



FY19 RESULTS PRESENTATION

20 AUGUST 2019

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CEO Update

Page 4 - 14

Financial Update

Page 15 - 24

Outlook

Page 25 - 29

CEO Update

Ruslan Kogan
Founder & CEO

FY19 HIGHLIGHTS

The business achieved double digit Gross Sales¹, Gross Profit² and EBITDA² growth while also taking new steps towards becoming a more capital-light business by launching Kogan Marketplace.

FINANCIAL OUTPERFORMANCE

- Gross Sales¹ grew to \$551.8 million outperforming prior year by 12.0%, Gross Profit² and EBITDA² also outperformed the prior year by 12.5% and 15.6%, respectively. Revenue grew to \$438.7 million. The Company achieved EBITDA² of \$30.1 million.

GROWING BRAND

- 1,609,000 Active Customers as at 30 June 2019 – an increase of 15.9% year-on-year.

STRONG GROWTH FROM KEY INITIATIVES

- Exclusive Brands revenue grew 41.6% year-on-year.
- Kogan Mobile grew Active Customers by 24.4% year-on-year, while commission-based revenues grew by 9.8%.
- Kogan Internet grew Active Customers by 273.2% year-on-year.
- Kogan Insurance grew commission-based revenues by 144.0%.

NEW VERTICALS LAUNCHED & ANNOUNCED

- Kogan Money Home Loans launched 2QFY19 and has won numerous awards.
- Kogan Marketplace launched during 3QFY19.
- Kogan Cars launched late 4QFY19.
- Kogan Money Super, Kogan Money Credit Cards, Kogan Energy and Kogan Mobile New Zealand all expected to launch in 1HFY20.

DIVIDEND

- Final dividend announced of 8.2 cents per share, fully franked, resulting in 14.3 cents per share of total dividends for FY19, up 10% on prior year (FY18: 13.0 cents per share).

Notes:

1. Gross Sales was formerly referred to as GTV (Gross Transaction Value). The Company believes Gross Sales (formerly referred to as GTV) is a key metric of the business, given that transaction values of Kogan Marketplace, Kogan Mobile, and other New Verticals are not reflected in Revenue.
2. The Company has applied AASB 15 & 16 at 1 July 2018. Under the transition methods chosen, comparative information is not restated. See Annexure 2 & 3 for a reconciliation of the FY19 impact.

FY19 RESULTS

EBITDA² of \$30.1 million exceeded FY18 EBITDA by 15.6%

\$m	FY18	FY19	FY18 vs FY19 Variance
Gross Sales¹	492.6	551.8	12.0%
Revenue ²	412.3	438.7	6.4%
Gross Profit ²	80.6	90.7	12.5%
<i>Gross Margin</i>	<i>19.5%</i>	<i>20.7%</i>	<i>1.2pp/5.7%</i>
EBITDA²	26.0	30.1	15.6%

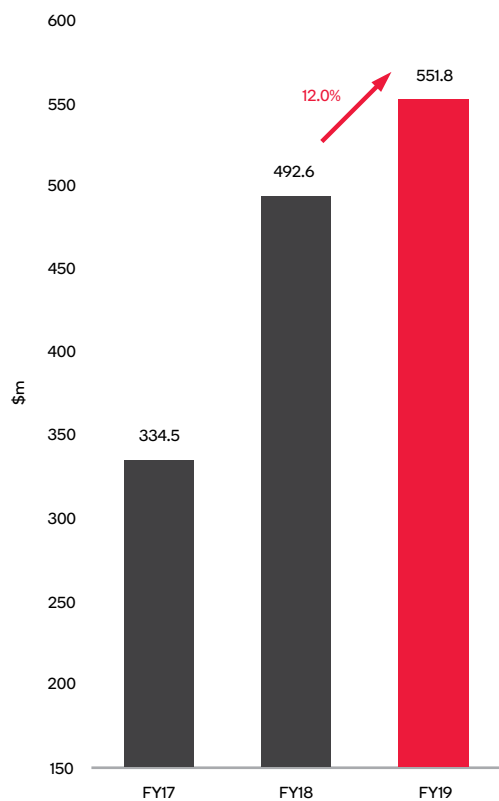
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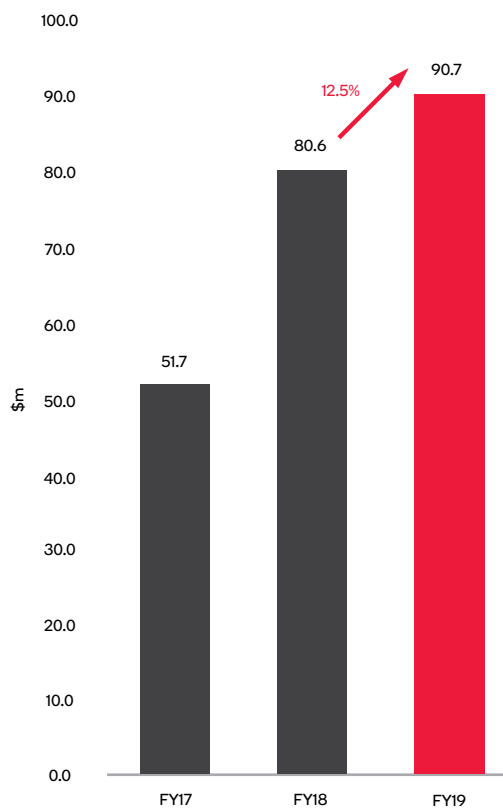
FINANCIAL HIGHLIGHTS

Kogan.com grew Gross Profit² and EBITDA² at a faster rate than Gross Sales¹.

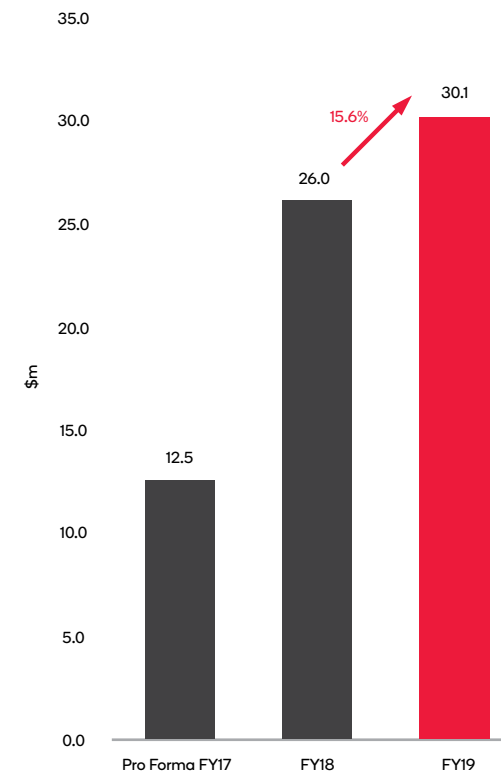
GROSS SALES¹



GROSS PROFIT²



EBITDA²



Notes:

1. Gross Sales was formerly referred to as GTV (Gross Transaction Value). The Company believes Gross Sales (formerly referred to as GTV) is a key metric of the business, given that transaction values of Kogan Marketplace, Kogan Mobile, and other New Verticals are not reflected in Revenue.
2. The Company has applied AASB 15 & 16 at 1 July 2018. Under the transition methods chosen, comparative information is not restated. See Annexure 2 & 3 for a reconciliation of the FY19 impact.

WHO WE ARE

We have built a company that allows us to be agile, bold and innovative. Our growing portfolio of businesses provides diversification of income, making us a more resilient business.

kogan.com

1,609,000
Active Customers



kogan retail	kogan travel	kogan mobile	kogan mobilenz	kogan internet
kogan insurance	kogan life insurance	kogan pet insurance	kogan health	kogan cars
kogan marketplace	kogan energy	kogan money	kogan super	kogan credit cards

SOME RECENT AWARDS

Kogan.com has been recognised with several prestigious awards during the year

Three-peat! Third year running, winner of the People's Choice Award at the Australia Post Online Retail Industry Awards (ORIAS)



Over 1,350 Retailers were considered and over 285,000 Australian consumers voted in 2019.



MOZO Experts Choice Awards for Kogan Internet, Kogan Money & Kogan Life Insurance

Kogan Internet



Kogan Money Home Loans

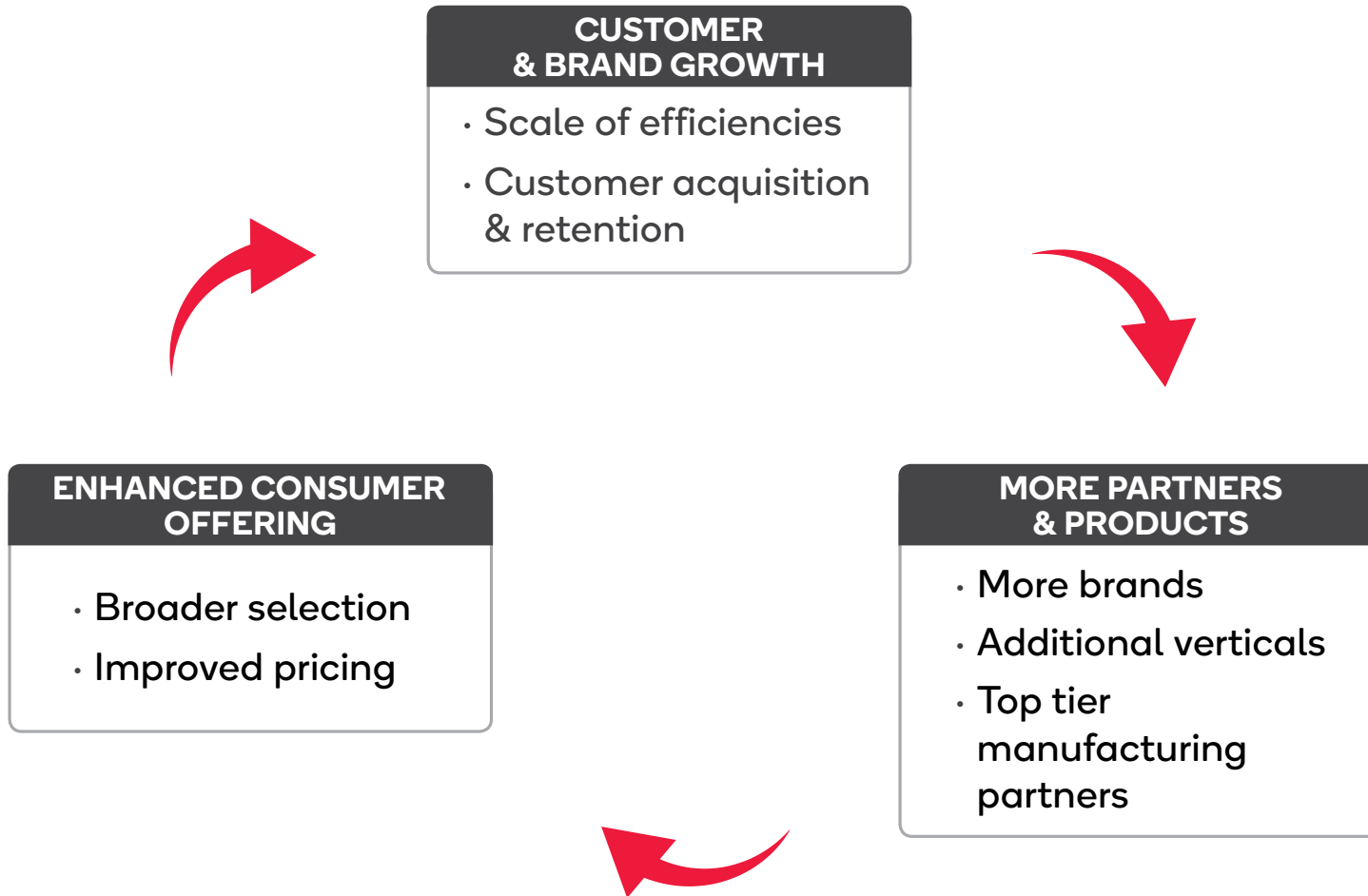


Kogan Life Insurance

Finder Award for Best Prepaid SIM – Kogan Mobile Extra Large 30 Day Plan



OUR VIRTUOUS CYCLE

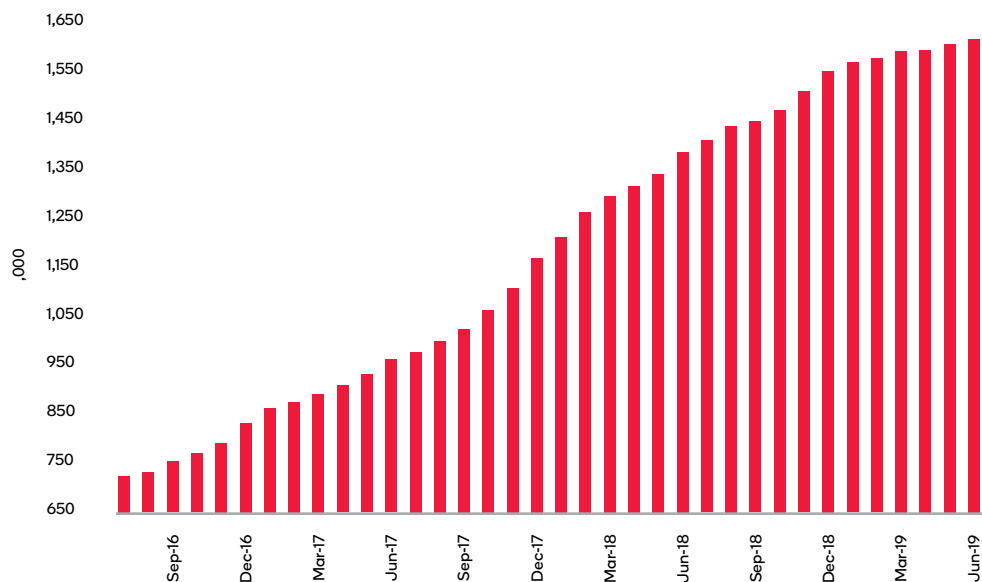


BUILDING THE KOGAN BRAND

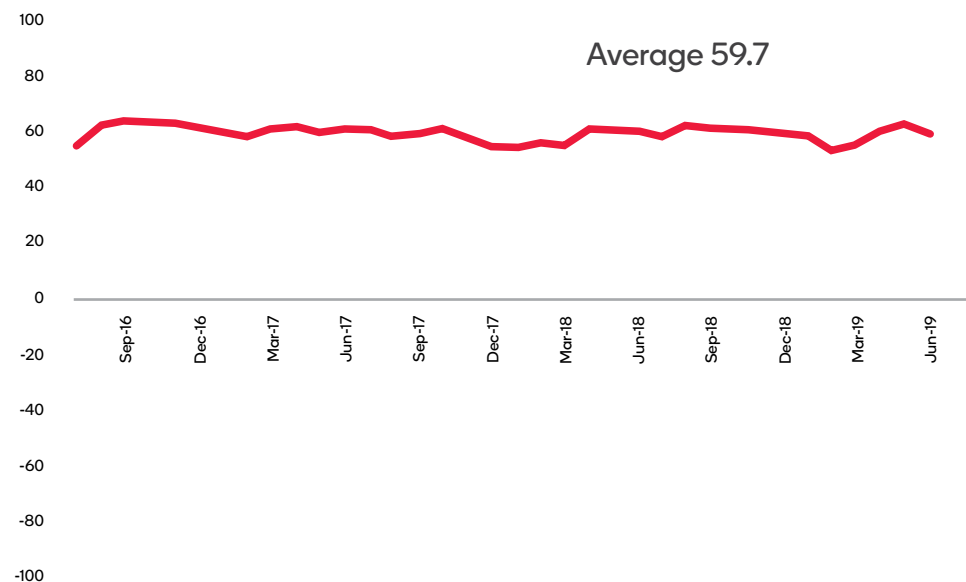
In the twelve months to 30 June 2019, the Company achieved 15.9% growth in Active Customers². The Company had 1,609,000 Active Customers as at 30 June 2019 (compared with 1,388,000 as at 30 June 2018).

	Jun-19	Jun-18	Jun-19 vs Jun-18 Variance
Active Customers ²	1,609,000	1,388,000	15.9%

ACTIVE CUSTOMERS²



NET PROMOTER SCORE¹



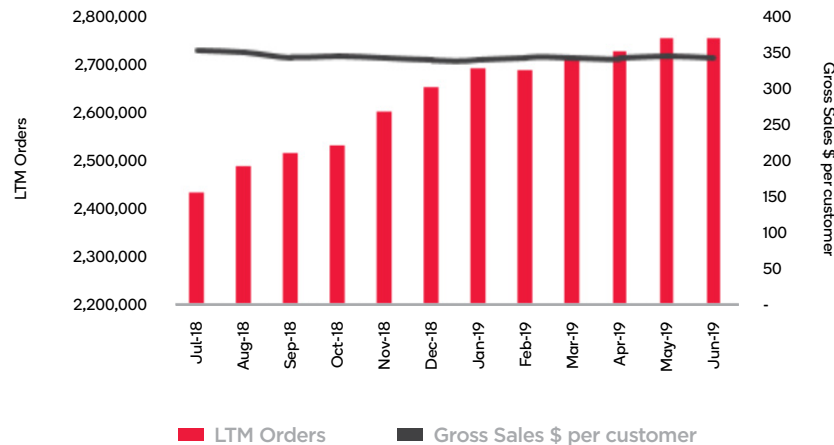
Notes:

1. Net Promoter Score (NPS) is calculated based on answers to the question, "How likely is it that you would recommend Kogan.com to a friend or colleague?". Kogan.com measures its NPS as the percentage of customers who are "promoters" rating its products and services 9 or 10 out of a possible 10, less the percentage of "detractors", rating its products and services 0 to 6 out of a possible 10. The maximum possible NPS is 100, and the minimum possible NPS is -100.
2. Active Customers only includes customers that transacted through our Core Website Channels during the prior twelve month period.

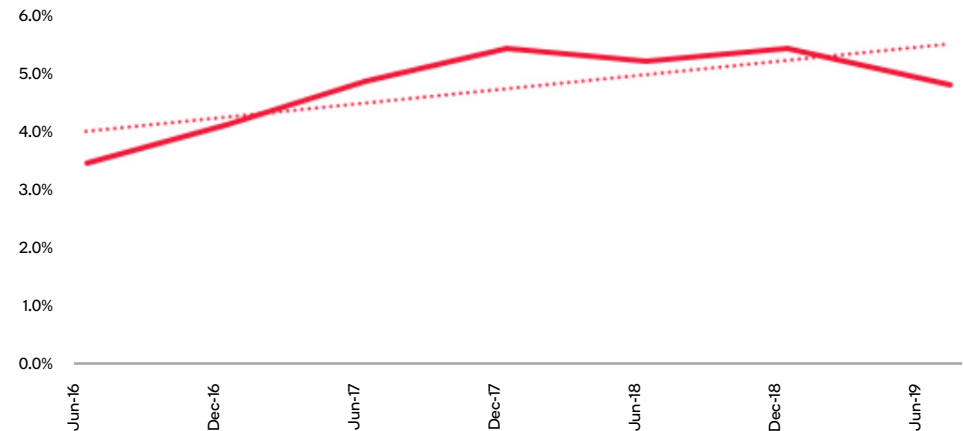
BUILDING THE KOGAN BRAND

A large proportion of traffic continues to come from free sources and ROI on marketing investment has significantly improved. The Company has achieved steady growth in customer orders while maintaining Gross Sales per customer¹.

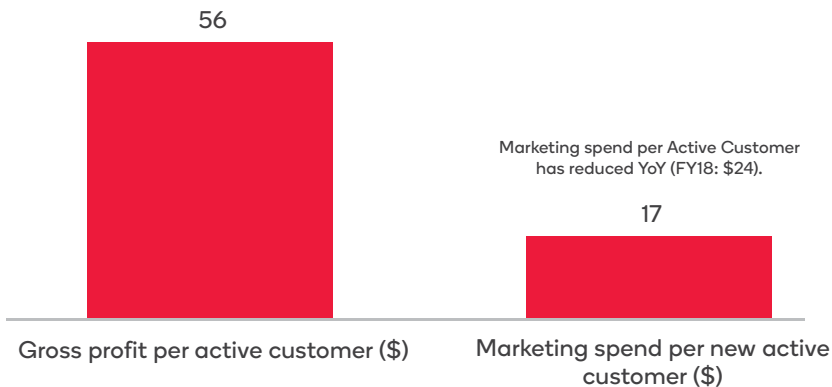
LTM CUSTOMER ORDERS & AVERAGE GROSS SALES PER CUSTOMER¹



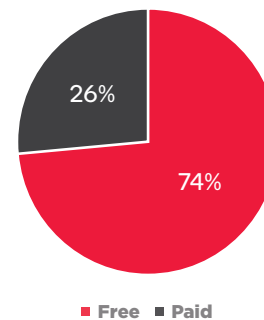
CONVERSION RATE³



LTM RETURN ON INVESTMENT IN MARKETING²



TRAFFIC - FREE (BRAND DRIVERS) VS PAID MARKETING



FREE SOURCES

- Direct website traffic
- Direct App traffic
- Brand searches
- Other organic search queries
- Email based marketing
- Desktop push notifications
- Mobile push notifications
- Others

Proportion of traffic from free sources has increased YoY (FY18: 68%).

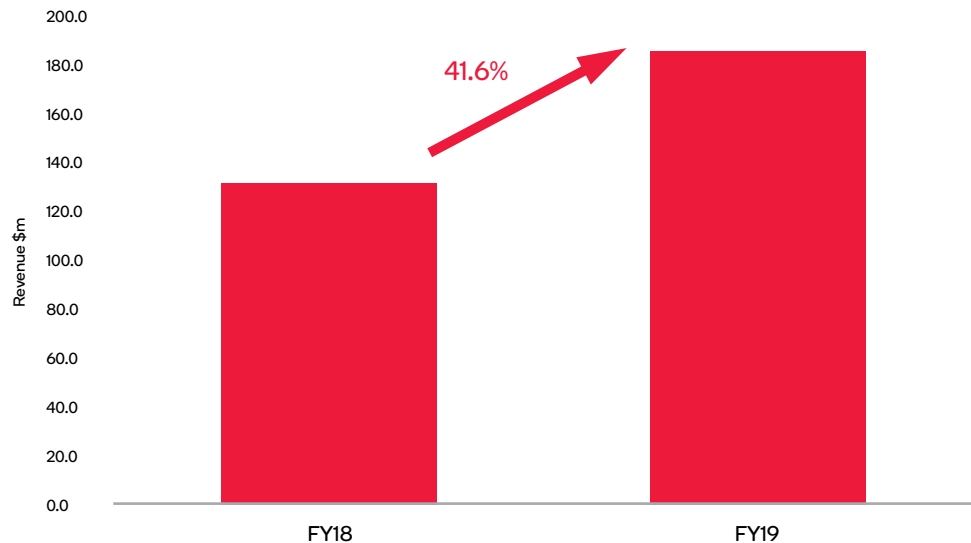
Notes:

1. Gross Sales \$ per customer is Gross Sales (ex GST) within the prior 365 days/no. of Active Customers within the prior 365 days.
2. LTM Gross Profit/LTM Active Customers as at 30 June 2019; FY19 marketing costs/sum of new Active Customers in FY19.
3. Conversion rate is defined as the number of transactions divided by unique visitors from Core Website Channels.

EXCLUSIVE BRANDS STRATEGY

Exclusive Brands achieved revenue growth of 41.6% in FY19 vs FY18, continuing to meet strong consumer demand across a wide-array of products. This demonstrates accelerated growth of Exclusive Brands through the year.

STRONG YoY GROWTH IN EXCLUSIVE BRANDS REVENUE IN FY19



Exclusive Brands growth rate increased YoY (FY18: 39.6%) and benefits from:

- Full control of the end-to-end supply chain
- Strong competitive advantage
- Building trusted brands renowned for "value"
- Compelling consumer offering
- White goods as a new core category
- 13+ years' experience

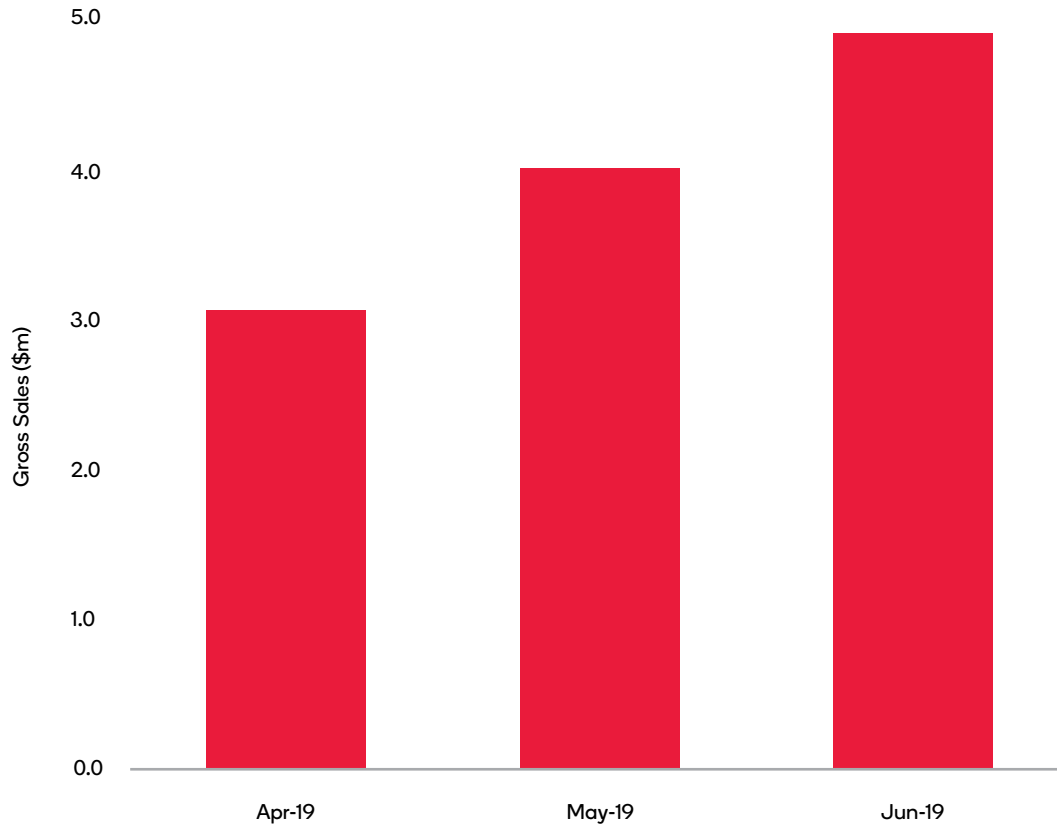
kogan KOMODO bubli CERTA ovela Scharfen nutrivance

COOKMASTER Trafalgar FORTIS VOSTOK SHANGRI-LA BELLA VITA

Pestill ERGOLUX orbis ESTELLE KROMO Pawever Pets UGG OUTBACK CLOTHING CO.

KOGAN MARKETPLACE

Kogan Marketplace launched during FY19.



The launch of Kogan Marketplace is proving to be a transformational step for the Company. Kogan Marketplace was launched during 3QFY19 and has received positive responses from both sellers and customers.

The Kogan.com team is working hard to onboard a backlog of sellers who want to reach the Kogan.com customer base.

The Company has built a proprietary platform to operate Kogan Marketplace, which is being continually enhanced.

Financial Update

David Shafer
CFO/COO

FY19 RESULTS COMPARED TO FY18

EBITDA¹ growth to \$30.1 million was achieved despite investments in expanding the Company's warehouse footprint to 13 locations, laying the foundation for further growth in FY20 and beyond.

\$m	FY18	FY19 ^{1&2}	Variance %
Gross Sales²	492.6	551.8	12.0%
Revenue ¹	412.3	438.7	6.4%
Cost of sales ¹	(331.7)	(348.0)	4.9%
Gross Profit¹	80.6	90.7	12.5%
<i>Gross margin</i>	<i>19.5%</i>	<i>20.7%</i>	<i>1.2pp</i>
Variable costs	(14.1)	(18.1)	29.0%
Marketing costs	(19.9)	(18.7)	-5.9%
People costs	(15.5)	(16.5)	6.5%
Other costs ³	(6.4)	(7.0)	9.4%
Operating costs¹	(55.9)	(60.4)	8.1%
Unrealised FX gain/(loss)	1.3	(0.2)	-114.6%
EBITDA¹	26.0	30.1	15.6%
<i>EBITDA Margin</i>	<i>6.3%</i>	<i>6.9%</i>	<i>0.6pp</i>
Equity-based compensation	1.1	1.2	12.2%
EBITDA before equity-based compensation	27.1	31.3	15.4%
Depreciation ¹ & amortisation	(5.3)	(6.7)	26.2%
EBIT¹	20.7	23.4	12.8%
Interest ¹	0.3	0.0	-86.6%
Profit before tax¹	21.0	23.4	11.4%
Income tax expense	(6.9)	(6.2)	-10.1%
NPAT¹	14.1	17.2	21.9%

Notes:

- The Company has applied AASB 15 & 16 at 1 July 2018. Under the transition methods chosen, comparative information is not restated. See Annexure 2 & 3 for a reconciliation.
- Gross Sales was formerly referred to as GTV (Gross Transaction Value). The Company believes Gross Sales (formerly referred to as GTV) is a key metric of the business, given that transaction values of Kogan Marketplace, Kogan Mobile, and other New Verticals are not reflected in Revenue.
- Unrealised FX gain/(loss) in FY18 has been remapped below Operating Costs to allow year-on-year comparability.

OVERVIEW

Gross Sales² reflects the GTV of Kogan Retail, Kogan Marketplace and New Verticals. Revenue reflects the revenue of Kogan Retail and commission received from New Verticals and Kogan Marketplace.

Revenue¹ growth was driven by 41.6% growth in Exclusive Brands. Growth was tempered by various factors, including changes in the GST law, effective from 1 July 2018 and apparent GST avoidance by foreign websites. Apple sales during FY19 also suffered a material decline year-on-year following subdued demand for Apple products, in particular the new iPhone.

Revenue comparisons year-on-year are also impacted by changes to the accounting standard for revenue recognition. FY19 is presented in line with AASB 15 while FY18 represents the reported results as set out in the prior period presentation and results. See Annexure 2 for a reconciliation.

Variable costs were impacted by investment in expanding warehousing footprint. Whilst incurring up-front costs, the business has started to enjoy efficiencies and expects this to continue into FY20 and beyond.

Marketing costs reduced 5.9% year-on-year following the implementation of a new proprietary marketing bidding system that has enabled more effective and targeted marketing activity.

EBITDA¹ of \$30.1 million reflects an increase in EBITDA margin of 0.6pp to 6.9%. EBITDA¹ includes \$1.2 million of non-cash equity-based compensation. EBITDA¹ was also impacted by unrealised FX losses of \$0.2 million which are non-cash, as well as the adoption of AASB 16. See Annexure 3 for a reconciliation.

Depreciation¹ & amortisation increased following the adoption of AASB 16 and the Company's preparatory work to launch New Verticals in FY19 and FY20.

KEY DRIVERS OF KOGAN.COM FY19 FINANCIAL PERFORMANCE

Ongoing implementation of strategy to grow the brand, accelerate New Verticals, expand Exclusive Brands offerings and deliver improved customer experience.

BRAND GROWTH

▶ The business achieved growth in Active Customers in the last 12 months of 221,000 (15.9%). At 30 June 2019 the business had 1,609,000 Active Customers.

ROI on marketing expenditure continues to improve following the implementation of a new proprietary marketing bidding system. This resulted in a year-on-year decline in marketing costs. This, in combination with a strong NPS of 59.7, has helped build our customer base and drive revenue growth.

PRODUCT DIVISIONS

▶ Exclusive Brands continued to achieve significant year-on-year revenue growth with an increase of 41.6% on FY18. Exclusive Brands represents 49.7% of overall gross profit in FY19. This growth was achieved through ongoing investment in Exclusive Brands inventory to broaden our range – including into white goods – and meet consumer demand from the growing base of Active Customers.

Third-Party Brands, which is a combination of what we formerly referred to as Global Brands and Partner Brands, has collectively experienced a year-on-year decrease in revenue following the change in GST laws and the apparent avoidance of GST by foreign websites. Apple sales during FY19 also suffered a material decline year-on-year following subdued demand for Apple products, in particular the new iPhone.

MARKETPLACE

▶ During FY19 we launched Kogan Marketplace which has achieved \$1.5 million in commission-based revenues, reflected as gross profit. The launch of Kogan Marketplace is proving to be a transformational step for the Company.

As Kogan Marketplace grows, the Company expects to be able to reduce its reliance on Third-Party Brand inventory and become more capital-light.

KEY DRIVERS OF KOGAN.COM FY19 FINANCIAL PERFORMANCE

NEW VERTICLES

▶ Kogan Mobile Active Customers grew 24.4% during FY19, while Kogan Internet grew Active Customers 273.2% during FY19. Commission-based revenues from Kogan Mobile grew 9.8% year-on-year.

Kogan Insurance, which includes our suite of insurance products, continues to scale. Commission-based revenues grew 144.0% year-on-year. We are focused on working with our Partners in Kogan Insurance to implement strategies to continue this growth in FY20.

MARKETING & OTHER INCOME

▶ We have made traction in assisting our Partners to engage in paid marketing and promotion on the Kogan.com platform, demonstrating the potential of marketing promotions as a revenue stream.

VARIABLE COSTS

▶ During FY19 the Company invested in expanding its warehousing footprint to 13 fulfillment centres. Whilst incurring up-fronts costs, these investments in the future of the business have already helped provide efficiencies as well as further scale the business and provide consumers with faster and cheaper fulfilment to more locations.

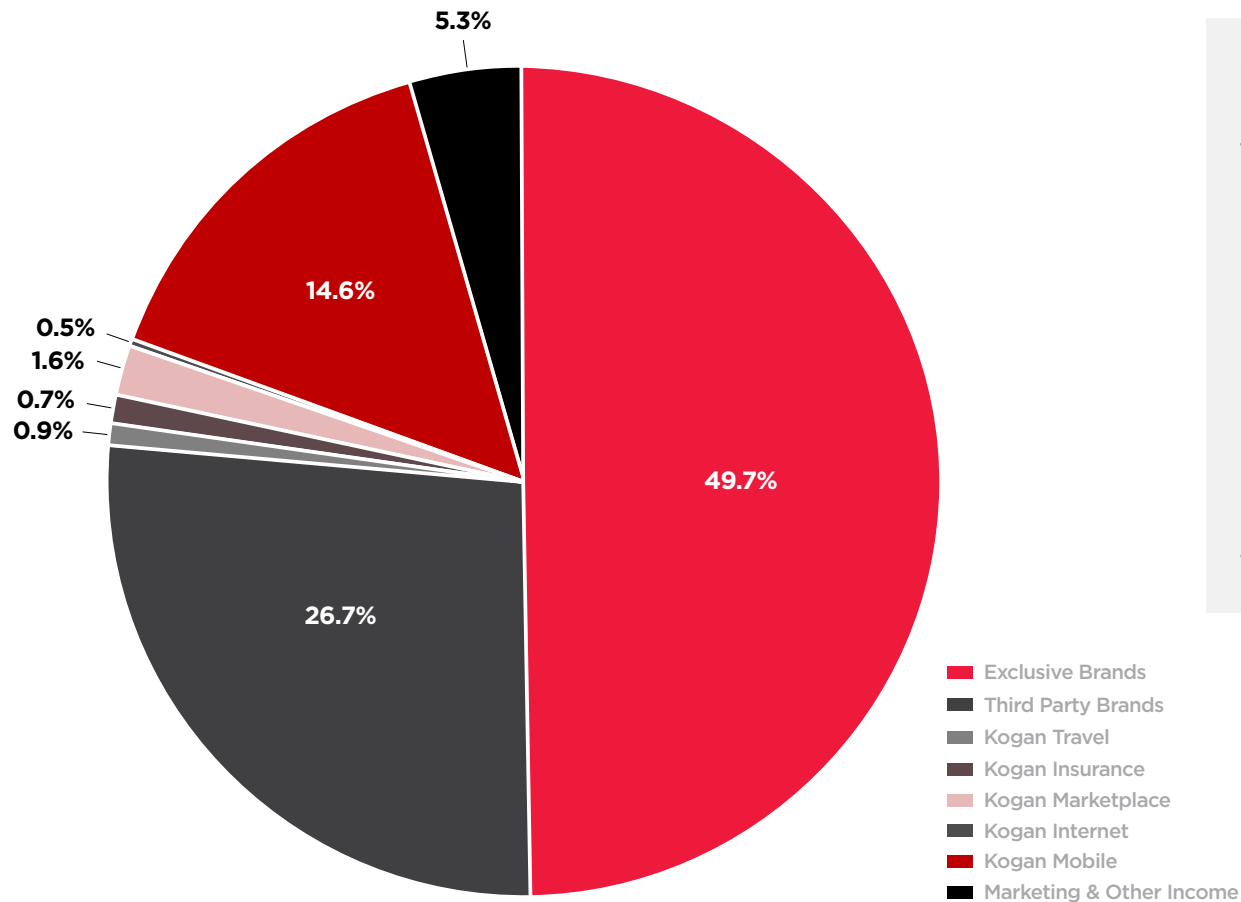
INVESTMENT IN PEOPLE

▶ In order to retain key talent and align their interests with shareholders, the business has made strategic investments in people. Long-term incentives remain in place and people costs have increased year-on-year, partly as a result. FY19 People Costs includes \$1.2 million of costs relating to non-cash equity-based compensation. The majority of this equity-based compensation was issued in the period surrounding the IPO.

FY19 GROSS PROFIT PORTFOLIO BUSINESS MIX

Exclusive Brands and Third-Party Brands represent 49.7% and 26.7% of gross profit in FY19, respectively. When combined with Kogan Mobile, these three core divisions accounted for 91.0% of gross profit.

FY19 GROSS PROFIT MIX



Growth in Exclusive Brands and Kogan Mobile contributed to a year-on-year increase in gross profit to \$90.7 million (FY18: \$80.6 million).

Exclusive Brands now represents 49.7% of gross profit, up 5.5pp on FY18.

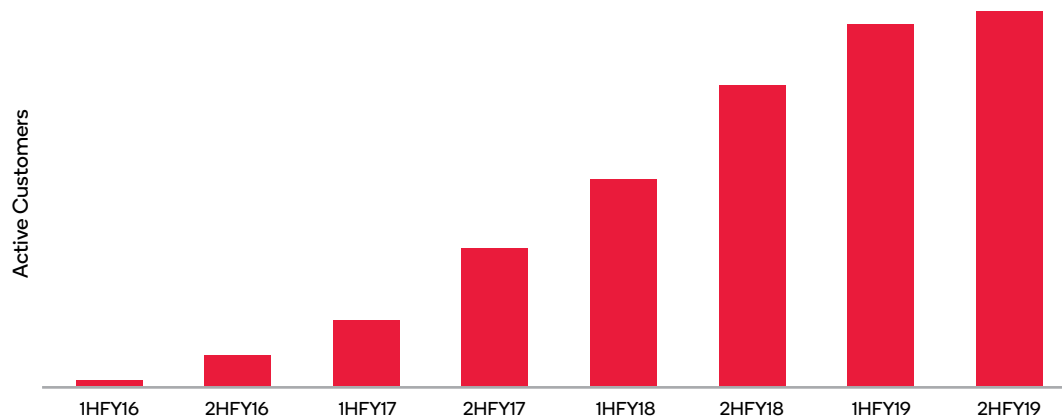
Conversely, Third-Party Brands has reduced as a proportion of overall gross profit from 38.8% in FY18 to 26.7% in FY19.

Kogan Marketplace demonstrated strong potential in its first full quarter of operations, contributing 1.6% of full year FY19 gross profit.

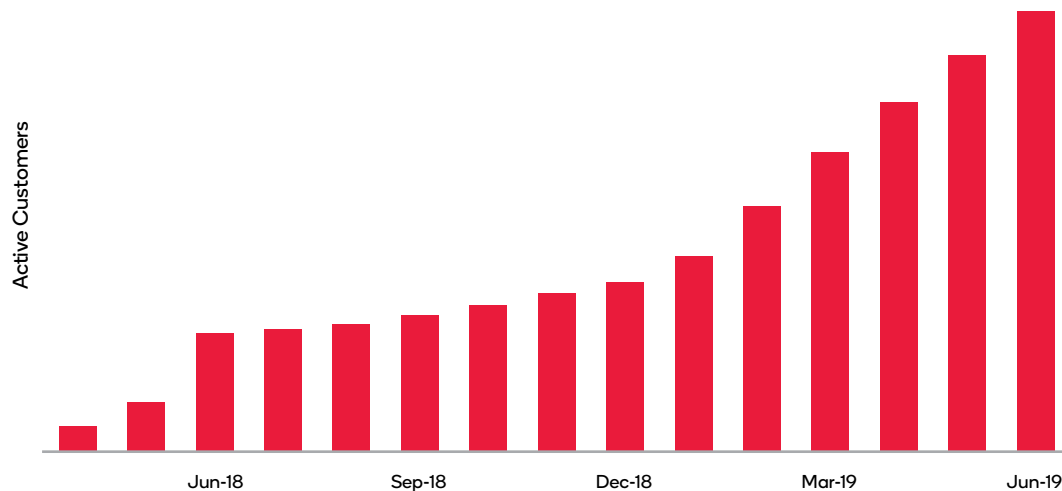
KOGAN MOBILE & KOGAN INTERNET

Kogan Mobile and Kogan Internet continue to achieve growth in active customers, with Kogan Mobile NZ to be launched in 1HFY20.

KOGAN MOBILE - ACTIVE CUSTOMERS



KOGAN INTERNET - ACTIVE CUSTOMERS



Kogan Mobile, continues to grow and contribute significantly to Gross Profit. In FY19 Kogan Mobile represented 14.6% of gross profit. Active Customers grew by 24.4% year-on-year and commission-based revenue grew by 9.8% compared to FY18. We are working with Vodafone to roll-out ongoing enhancements to our customer offers.

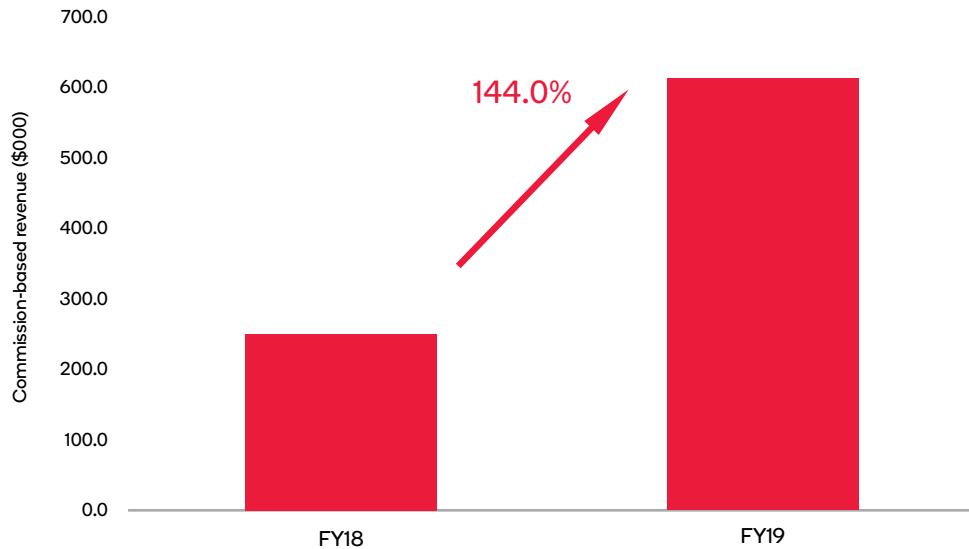
Kogan Internet, also in partnership with Vodafone, grew Active Customers by 273.2% year-on-year. It is expected to continue to scale in FY20. Commission-based revenues declined year-on-year, however, we expect commission-based revenues to grow broadly in-line with Active Customer growth in FY20.

Kogan Mobile New Zealand, a partnership with Vodafone NZ, is expected to launch in 1HFY20. Vodafone NZ is New Zealand's largest mobile network operator.

KOGAN INSURANCE

Kogan Insurance commission-based revenues for FY19 grew by 144.0% compared to FY18.

KOGAN INSURANCE COMMISSION-BASED REVENUES



Kogan Insurance, which includes our suite of insurance products, continues to scale as commission-based revenues increased 144.0% year-on-year. We are focused on working with our Partners in Kogan Insurance to implement strategies to continue this growth in FY20.

NET ASSET SUMMARY

A strong balance sheet at 30 June 2019 with \$27.5 million of cash and \$75.9 million inventories, with no bank debt.

\$m	Jun-19
CURRENT ASSETS	
Cash	27.5
Trade and other receivables	5.7
Inventories	75.9
Financial assets	0.4
Total current assets	109.5
NON-CURRENT ASSETS	
Property, plant and equipment	1.6
Intangible assets	5.8
Deferred tax assets	1.5
Total non-current assets	8.9
Total assets	118.4
CURRENT LIABILITIES	
Trade and other payables	51.7
Lease liability	0.6
Current tax liabilities	3.3
Loans & borrowings	-
Provisions	2.1
Deferred income	7.7
Total current liabilities	65.4
NON-CURRENT LIABILITIES	
Lease liability	0.7
Deferred income and provisions	1.3
Total non-current liabilities	2.0
Total liabilities	67.4
NET ASSETS	51.0

Inventories of \$75.9 million comprised of:

- \$67.5 million of inventory in warehouse; and
- \$8.4 million of inventory in transit

More than 99% of inventory in warehouse was less than 365 days old.

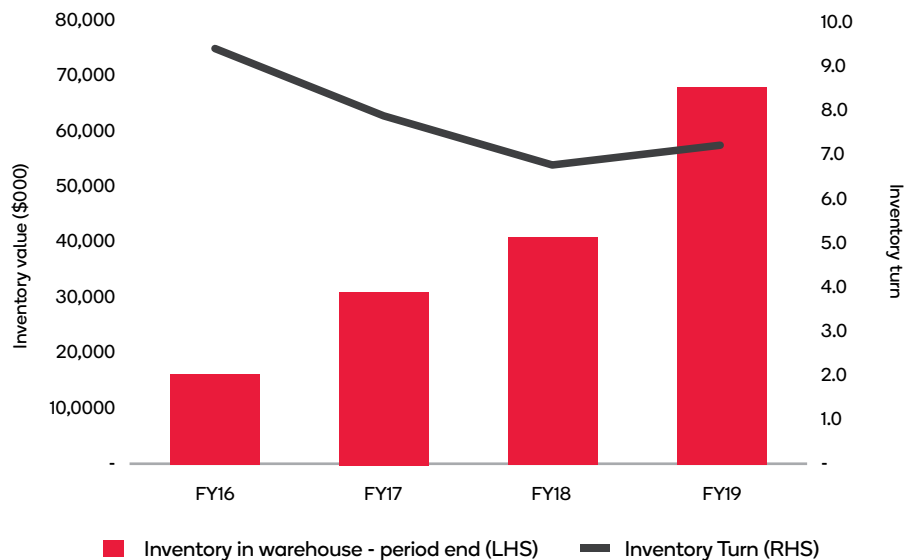
The growth of Kogan Marketplace is expected to result in a reduced requirement for Third-Party Brand inventory. This this will allow Kogan.com to transition towards a more capital-light business over time.

The Company has an undrawn bank debt facility of \$30.0 million.

INVENTORY TURN

In order to respond to consumer demand from our growing base of Active Customers, the business has invested in inventory to support continued sustainable growth.

INVENTORY TURN (INVENTORY IN WAREHOUSE)



Despite a significant increase of inventory in warehouse over the course of the financial year, inventory turn has improved from FY18. This demonstrates the strong sell-through rate of the inventory purchased and the effectiveness of the data-driven approach to purchasing and inventory management.

FY19 STATUTORY CASH FLOW

The change in net working capital reflects the investment in inventory over the course of the financial year to respond to consumer demand and drive Revenue¹ growth of 41.6% in Exclusive Brands.

\$m	Statutory FY19
Statutory EBITDA¹	30.1
Non-cash items in EBITDA ^{1&2}	(1.8)
EBITDA excluding non-cash items	28.3
Change in net working capital	(19.8)
Operating cash flow before capital expenditure	8.5
Purchase of PP&E	(0.1)
Investment in intangibles	(5.2)
Cash flow before financing and taxation	3.2

Net working capital decreased by \$19.8 million in FY19, reflecting the investment that has been made during the financial year in inventory to support long term sustainable growth. While inventory increased overall during the year, inventory reduced in the second half from \$92.9 million at 31 December 2018 to \$75.9 million at 30 June 2019.

Notes:

1. The Company has applied AASB 15 & 16 at 1 July 2018. Under the transition methods chosen, comparative information is not restated. See Annexure 2 & 3 for a reconciliation.
2. Non-cash items include: mark-to-market on outstanding foreign exchange contracts at 30 June 2019, AASB 15 & 16 adjustments and equity based compensation expenses forming part of People Costs.

Outlook

FY20 & BEYOND

In FY20 we expect continued brand growth and deeper market penetration of maturing portfolio businesses alongside continued expansion of new portfolio businesses.



SELECTIVE & OPPORTUNISTIC M&A



LAUNCH ADDITIONAL BUSINESS VERTICALS



PORTFOLIO BUSINESS - MARKET

Portfolio Business	Partner	Launch date	Market size	Achieved greater than 1% market share?
Kogan Retail	n/a	FY06	\$23.7 billion ¹	✓
Kogan Internet	Vodafone	Launched 4QFY18	15.5m premises ²	-
Kogan Insurance	Hollard	Launched 1QFY18	\$48.0 billion ³	-
Kogan Health	Medibank	Launched 3QFY18	\$25.3 billion ⁴	-
Kogan Life	Greenstone	Launched 4QFY18	\$63.0 billion ⁵	-
Kogan Pet	PetSure	Launched 4QFY18	\$490 million ⁶	-
Kogan Mobile	Vodafone	Launched 2QFY16	20.0m users ⁷	✓
Kogan Mobile NZ	Vodafone	Launching 1HFY20	3.8m users ⁸	-
Kogan Money Home Loans	Pepper & Adelaide Bank	Launched 2QFY19	83.5 billion ⁹	-
Kogan Money Super	Mercer	Launching 1HFY20	15.6 million account holders ¹⁰	-
Kogan Money Credit Card	Citi	Launching 1HFY20	16.0 million cards ¹¹	-
Kogan Cars	Eclipx	Launched 4QFY19	1.2 million cars ¹²	-
Kogan Energy	Powershop (part of Meridian Energy)	Launching 1HFY20	\$47.0 billion ¹³	-

Notes:

1. Source: <https://www.ibisworld.com.au/industry-trends/market-research-reports/thematic-reports/online-shopping.html>
2. Number of households connected or ready to connect to the NBN at Jun 2019. Source: <https://www2.nbnco.com.au/content/dam/nbnco2/2019/documents/how-we-are-tracking/nbn-june-2019-monthly-progress-report-v2.pdf>
3. Source: https://www.apra.gov.au/sites/default/files/quarterly_general_insurance_performance_statistics_highlights_-_march_2019.pdf
4. Source: <https://www.ibisworld.com.au/industry-trends/market-research-reports/financial-insurance-services/health-insurance.html>
5. Source: <https://www.ibisworld.com.au/industry-trends/market-research-reports/financial-insurance-services/life-insurance.html>
6. Source: Canstar - www.canstar.com.au/pet-insurance/how-much-do-we-spend-on-our-pets/
7. Source: <https://www.statista.com/statistics/274677/forecast-of-mobile-phone-users-inaustralia/>
8. Source: http://archive.stats.govt.nz/browse_for_stats/industry_sectors/information_technology_and_communications/isp-2017-mobile-connections-story.aspx
9. Source: <https://www.ibisworld.com.au/industry-trends/market-research-reports/thematic-reports/mortgages.html>
10. Source: <https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Super-statistics/Super-accounts-data/Multiple-super-accounts-data/>
11. Source: <https://qsuper.qld.gov.au/news-hub/articles/2018/03/13/04/46/credit-cards-the-stats>
12. Source: <https://www.caradvice.com.au/714908/vfacts-2018-annual-sales-wrap/>
13. Source: <https://www.ibisworld.com.au/industry-trends/market-research-reports/electricity-gas-water-waste-services/electricity-retailing.html>

FY20 OUTLOOK

FY20 will see the scaling up and launch of New Verticals, and further growth in the Active Customer base.



The Company will not be providing formal earnings guidance for FY20. However, the Company will provide regular business updates during the year.

1HFY20 has started well with July unaudited management accounts showing:

- Gross Sales growth of 18.3% year-on-year
- Gross Profit growth of 32.0% year-on-year
- Kogan Marketplace Gross Sales of \$7.1 million

IN FY20, WE EXPECT:

- Growth of Active Customer base
- Growth in Exclusive Brands
- Growth in Kogan Marketplace
- Growth in Kogan Insurance and Kogan Internet
- Launch of Kogan Mobile NZ, Kogan Money Super, Kogan Money Credit Cards, and Kogan Energy
- Traction in Kogan Trading US and Kogan Cars

DIVIDEND

The board has declared a fully franked final dividend of 8.2 cents per share, which reflects total dividends of 14.3 cents per share in respect of FY19.

	DPS (cents)	Franking (%)	Record date	Payment date
Dividend per share (cents)	8.2	100.0	27 August 2019	14 October 2019

GLOSSARY

1HFYxx: the six months ended 31 December 20xx.

2HFYxx: the six months ended 30 June 20xx.

1QFYxx: the three months ended 30 September 20xx.

2QFYxx: the three months ended 31 December 20xx.

3QFYxx: the three months ended 31 March 20xx.

4QFYxx: the three months ended 30 June 20xx.

Active Customers: unique customers who have purchased during the twelve month period from the reference date, rounded to the nearest thousand.

Core Website Channels: Kogan.com, Kogan Apps (iPhone and Android) and Dick Smith Assets.

Dick Smith Assets: Dicksmith.com.au and Dicksmith.co.nz.

EBIT: earnings before interest and tax.

EBITDA: earnings before interest, tax, depreciation and amortisation.

EBITDA Margin: EBITDA divided by revenue.

Exclusive Brands (formerly referred to as Private Label): products sold under brands owned by Kogan.com.

FYxx: Financial year ended 30 June 20xx.

Gross Margin: Gross Profit divided by revenue.

Gross Profit: revenue less cost of sales.

Gross Sales (formerly referred to as GTV or Gross Transaction Value): is the gross transaction value, on a cash basis, of products and services sold, of Kogan Retail, Kogan Marketplace and the New Verticals.

Inventory Turn: cost of goods sold in the period divided by the average inventory in the period.

Kogan Cars: New Vertical launched in 4QFY19 offering competitive prices on new-car purchases.

Kogan Energy: New Vertical due to launch in 1HFY20 offering low cost power and gas, whilst allowing customers to easily track their energy usage on-demand, in partnership with Powershop (part of Meridian Energy).

Kogan Health: Vertical launched in 3QFY18 offering health insurance online.

Kogan Insurance: Vertical launched in 1QFY18 offering Insurance online, including Kogan Health, Kogan Pet, Kogan Life, general insurance and travel insurance.

Kogan Internet: Vertical launched in 4QFY18 offering NBN plans via Vodafone's fixed line NBN network.

Kogan Life: Vertical launched in 4QFY18 offering life insurance online.

GLOSSARY

Kogan Marketplace: A platform launched in 3QFY19 for sellers and buyers to complete transactions on Kogan.com, with commission-based revenue being earned by Kogan.com.

Kogan Mobile Australia: Launched in 2QFY16, vertical offering pre-paid mobile phone plans available online using Vodafone's mobile network in Australia.

Kogan Mobile New Zealand: New Vertical due to launch in 1HFY20 offering pre-paid mobile phone plans available online using Vodafone's mobile network in New Zealand.

Kogan Money Credit Cards: New Vertical due to launch in 1HFY20 offering a competitively priced credit card with compelling loyalty incentives for consumers to shop on Kogan.com and elsewhere, in partnership with Citi.

Kogan Money Home Loans: New Vertical launched in 2QFY19 offering competitive home loan products, in partnership with Adelaide Bank and Pepper Group.

Kogan Money Super: New Vertical due to launch in 1HFY20 offering a new no frills, ultra low fee Australian super fund, in partnership with Mercer.

Kogan Pet: Vertical launched in 4QFY18 offering pet insurance online.

Kogan Retail: Exclusive Brands and Third-Party Brands sales through the Core Website Channels and eBay, Amazon.com.au, TradeMe and other platforms.

Kogan Travel: Vertical offering online holiday packages and hotel and cruise bookings.

LTM: last twelve months.

New Verticals: Kogan Cars, Kogan Credit Cards, Kogan Energy, Kogan Health, Kogan Insurance, Kogan Internet, Kogan Life, Kogan Mobile, Kogan Mobile New Zealand, Kogan Money, Kogan Pet, Kogan Super and Kogan Travel.

Partners: refers to the companies Kogan.com has launched Verticals with.

Product Division: means Exclusive Brands and Third-Party Brands.

ROI: Return on investment

The Company: refers to Kogan.com Ltd.

The Presentation: refers to this document, titled 'Kogan.com - FY19 Results Presentation'.

Third-Party Brands (the combination of what was formerly referred to as Global Brands and Partner Brands): products sold under brands owned by third parties, which are sourced domestically in Australia and internationally.

Working Capital: total of trade and other receivables, inventories and prepayments which are included within other assets, less trade and other payables, deferred income, employee benefits and current provisions.

YoY: Year-on-year

ANNEXURE 1

FY19 REVENUE GROWTH BY PORTFOLIO BUSINESS

Exclusive Brands achieved Revenue growth of 41.6% year-on-year.

\$m	FY18 Revenue	FY19 Revenue	YoY Revenue growth %
Exclusive Brands	130.0	184.1	41.6%
Third-Party Brands	262.2	233.2	-11.1%
Product Divisions	392.2	417.3	6.4%
Travel ¹	6.9	0.8	n/a
Insurance	0.3	0.6	144.0%
Marketplace	n/a	1.5	n/a
Internet	0.6	0.4	-23.4%
Mobile	12.0	13.2	9.8%
Total	411.9	433.9	5.3%
Marketing and Other Income	0.4	4.8	>1,000%
Total	412.3	438.7	6.4%

Notes:

1. Kogan Travel is now reported in line with AASB 15.

ANNEXURE 2

FY19 IMPACTS OF AASB 15 'Revenue from contracts with customers'

\$m	FY19 without adoption of AASB 15				FY19 Reported
		1	2		
Revenue	441.5	(5.2)	2.4		438.7
Cost of Sales	(353.2)	5.2	-		(348.0)
Gross Profit	88.3	-	2.4		90.7
<i>Gross Margin %</i>	<i>20.0%</i>	-	-		<i>20.7%</i>
EBITDA	27.7	-	2.4		30.1

In line with changes to accounting standards for the financial year ending 30 June 2019, the Company's FY19 results now reflect the requirements of AASB 15 'Revenue from contracts with customers'. This change impacts two revenue streams: Kogan Travel and extended care. The above table presents the impact of this change.

Adjustment 1

Decreases revenue to reflect the gross Kogan Travel amount, rather than the commission only, and removes the cost of sales, meaning there is no gross profit impact. Previously, the gross value of travel deals sold through Kogan Travel was recognised as revenue. However, AASB 15 Principal vs Agent considerations require that only the commission earned on the sales be recognised as revenue. This change impacts revenue and cost of sales, with no Gross Profit or EBITDA impact.

Adjustment 2

The impact of applying AASB 15 has resulted in a positive impact of \$2.4 million. Previously, extended care income was recognised at the time of sale. All potential warranty/care expenses, standard and extended, are provided for, with movements in the provision recorded in Cost of Sales, to cover any future costs. Under AASB 15, income received for extended care must be deferred and recognised over the period of the contract. This change impacts revenue, gross profit and EBITDA.

In March 2019 Kogan.com on-sold all extended warranties purchased during FY19 to a Syndicate Underwriter at Lloyd's of London.

ANNEXURE 3

FY19 IMPACTS OF AASB 16 'Leases'

\$m	FY19 without adoption of AASB 16	1	2	FY19 Reported
Revenue	438.7			438.7
Cost of Sales	(348.0)			(348.0)
Gross Profit	90.7			90.7
Gross Margin %	20.7%			20.7%
Operating costs	(61.0)	0.6		(60.4)
Unrealised FX loss	(0.2)			(0.2)
EBITDA	29.5	0.6		30.1
EBITDA Margin %	6.7%			6.7%
Depreciation & Amortisation	(6.1)	(0.6)		(6.7)
EBIT	23.4	0.0		23.4
Interest income/(expense)	0.1		(0.0)	0.0
PBT	23.5	0.0	(0.0)	23.4

In line with changes to accounting standards for the financial year ending 30 June 2019, the Company has early adopted AASB 16 'Leases'. The FY19 results now reflect the early-adoption requirements of AASB 16 'Leases' using the modified retrospective approach, option 2. On transition Kogan.com has recognised an additional \$1,778,061 of right-of-use asset and \$1,778,061 of lease liability, resulting in no impact to retained earnings.

To measure the net present value of the lease liability, Kogan.com has used its incremental borrowing rate at 1 July 2018, being 3.15%. The change impacts operating costs, EBITDA, depreciation and interest expense. The above table presents the impact of these change.

Adjustment 1

Reduces operating costs by the lease payments for FY19. In line with AASB 16 'Leases' requirements, this expenditure is now accounted for within depreciation of the right-of-use asset.

Adjustment 2

Recording interest expense of the lease liability interest expense calculated using the incremental borrowing rate of 3.15%. This is an additional impact to profit before tax directly attributable to the early adoption of AASB 16 'Leases'.