

ASX ANNOUNCEMENT

20 January 2020

Kogan.com Business Update

Record half including highest Black Friday and Boxing Day sales

Kogan.com Limited (the Company; Kogan.com; ASX: KGN) is pleased to advise that the business surpassed last year's half yearly results to record the highest half of Gross Sales and Gross Profit on record. It was also the highest Black Friday and Boxing Day sales results in the history of the business. The Company's Exclusive Brands grew in Revenue and Gross Profit during the half, while Kogan Marketplace continued its strong growth trajectory. Recently launched Kogan Credit Cards, Kogan Energy and Kogan First are growing strongly.

During the key Christmas sales periods, more Australians than ever shopped at Kogan.com to save money on the most in-demand products and services.

1HFY20 HIGHLIGHTS

- **Gross Sales** grew by more than 16%
- **Gross Profit** grew by more than 9%
- **Operating Costs** declined marginally
- **Cash at period end** was \$34.1m with debt facility undrawn

Kogan.com Founder & CEO, Ruslan Kogan, said the team are delivering projects that delight customers and lay the foundation for future growth:

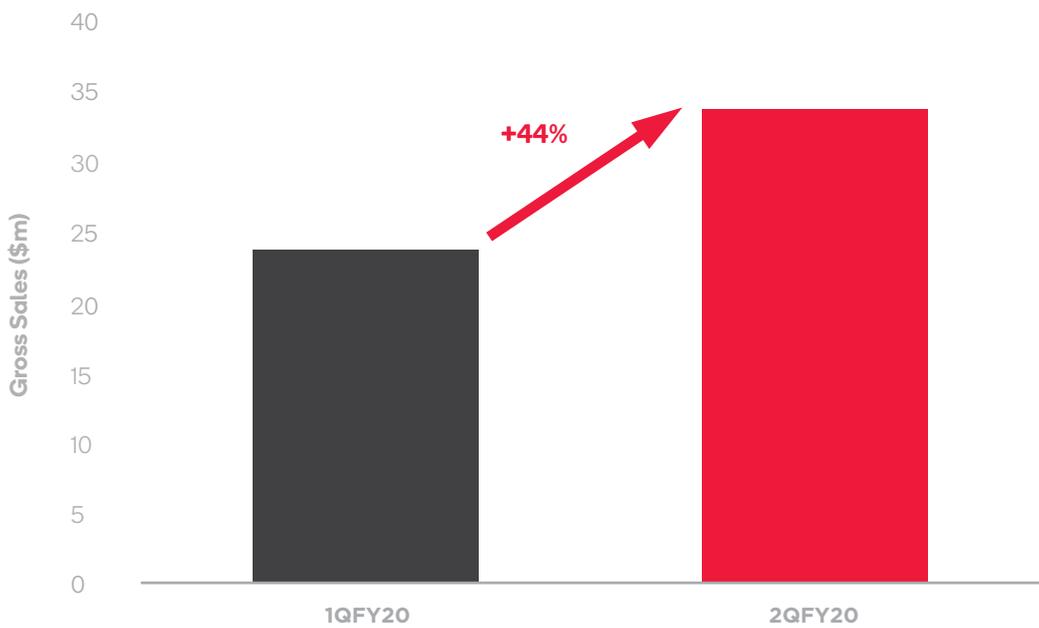
"We are proud to have delivered another record half in Gross Sales and Gross Profit, all while undertaking significant investments into the future of the business. The projects that we have rolled out in 2019 will pave the way for the business over the coming years — these include Kogan Marketplace, Kogan First, Kogan Credit Cards and Kogan Energy. We are investing into building strong customer relationships in these new divisions. We expect these divisions to delight our customers and drive loyalty over many years.

"As we introduce new sellers to the Kogan Marketplace, and rapidly grow that division, we are undergoing a period of transition to an e-Commerce company that is no longer constrained by inventory and is capable of infinite growth without additional capital. In the long term, this creates huge benefits to both our customers and our shareholders as we build one of the major e-Commerce marketplaces in Australia and New Zealand.

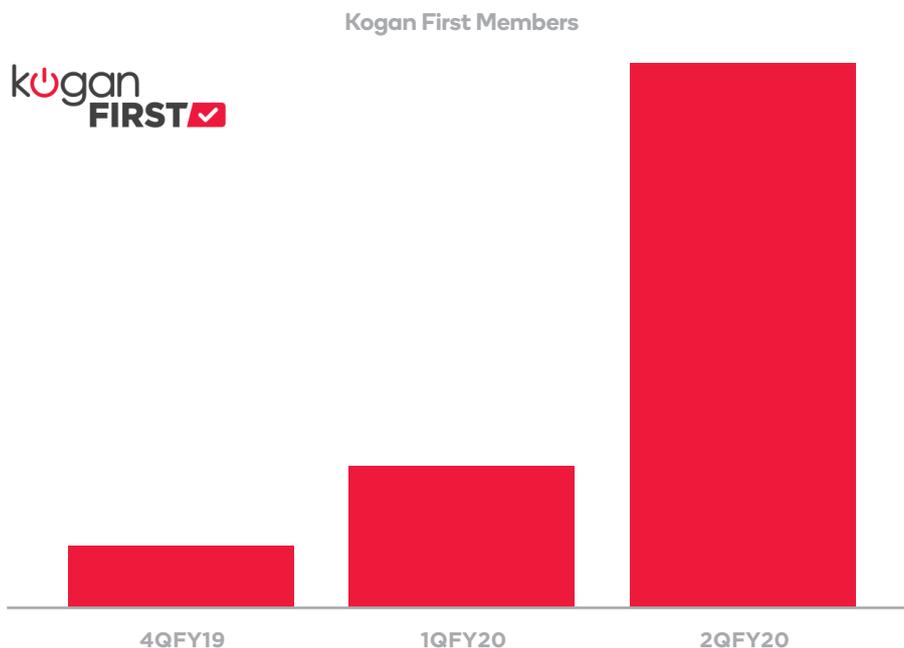
We're pleased to have shareholders and partners alike that support our strategy of investing in the long term future of our business. We're just at the very beginning of seeing the benefits from our major investments in warehousing and infrastructure for faster delivery, in Kogan Marketplace for greater product variety, Kogan First for rewarding loyal customers, and more. We're just getting started, and we look forward to delighting our customers with the benefits of these strategic investments for years to come."

The Company provides the following business update which, where applicable, is based on unaudited management accounts for 1HFY20. Unless otherwise stated, the update compares the 1HFY20 accounts to those of the prior corresponding period (1HFY19):

- Kogan.com grew Active Customers by more than 10% year-on-year to 1,699,000 as at 31 December 2019.
- Gross Sales grew by more than 16%.
- Gross Profit grew by more than 9%.
- Kogan Marketplace Gross Sales in 2QFY20 grew by more than 44% on the prior quarter:



- Kogan First grew rapidly through the period as the Company invested significantly in the program - offering free shipping, free upgrades to express shipping and exclusive discounts to Kogan First members. Kogan First members have received over \$1m of additional benefits from the program since inception:



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- Exclusive Brands grew by more than 17%.
- Third-Party Brands declined materially year-on-year due in part to the growth of Kogan Marketplace.
- Kogan Mobile Australia grew Active Customers more than 5% as at 31 December 2019.
- Kogan Internet grew Active Customers by more than 340% as at 31 December 2019.
- Kogan Insurance grew Revenue by more than 40%.
- Advertising income contributed more than \$2m to Gross Profit.
- Following launch during the half, Kogan Credit Cards and Kogan Energy are growing strongly.
- The Company's internally developed proprietary marketing system continues to deliver savings, enabling the year-on-year reduction in Marketing Costs of more than 25%.
- Overall Operating Costs (Marketing Costs, Variable Costs, People Costs and Other Costs) reduced year-on-year.
- There was an unrealised material foreign exchange loss on forward contracts outstanding as at 31 December 2019.
- Inventories were \$94.2m as at 31 December 2019, comprising \$81.1m inventory in warehouse and \$13.1m inventory in transit, and inventory turn improved on the prior half.
- Cash was \$34.1m as at 31 December 2019, and the Company's debt facility of \$30m was undrawn.

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

ENDS

For further information please contact:

relations@kogancorporate.com

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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.