com provides the marketing, branding and customer acquisition, while our tier-1 partners provide most of the underlying service. This set-up leverages our strengths and those of our partners to benefit our customers. We are leveraging our brand and business assets to form these partnerships, which in-turn allows us to present our customers with great value offers in a wide-array of services.

SLIDE 11: Some recent awards

During the year we won a number of prestigious awards.

One of our proudest moments would have to be securing a three-peat of the Peoples' Choice Award at the Australia Post Online Retail Industry Awards. This award is the most prestigious award in Australian online retail and reinforces the fact that our team is delivering what our customers want - great products and services at jaw-dropping prices. What makes this award extra special is that it is voted on by the Australian public - for us, that's the only vote that matters. There's no vote more important than the vote of our customers. More than 1,350 retailers were considered for this award and over 285,000 Aussies voted.

The recognition received for offers in many of our New Verticals -- as some of the most compelling deals in the market -- also reinforces the success of our strategy.

SLIDE 12: Current trading - November update

Turning now to October trading. Based on unaudited management accounts, we are happy to have delivered another month of strong year-on-year growth in Gross Sales and Gross Profit, while continuing our focus on running an efficient company with a low cost of doing business. Gross Sales in October grew more than 18%, Gross Profit grew more than 22% and Operating Costs were lower this October than last October. Active Customers grew more than 13% year-on-year as at the end of October.

While the first 4 months of the financial year are exhibiting strong growth metrics, we know that the business end of the year is ahead of us with the Christmas trading period of November and December. These are usually the most important trading months of the year for us.

Finally, 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 of 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 with you informally after the meeting.

I will now hand back to our Chairman for the formal business of today.

Thank you.