

ASX ANNOUNCEMENT

21 April 2017

Kogan.com quarterly Cash Flow Statement and Trading Update

Kogan.com Limited (Kogan.com; ASX:KGN), Australia's leading pure-play online retail website, today released its Appendix 4C Cash Flow Statement for the quarter ending 31 March 2017 (3Q17).

The Company ended 3Q17 with cash of \$23.2m.

Assessing management accounts of performance in 3Q17, Kogan.com is pleased to advise:

- Strong trading momentum has continued in 3Q17 with the business exceeding revised management budgets and producing net operating cash flows of \$1.1m.
- As a result of this solid performance, the Company has delivered more than \$10m of Pro Forma Trading EBITDA in the nine months to 31 March 2017, and the Board now expects full year FY17 Pro Forma Trading EBITDA to be more than \$11.5m, an increase from previous guidance of between \$10.5-11.5m as outlined in the Company's half yearly results.
- The Company remains in a strong financial position as at 31 March 2017.
 - Cash of \$23.2m, and access to a \$10.0m bank facility that remains undrawn.
 - Inventory of \$40.2m, comprising \$30.8m of inventory on hand and \$9.4m of inventory in transit. This result further demonstrates that the investment in inventory made during 1H17 has put the business at a sustainable level to support future growth and is maintainable through operating cash flow, without any further significant investment.
 - Trade & Other payables decreased from \$28.3 million at 31 December 2016 to \$23.8 million at 31 March 2017.
- A maiden dividend of 3.9 cents per share was paid to shareholders on 24 March 2017. The Board's current intention is to pay a final dividend at the conclusion of the 2017 financial year, provided that the business continues to perform in line with expectations and that the capital requirements of the business allow for it. The Board will also look to implement a formal dividend policy at that time.

Kogan.com Founder & CEO Ruslan Kogan said the Company is pleased with the strong performance in 3Q17.

"We are pleased to deliver cashflows that demonstrate better than forecast operating results for Kogan.com's third quarter of trading as a listed company. This has led to a further upgrade in our full year earnings outlook.

"We are building the Kogan.com business in line with our long term growth strategy. Our operating momentum is strong and we are delivering sustainable growth for our shareholders.

"With the funds raised at the IPO, our consumer offering is stronger than it's ever been and our customers are happier than they've ever been. We look forward to maintaining this momentum as we scale and continue to delight our customers."

ENDS

**For further information please contact:
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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Kogan.com Ltd (**Kogan**)

ABN

ACN 612 447 293

Quarter ended ("current quarter")

31 March 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 70,099 | 215,247 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) inventory purchases and operating costs | (62,552) | (193,227) |
| (c) advertising and marketing | (2,420) | (9,428) |
| (d) leased assets | (204) | (617) |
| (e) staff costs | (2,956) | (8,128) |
| (f) administration and corporate costs | (1,184) | (2,935) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 90 | 338 |
| 1.5 Interest and other costs of finance paid | (44) | (156) |
| 1.6 Income taxes paid | 224 | (347) |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | 1,053 | 747 |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (32) | (63) |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| (d) intellectual property | (526) | (2,019) |
| (e) other non-current assets | (217) | (656) |
| 2.2 Proceeds from disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |
| (d) intellectual property | - | - |
| (e) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | - | - |
| 2.6 Net cash from / (used in) investing activities | (775) | (2,738) |

| | | |
|---|----------------|---------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | 35,000 |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | (3,106) |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | (4,900) |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | (3,640) | (3,640) |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | (3,640) | 23,354 |

| | | |
|---|---------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date | 26,533 | 1,808 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 1,053 | 747 |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (775) | (2,738) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | (3,640) | 23,354 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of quarter | 23,171 | 23,171 |

As at 31 December 2016, the total inventories balance was \$42,401,000 and was comprised of \$32,844,000 of inventory on hand and \$9,557,000 of inventory in transit. As at 31 March 2017, the total inventories balance was \$40,177,000, comprising \$30,755,000 of inventory on hand and \$9,423,000 of inventory in transit. Trade & Other payables decreased from \$28.3 million at 31 December 2016 to \$23.8 million at 31 March 2017, following sell-through of inventory brought-in prior to Christmas.

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 10,321 | 10,105 |
| 5.2 | Call deposits | 2,657 | 6,274 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (Term Deposit) | 10,193 | 10,154 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 23,171 | 26,533 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| Current quarter \$A'000 |
|------------------------------------|
| (233) |
| - |

Directors Fees (\$61,000) in respect of the non-executive directors, and salaries (\$172,000) in respect of the executive directors of the Group.

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | (1,750) |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

Purchases from eStore warehousing. Kogan Australia Pty Ltd entered into a Logistic Services Agreement with eStore Logistics Pty Ltd ("eStore"), in a prior financial period, in relation to the provision of warehousing, distribution and logistics services by eStore to Kogan Australia. Ruslan Kogan is a minority shareholder and director of eStore. The agreement was entered into on an arm's length basis.

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | 10,000 | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (see below) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

On 31 May 2016, the Group signed a new multi-option facility agreement with Westpac Banking Corporation, maturing on 31 May 2019. The Facility includes a Cash Advance Facility, Trade Finance Facility and LC Facility with a total limit of \$10.0 million.

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|-----------------|
| 9.1 Research and development | - |
| 9.2 inventory purchases and operating costs | (56,971) |
| 9.3 Advertising and marketing | (1,912) |
| 9.4 Leased assets | (294) |
| 9.5 Staff costs | (2,050) |
| 9.6 Administration and corporate costs | (992) |
| 9.7 Other (finance & income tax costs) | (311) |
| 9.8 Total estimated cash outflows | (62,530) |

The estimated cash outflows for the next quarter are based on the Prospectus forecast.

| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|---|--------------|-----------|
| 10.1 Name of entity | - | - |
| 10.2 Place of incorporation or registration | - | - |
| 10.3 Consideration for acquisition or disposal | - | - |
| 10.4 Total net assets | - | - |
| 10.5 Nature of business | - | - |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Company Secretary

Date: 21 April 2017

Print name: Mark Licciardo

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.