

ASX ANNOUNCEMENT

20 April 2020

Kogan.com Business Update **Record post-IPO monthly growth in Active Customers in March**

Kogan.com Limited (the Company; Kogan.com; ASX: KGN) is pleased to advise that the business generated strong Gross Sales and Gross Profit growth in the March quarter, whilst successfully navigating through the significant disruptions of the COVID-19 pandemic and other operational matters to ensure the continuity of high standards of service to the Kogan Community.

March saw record growth of the Kogan.com Community with the largest monthly increase in Active Customers since our IPO.

3QFY20 Highlights

- **Active Customers at period end** was 1,809,000, following strategic increase in Marketing
- **Gross Sales** grew by more than 30% (March Gross Sales grew more than 50%)
- **Gross Profit** grew by more than 23% (March Gross Profit grew more than 50%)
- **Cash at period end** was \$47.8m (debt facility drawn to \$26.0m)

Kogan.com Founder & CEO, Ruslan Kogan, said:

"I am extremely proud of the way our team has risen to the challenge of the current environment. Even more so, I am proud that the portfolio of businesses our team has created over the years has made us so resilient and foundationally strong.

Over the past month we have taken all measures necessary to ensure our team is safe, including being one of the first companies in Australia to switch to a 'work from home' model. We have done this while continuing to serve our loyal Kogan.com Community to high standards.

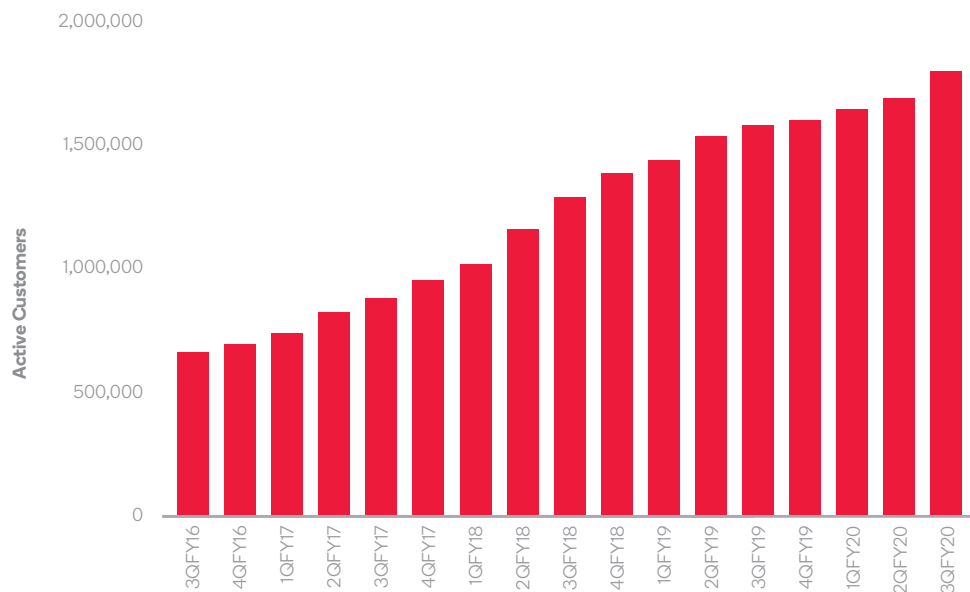
Over the past 14 years we have built a portfolio of businesses with world-leading supply chains. This ranges from contract manufacturers in China, to traders in global markets from the USA to Europe, to partners in Australia and New Zealand, and marketplace sellers from around the world. We have a rapid fulfillment and logistics capability that has allowed us to support our community during the COVID-19 pandemic with fast delivery of essential items. We have cloud-based systems that allow us to achieve full productivity while working from home. Most importantly, we have a motivated and committed team, who include some of the brightest minds in Australian eCommerce.

As a result of these long-cultivated elements of our business, we have been able to delight our customers and respond positively to these new circumstances. In March, we achieved the largest monthly increase in Active Customers since our IPO.

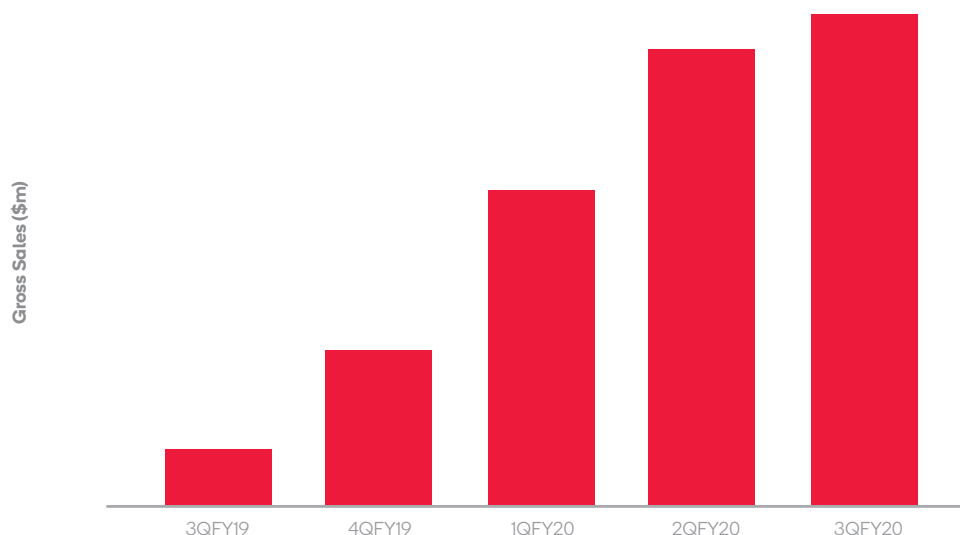
Our team stands ready to assist and to delight our customers and community during a time when they need us most, and we hope that the service that you have received — especially in the last month or so — has helped your lives in some small way."

The Company provides the following business update which, where applicable, is based on unaudited management accounts for 3QFY20. Unless otherwise stated, the update compares the 3QFY20 accounts to those of the prior corresponding period (3QFY19):

- Kogan.com grew Active Customers by more than 13% year-on-year to 1,809,000 as at 31 March 2020, with an incremental 62,000 Active Customers in the month of March, reflecting the largest monthly increase in Active Customers since IPO.



- Gross Sales grew by more than 30% (March Gross Sales grew more than 50%).
- Revenue grew by more than 6% (March Revenue grew more than 19%).
- Gross Profit grew by more than 23% (March Gross Profit grew more than 50%).
- Kogan Marketplace Gross Sales in 3QFY20 grew by more than 7% above the prior December (Christmas) quarter (2QFY20). March 2020 Gross Sales grew by more than 69% above February 2020 Gross Sales.



- The pipeline for new sellers on the Kogan Marketplace remains strong and continues to grow even as we onboard sellers at the fastest pace yet. The number of new sellers currently in the integration phase, which are yet to go live, is more than 50% of the number of current active sellers. The number of current active enquiries from potential new sellers is more than three times the number of sellers that are currently active. The Company continues to invest in building its proprietary marketplace platform to enable more automation and self-service for sellers, in order to automate and expedite onboarding and integration.
- Overall Operating Costs (Marketing Costs, Variable Costs, People Costs and Other Costs) grew by more than 37% as the Company strategically increased its marketing activities in order to grow Active Customers. The significant strategic investment to grow our brand and Active Customers is expected to have ongoing long term benefit to our business. The Company expects marketing efficiency to improve rapidly as the Company collects, and acts on, more data from its broader marketing strategy.
- Adjusted EBITDA grew by more than 4%.
- Inventories were \$79.3m as at 31 March 2020, comprising \$63.8m inventory in warehouse and \$15.5m inventory in transit. Trade and Other Payables were \$44.0m. Cash was \$47.8m (with the debt facility drawn to \$26.0m).
- The March quarter included impacts of the COVID-19 pandemic and associated Government policy. This caused significant and varied disruptions to business operations, all of which were managed by Kogan.com to ensure the continuity of high standards of service to customers:
 - Staff in Kogan.com's Shenzhen office commenced working from home after Chinese New Year holidays. The team re-commenced working from the office in mid-March.
 - Staff in Kogan.com's Melbourne office commenced working from home in mid-March, and the team are currently working from home as at the date of this Announcement.
 - Kogan.com team members have been granted a \$500 bonus to assist their families at this time.
 - Overseas call centres are operational, either through working from home arrangements, or through the establishment of new call centres in alternate locations.
 - Supply of Exclusive Brand products, and the reliability of international shipping, was disrupted in the period after Chinese New Year. Various sellers on the Kogan Marketplace also suffered disruption in this period. The Company responded by working with its suppliers and logistics partners to ensure Kogan.com customers would have ongoing supply of the most sought-after products, and by onboarding new sellers onto the Kogan Marketplace. Supply of Exclusive Brands from China has gradually restarted since the start of March and, in the period after the March quarter, orders of Exclusive Brand products have been largely delivered on time from contract manufacturers in China. The month of March saw the highest Kogan Marketplace Gross Sales on record.
 - One of Kogan.com's delivery partners was the subject of a cyber attack, resulting in the loss of tracking information for thousands of items in transit to Kogan.com customers, and various other operational issues. Kogan.com responded by diverting shipments to alternate delivery partners for the period of the disruption. No Kogan.com systems were compromised.

- A Kogan Travel supplier became insolvent during the period. Kogan.com responded by ensuring Kogan Travel customers were credited the full value of their travel purchase.
- Kogan Insurance has suspended sales of landlords insurance and travel insurance due to COVID-19 impacts.
- Certain products sold by the Company in New Zealand were temporarily suspended for short periods due to COVID-19 related Government policy changes.
- Prior to the conclusion of proceedings in the Company's defence of the matter brought by ACCC against the Company in relation to a promotion in June 2018, the Federal Court was closed. The Company agreed to conduct the balance of the proceeding by video conference to avoid further business disruption caused by the proceeding. The proceeding concluded in April and the Court reserved judgement.

Authorised for release by the Board of Kogan.com Limited.

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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, Kogan Travel, Kogan Money, Kogan Cars and Kogan Energy. 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.