



1HFY20 RESULTS PRESENTATION

18 FEBRUARY 2020

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CEO Update

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CEO Update

Ruslan Kogan
Founder, CEO and Executive Director

1HFY20 HIGHLIGHTS

We achieved a record half-year Gross Sales² and Gross Profit result in the history of the Business.

FINANCIAL PERFORMANCE

- Gross Sales² of \$322.9 million outperformed the prior corresponding half-year by 16.4%. Gross Profit, Adjusted EBITDA¹ and NPAT also outperformed the prior year by 10.6%, 35.2% and 20.8%, respectively. The Business finished the half with a cash balance of \$34.1 million and an undrawn bank debt facility.

GROWING BRAND

- 1,699,000 Active Customers as at 31 December 2019 – an increase of 10.2% year-on-year.

STRONG GROWTH FROM KEY INITIATIVES

- Exclusive Brands Revenue grew 17.0%.
- Kogan Marketplace Gross Sales grew 44.6% QoQ in the December quarter.
- Kogan Mobile Australia grew customers by 5.1% year-on-year and grew commission-based revenue 6.8% year-on-year.
- Kogan Internet grew customers by 344.4% year-on-year and grew commission-based revenue 642.0% year-on-year.
- Kogan Insurance grew commission-based revenue by 44.0%.
- Kogan First loyalty program continues to grow and resonate with customers.

NEW VERTICALS LAUNCHED

- Kogan Super, Kogan Mobile NZ, Kogan Credit Cards and Kogan Energy were launched during the half.

INTERIM DIVIDEND

- Interim Dividend announced of 7.5 cents per Share, fully franked.
- Recently announced DRP will apply to the Interim Dividend at a discount of 2.5%.

Notes:

1. Adjusted EBITDA is a measure of the underlying performance of the Business, it removes non-cash items including the Unrealised FX gain/(loss) and Equity-based compensation. The Group applied AASB 16 Leases as at 1 July 2018. The Half-Year Report for the six months ended 31 December 2018 did not reflect the impact of the early adoption of AASB 16 Leases, refer to Annexure 2 for the restatement reconciliation.
2. 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.

1HFY20 RESULTS

Adjusted EBITDA⁴ of \$18.2 million exceeded 1HFY19 Adjusted EBITDA⁴ by 35.2%

\$m	1HFY19 ²	1HFY20	1HFY19 vs 1HFY20 Variance
Gross Sales¹	277.3	322.9	16.4%
Revenue ³	231.8	219.5	(5.3%)
Gross Profit	45.1	49.9	10.6%
<i>Gross Margin</i>	<i>19.5%</i>	<i>22.7%</i>	<i>3.3pp/16.8%</i>
Adjusted EBITDA⁴	13.4	18.2	35.2%
NPAT	7.4	8.9	20.8%

Notes:

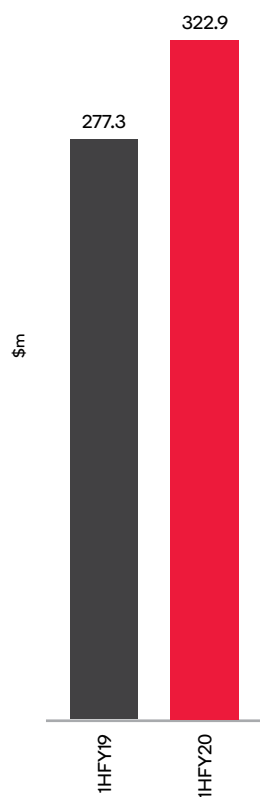
1. The Company believes Gross Sales (formerly referred to as GTV) is a key metric of the Business, given that transaction values of Kogan Marketplace, Kogan Mobile, and other New Verticals are not reflected in Revenue.
2. The Group has applied AASB 16 Leases as at 1 July 2018. The Half-Year Report for the six months ended 31 December 2018 has been restated to reflect the early adoption of AASB 16 Leases, refer to Annexure 2 for the restatement reconciliation.
3. The differential between Revenue and Gross Sales is reflective of Kogan Marketplace and New Verticals recognising only seller fees or commission-based revenue while the gross transaction values are recognised within Gross Sales.
4. Adjusted EBITDA is a measure of the underlying performance of the Business, it removes non-cash items including the Unrealised FX gain/(loss) and Equity-based compensation.

FINANCIAL HIGHLIGHTS

Operating Leverage allowed Kogan.com to grow Adjusted EBITDA² at a faster rate than Gross Sales¹ and Gross Profit.

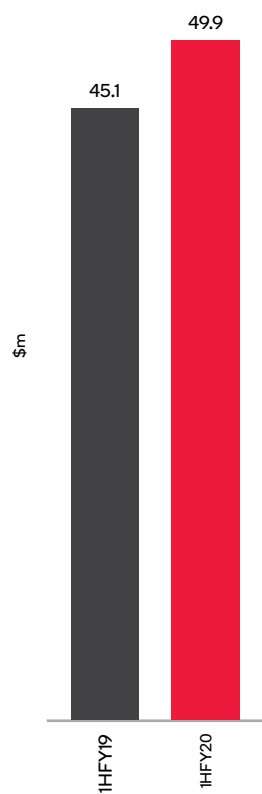
GROSS SALES¹

16.4% Growth



GROSS PROFIT

10.6% Growth



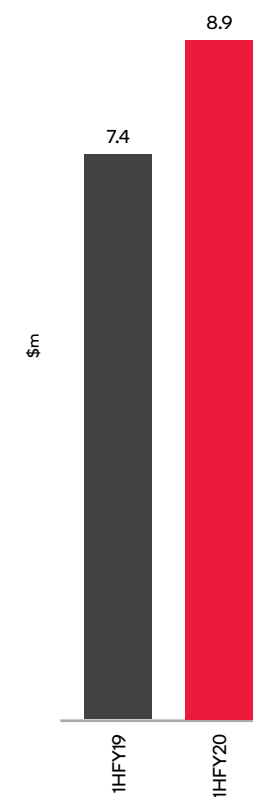
ADJUSTED EBITDA²

35.2% Growth



NPAT

20.8% Growth



Notes:

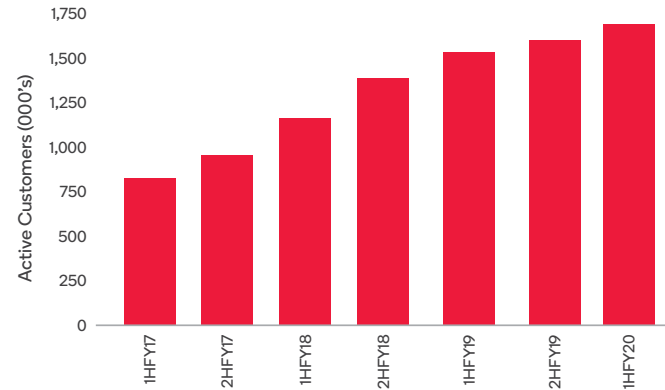
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WHO WE ARE

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

1,699,000 Active Customers

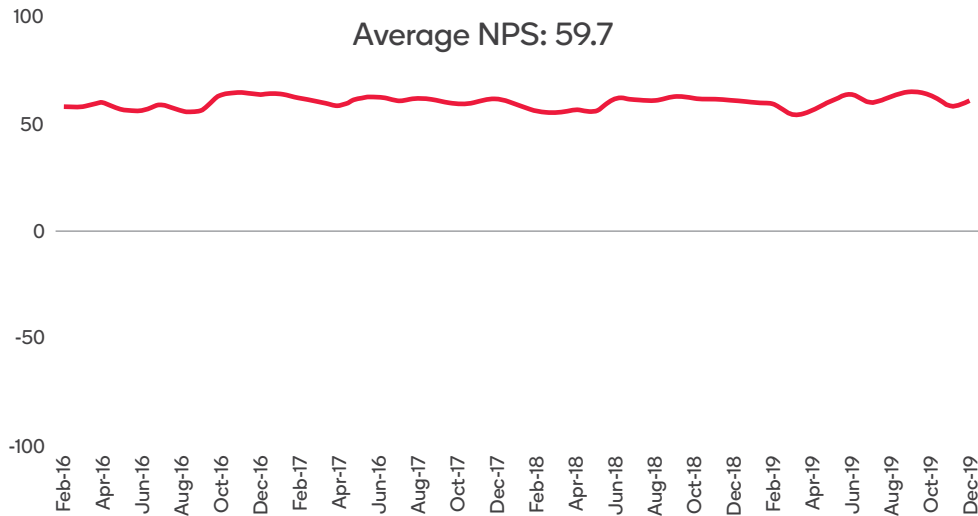


kogan retail	kogan travel	kogan mobile	kogan mobilenz	kogan internet
kogan insurance	kogan life insurance	kogan pet insurance	kogan health	kogan cars
kogan marketplace	kogan energy	kogan money	kogan super	kogan credit cards

DEDICATED TO SERVE OUR CUSTOMERS

We continue to deliver a high level of customer satisfaction.

NET PROMOTER SCORE¹



How do we continue to delight our customers?

- Offer a wide range of in-demand products & services at the best prices
- Execute fast & efficient delivery with excellent customer service
- Always strive to exceed customer expectations

Three-peat! Third year running, winner of the People's Choice Award at the Australia Post Online Retail Industry Awards 2019 (ORIAS)



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



Rate City Gold Awards: Variable Home Loan, 3-year Fixed Home Loan, Investor Variable Home Loan, Investor 3-year Fixed Homes Loan



kogan.com

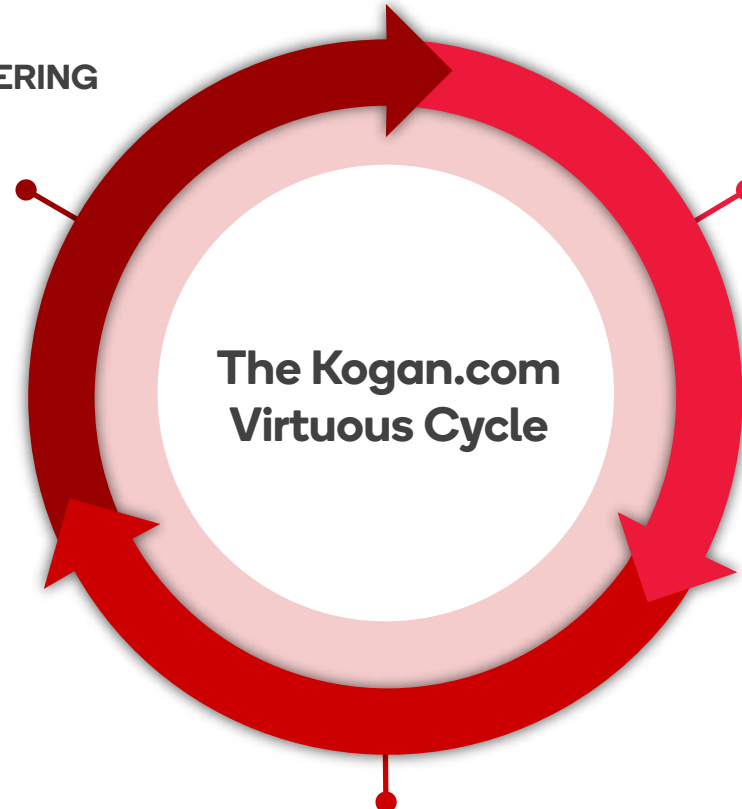
1. Net Promoter Score (NPS) is calculated based on answers to the question, "How likely is it that you would recommend Kogan.com to a friend or colleague?". Kogan.com measures its NPS as the percentage of customers who are "promoters" rating its products and services 9 or 10 out of a possible 10, less 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.

KOGAN KINETICS

Our mission is to make the most in-demand products and services more affordable and accessible.

ENHANCED CONSUMER OFFERING

- Broader selection
- Improved pricing



CUSTOMER & BRAND GROWTH

- Scale of efficiencies
- Customer acquisition & retention

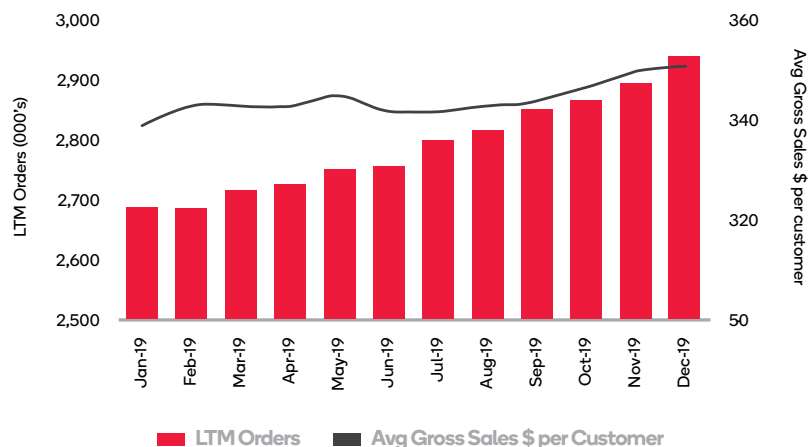
MORE PARTNERS & PRODUCTS

- More brands
- Additional verticals
- Top tier manufacturing partners

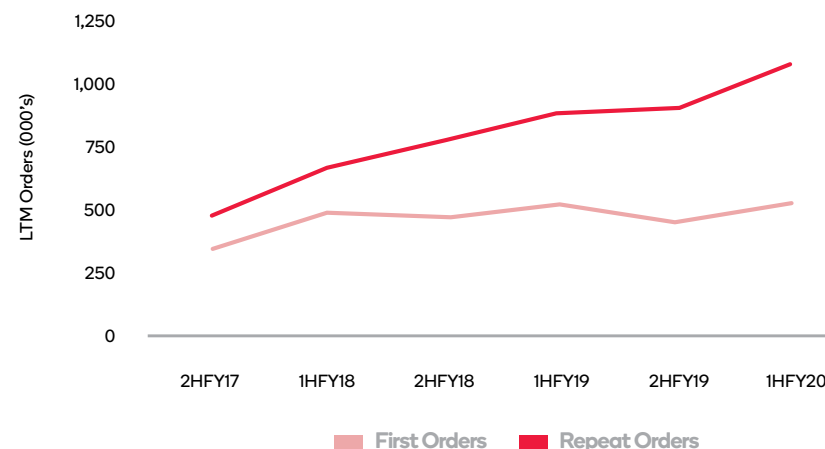
BUILDING THE KOGAN BRAND

The majority of our traffic continues to be driven by customer loyalty and brand recognition. ROI on marketing investment has improved significantly. The Company has achieved steady growth in customer orders and Gross Sales per customer¹.

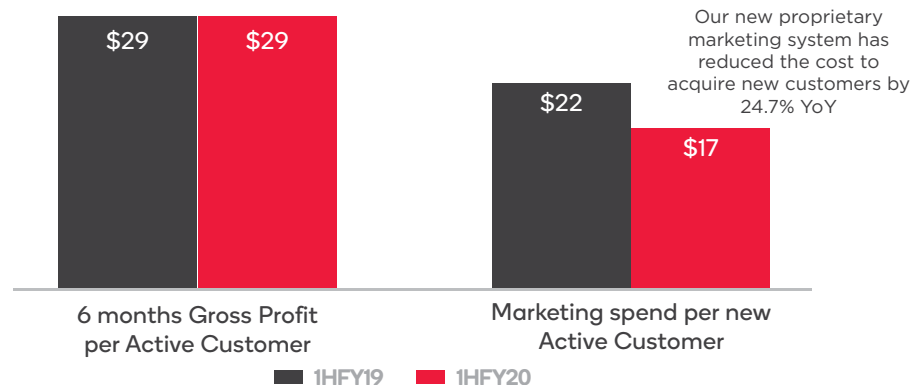
LTM CUSTOMER ORDERS & AVERAGE GROSS SALES PER CUSTOMER¹



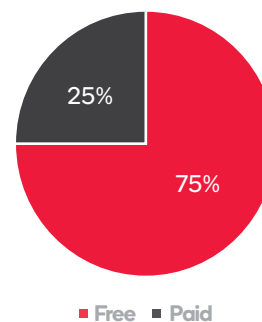
REPEAT BUSINESS - CREATING BRAND LOYALTY³



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 direct marketing
- Others

Notes:

1. Gross sales \$ per customer is Gross Sales within the prior 365 days/no. of Active Customers within the prior 365 days.
2. First half Gross Profit /LTM Active Customers 1HFY19 vs 1HFY20; marketing costs/sum of new customers in 1HFY20 vs 1HFY19.
3. First Orders means orders placed during the period by customers who had not previously transacted with the Business. Repeat Orders means orders placed during the period by customers who had previously transacted with the Business at the time of their order.

BUILDING THE KOGAN PLATFORM



UNRIVALLED TECHNOLOGY DELIVERY

Delivering over 15 websites and mobile applications across our brands over the last twelve months.

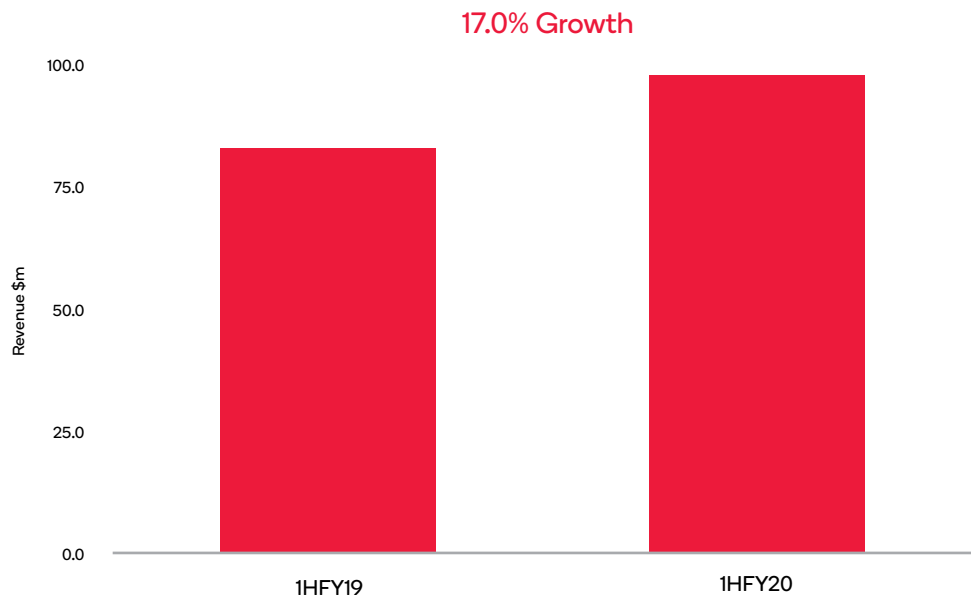
Kogan Credit Card
Kogan Super
Kogan Mobile New Zealand

Kogan Energy
Kogan Homeloans
Kogan Smarter Home

EXCLUSIVE BRANDS STRATEGY

Exclusive Brands achieved Revenue growth of 17.0% in 1HFY20 vs 1HFY19, continuing to meet strong consumer demand across a wide-array of products.

CONTINUED YoY GROWTH IN EXCLUSIVE BRANDS REVENUE IN 1HFY20



Exclusive Brands growth rate increased YoY and benefits from:

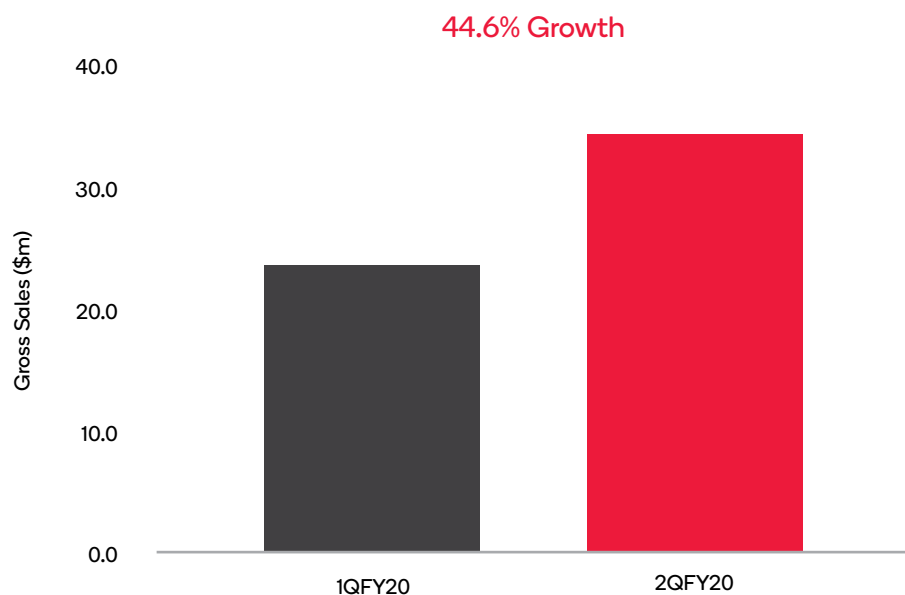
- Full control of the end-to-end supply chain
- Strong competitive advantage
- Building trusted brands renowned for value
- Compelling consumer offering
- Ever expanding range of in-demand products
- 13+ years' experience



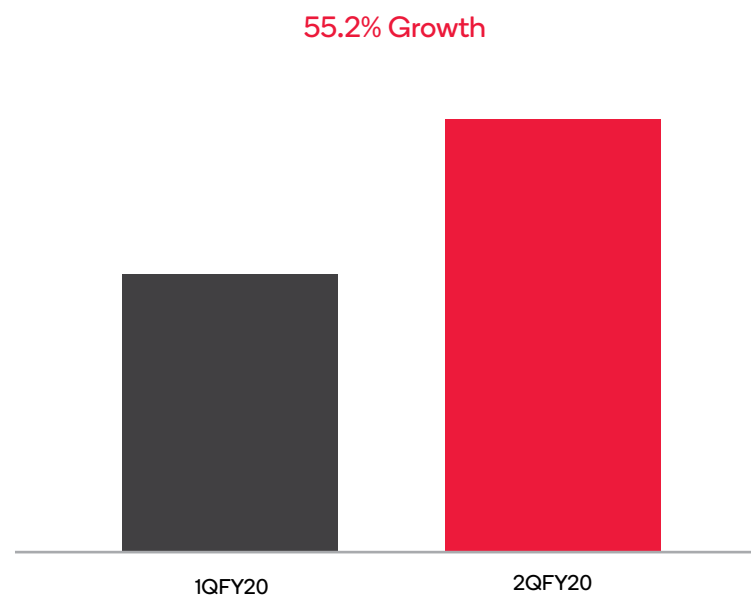
KOGAN MARKETPLACE

Customers and sellers alike are loving our new marketplace, resulting in Gross Sales¹ increasing by 44.6% QoQ. The platform is also resonating with sellers, with seller numbers growing by 55.2% QoQ.

MARKETPLACE GROSS SALES¹ QoQ



NUMBER OF MARKETPLACE SELLERS QoQ



The development of Kogan Marketplace marks a period of transition for the Business. Our proprietary marketplace platform enables the Business to achieve ongoing growth in product selection and sales capacity without the Business needing to make further investments in inventory.

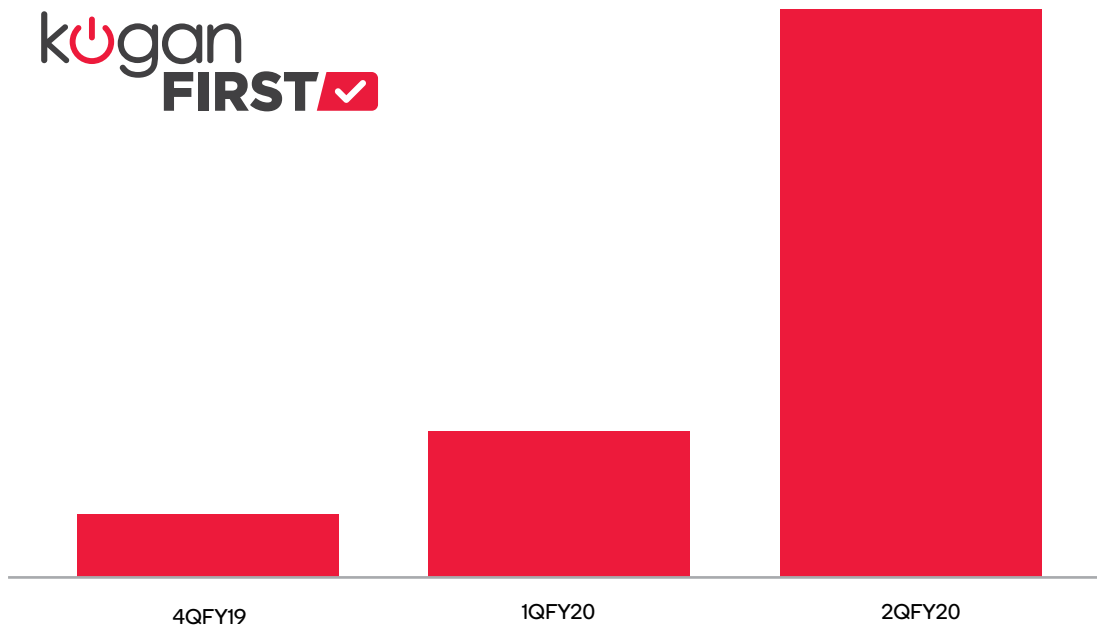
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KOGAN FIRST

Kogan First provides members with a suite of consumer benefits, creating a large and growing community of loyal customers.

KOGAN FIRST MEMBERS¹



Kogan First grew rapidly through the period, demonstrating that customers are switching on to the value the loyalty program delivers.

Members have received over \$1 million of additional benefits from Kogan First since inception.

Kogan First members get access to free shipping, free upgrades to express shipping as well as exclusive deals on a large number of our products. Kogan First members buy more, and spend more than other customers, and building this loyal community enables the Business to cultivate a core group of repeat shoppers.

Notes:

1. Kogan First Members excludes Kogan First customers who are in a trial period or have received complimentary Kogan First Membership, and includes only those members who have paid the membership fee of \$99 (inc GST).

Financial Update

David Shafer
CFO, COO and Executive Director

1HFY20 RESULTS COMPARED TO 1HFY19

Adjusted EBITDA⁴ growth to \$18.2 million represents an increase of 35.2%.

\$m	1HFY19 ¹	1HFY20	Variance %
Gross Sales²	277.3	322.9	16.4%
Revenue	231.8	219.5	(5.3%)
Cost of sales	(186.7)	(169.6)	(9.1%)
Gross Profit	45.1	49.9	10.6%
Gross margin	19.5%	22.7%	3.3pp
Variable costs	(9.6)	(10.8)	12.4%
Marketing costs	(11.6)	(8.7)	(25.3%)
Contribution Profit	23.8	30.4	27.4%
Contribution margin	10.3%	13.8%	3.6pp
People costs	(8.0)	(9.2)	14.9%
Other costs	(2.9)	(3.7)	24.6%
Total operating costs	(32.2)	(32.4)	0.5%
Unrealised FX gain/(loss) ³	0.6	(0.9)	(242.9%)
EBITDA¹	13.6	16.7	23.1%
EBITDA Margin	5.8%	7.6%	1.8pp
Unrealised FX gain/(loss) ³	0.6	(0.9)	(242.9%)
Equity-based compensation	(0.5)	(0.6)	20.0%
Adjusted EBITDA⁴	13.4	18.2	35.2%
Depreciation & amortisation	(3.2)	(3.8)	19.5%
EBIT	10.3	12.8	24.2%
Interest	0.1	(0.0)	(130.4%)
Profit before tax	10.5	12.8	22.1%
Income tax expense	(3.1)	(3.9)	25.2%
NPAT	7.4	8.9	20.8%

OVERVIEW

Gross Sales² reflects the total transactional value of Kogan Retail, Kogan Marketplace and New Verticals. Revenue reflects the accounting Revenue of Kogan Retail and only the commission or seller fees received from Kogan Marketplace and New Verticals.

Revenue from Exclusive Brands, Kogan Internet, Kogan Insurance, Kogan Mobile Australia and advertising income all grew year-on-year. This was tempered by a reduction in Revenue within Third-Party Brands, partly due to the migration of some customer orders to Kogan Marketplace which earns seller fees as revenue.

Gross Profit has been impacted by the reduction in Third-Party Brands, which was offset by the emergence of Kogan Marketplace.

Variable costs reflects the increase in stock holdings that has allowed us to deliver our largest Gross Sales² and Gross Profit in the history of the Business.

Marketing costs continues to reap the benefits of our proprietary marketing system, which has driven our customer acquisition cost down by 24.7% year-on-year.

Contribution Profit increased 27.4% year-on-year following the implementation of a new proprietary marketing system that has enabled more effective and targeted marketing activity.

EBITDA¹ of \$16.7 million reflects an increase in EBITDA¹ margin of 1.8pp to 7.6%. EBITDA¹ was impacted by Unrealised FX losses³ of \$0.9 million and Equity-based compensation of \$0.6 million, which are non-cash.

Adjusted EBITDA⁴, which excludes the impact of Unrealised FX losses³ of \$0.9 million and Equity-based compensation of \$0.6 million, grew to \$18.2 million.

Depreciation¹ & amortisation increased upon the recognition of a Right-of-Use asset under AASB 16 - Leases following the favourable renegotiation of terms at one of our warehouse sites.

1. The Group has applied AASB 16 Leases as at 1 July 2018. The Half-Year Report for the six months ended 31 December 2018 has been restated to reflect the impact of the early adoption of AASB 16 Leases, refer to Annexure 2 for the restatement reconciliation.

2. 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.

3. Unrealised FX gain/(loss) in 1HFY19 has been remapped below Operating Costs to allow year-on-year comparability.

4. Adjusted EBITDA is a measure of the underlying performance of the Business, it removes non-cash items including the Unrealised FX gain/(loss) and Equity-based compensation.

KEY DRIVERS OF KOGAN.COM 1HFY20 FINANCIAL PERFORMANCE

Ongoing implementation of our strategy to grow our brand, grow our product selection, 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 10.2%. At 31 December 2019 the Business had 1,699,000 Active Customers.

Kogan First memberships scaled significantly during 1HFY20 as more and more customers recognise the significant value we are offering via the loyalty program.

ROI on marketing expenditure continues to improve due to our proprietary marketing system. This resulted in a year-on-year decline in marketing costs. This, in combination with a strong average NPS of 59.7, has helped build our customer base and drive Gross Sales¹ growth.

PRODUCT DIVISIONS

▶ Exclusive Brands continued to achieve year-on-year Revenue growth, increasing 17.0% on 1HFY19. Exclusive Brands represented 46.0% of overall Gross Profit in 1HFY20. This growth was achieved through ongoing investment in Exclusive Brands inventory to broaden our range 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, partly due to the growth of Kogan Marketplace.

KOGAN MARKETPLACE

▶ The success of Kogan Marketplace has resulted in Gross Sales¹ increasing by 44.6% QoQ in the December quarter compared to the September quarter. The platform is resonating with sellers, with our marketplace having increased the number of sellers on the platform by 55.2% QoQ, and there continues to be a long backlog of sellers ready to be onboarded.

The exceptional growth of Kogan Marketplace has led to a period of transition for the Business. Our proprietary marketplace platform enables the Business to achieve ongoing growth without ongoing investment in inventory.

Notes:

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KEY DRIVERS OF KOGAN.COM 1HFY20 FINANCIAL PERFORMANCE

NEW VERTICALS

Kogan Internet customers grew 344.4% year-on-year, resulting in commission-based revenue increasing by 642.0% over the same time period.

Kogan Mobile Australia also enjoyed growth, with customers increasing by 5.1% and commission-based revenue increasing 6.8%.

Kogan Insurance, which includes our suite of insurance products, continues to scale. Commission-based revenues grew 44.0% year-on-year.

ADVERTISING & OTHER INCOME

Advertising has grown to 5.3% of total Gross Profit, and has demonstrated the potential to become a significant growth area.

VARIABLE COSTS

Variable Costs predominantly consist of warehousing costs. Our expansion of product range, particularly through our Exclusive Brands division has driven the increase in these costs. Our investments in efficiencies throughout our logistics network is paying off, with Variable Costs growing at a slower pace to both Gross Sales¹ and Exclusive Brands Revenue growth.

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. The majority of this equity-based compensation was issued in the period surrounding the IPO.

Notes:

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IMPROVING OPERATING LEVERAGE

	1HFY17	1HFY18	1HFY19 ¹	1HFY20
Revenue	100.0%	100.0%	100.0%	100.0%
Gross Margin	18.0%	19.4%	19.5%	22.7%
Delivered Margin (after all distribution & storage costs)	14.2%	16.1%	15.3%	17.8%
Marketing costs	3.7%	4.5%	5.0%	4.0%
Contribution Margin	10.5%	11.6%	10.3%	13.8%
Fixed costs	5.4%	4.9%	4.7%	5.8%
EBITDA Margin	5.1%	6.7%	5.8%	7.6%
Adjusted EBITDA Margin²	3.0%	6.8%	5.8%	8.4%

Over the past four years we have delivered growth in Gross Margin. We have also grown Contribution Margin, EBITDA Margin and Adjusted EBITDA Margin² over the past year. We continue to deliver significant projects to grow our products and services offering, while maintaining a close eye on costs.

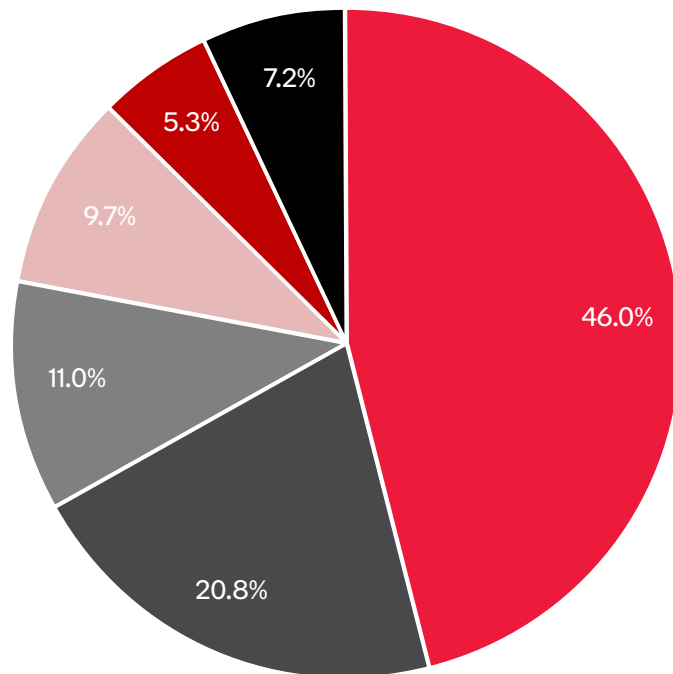
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1HFY20 GROSS PROFIT PRODUCT & BUSINESS MIX

New avenues of Gross Profit growth have been developed through Kogan Marketplace and Advertising income.

1HFY20 GROSS PROFIT MIX



- Exclusive Brands
- Third-Party Brands
- Kogan Marketplace
- Kogan Mobile Australia
- Advertising
- Other

Our core product ranges continue to be the largest contributors to Gross Profit, with Exclusive Brands and Third-Party Brands making up 46.0% and 20.8% of Gross Profit respectively.

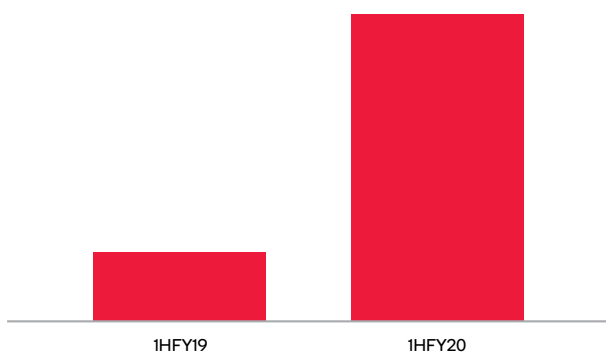
Kogan Marketplace has grown significantly during the 1HFY20, contributing 11.0% of total Gross Profit.

We have also developed a new source of Gross Profit in Advertising. This division has grown to 5.3% of total Gross Profit mix.

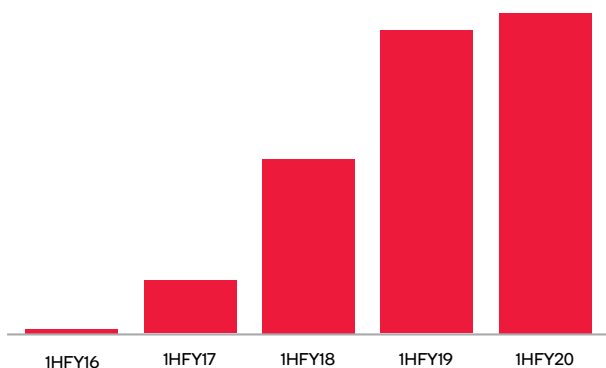
KOGAN MOBILE & KOGAN INTERNET

Kogan Mobile Australia and Kogan Internet continue to achieve growth in customers. Kogan Mobile NZ launched during 1HFY20.

KOGAN INTERNET CUSTOMERS¹



KOGAN MOBILE AUSTRALIA CUSTOMERS¹



Kogan Internet commission-based revenue grew 642.0% year-on-year driven by customer growth of 344.4%. Management are actively working with Vodafone to continue delivering competitive consumer offerings and we expect Kogan Internet to continue scaling in 2HFY20.

Kogan Mobile Australia continues to contribute significantly to Gross Profit. Customers grew 5.1% during the half, with commission-based revenue increasing 6.8% during the period.

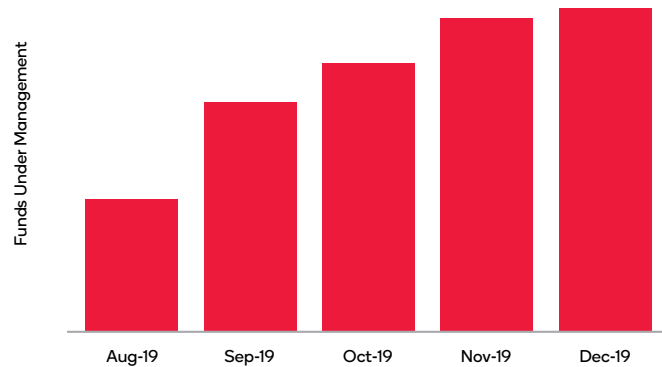
Kogan Mobile New Zealand, in partnership with Vodafone NZ, was launched during 1HFY20. Vodafone NZ is New Zealand's largest mobile network operator.

1. Are those customers whose services are active at the relevant reporting date.

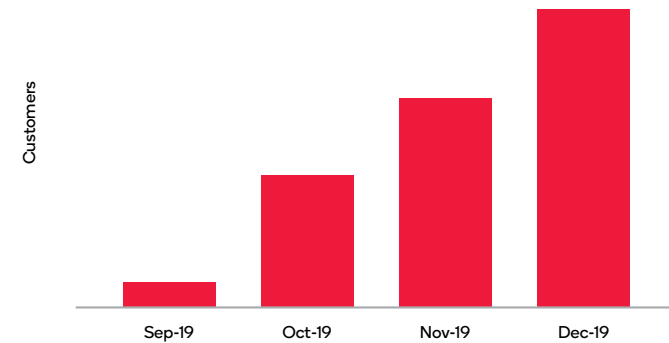
KOGAN SUPER, KOGAN ENERGY, KOGAN CREDIT CARDS

Recently launched Kogan Super, Kogan Energy and Kogan Credit Cards are growing strongly.

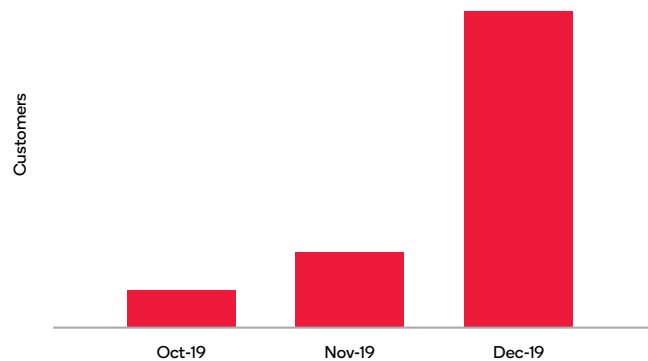
KOGAN SUPER FUNDS UNDER MANAGEMENT¹



KOGAN ENERGY CUSTOMERS²



KOGAN CREDIT CARDS CUSTOMERS²



Kogan Super is an ultra low-fee superannuation fund which launched in August 2019 in partnership with Mercer.

Kogan Energy offers competitive power and gas deals and was launched in September 2019 in partnership with part of the Meridian Energy Limited group.

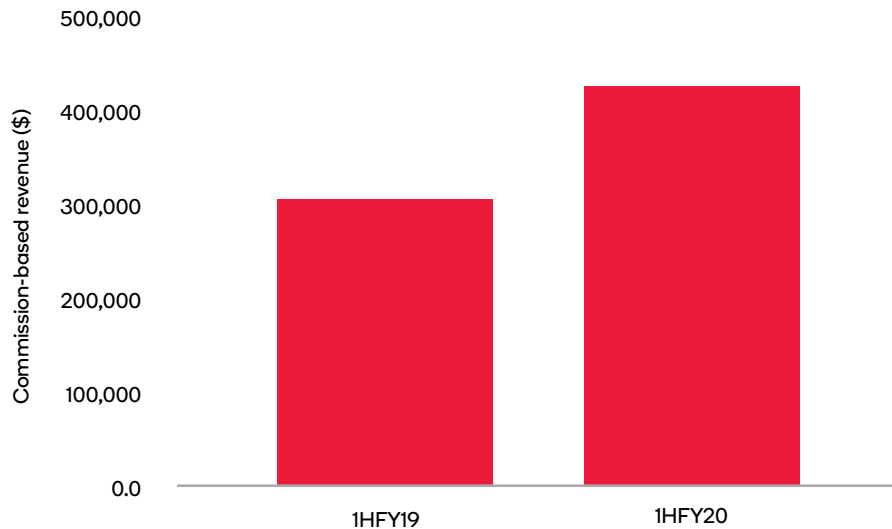
Kogan Credit Cards is a credit card with uncapped Kogan reward points, no annual fee, complimentary Kogan First membership, and competitive rates and fees. It was launched in October 2019 in partnership with Citi.

1. Funds Under Management represents the market value of the financial assets managed under Kogan Super.
2. Only includes those customers with an active utilities or credit card account at the relevant reporting date.

KOGAN INSURANCE

Kogan Insurance commission-based revenues for 1HFY20 grew by 44.0% year-on-year.

KOGAN INSURANCE COMMISSION-BASED REVENUES



kogan
health

kogan
life insurance

kogan
pet insurance

kogan
insurance

Kogan Insurance, which includes our suite of insurance products, continues its strong growth in 1HFY20.

NET ASSETS

A strong balance sheet at 31 December 2019 with \$34.1 million of cash and an undrawn debt facility.

\$m	Dec-19
CURRENT ASSETS	
Cash	34.1
Trade and other receivables	9.4
Inventories	94.7
Total current assets	138.2
NON-CURRENT ASSETS	
Property, plant and equipment	0.1
Right-of-use asset	3.3
Intangible assets	5.3
Deferred tax assets	1.6
Total non-current assets	10.3
Total assets	148.5
CURRENT LIABILITIES	
Trade and other payables	76.8
Lease liabilities	1.9
Current tax liabilities	2.6
Loans & borrowings	0.0
Provisions	1.7
Deferred income	9.9
Financial liabilities	0.5
Total current liabilities	93.5
NON-CURRENT LIABILITIES	
Lease liabilities	1.5
Deferred income and provisions	0.8
Total non-current liabilities	2.2
Total liabilities	95.7
NET ASSETS	52.8

Inventories held at 31 Dec 19 was comprised of:

- \$81.6 million in warehouse; and
- \$13.1 million in transit.

More than 98% of our inventory was less than 365 days old.

Financial liabilities is reflective of the unrealised FX loss recognised against our forward contracts.

Trade and other payables reached a seasonal high following the peak Christmas trading period.

As at the balance date, the Business had an undrawn bank debt facility of \$30.0 million with a total cash balance of \$34.1 million.

1HFY20 STATUTORY CASH FLOW

	\$000
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	250,274
Payments to suppliers and employees	(228,007)
Interest received	32
Finance costs paid	(262)
Income tax paid	(4,658)
Net cash provided by operating activities	17,379
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(45)
Purchase of intangible assets	(2,398)
Net cash (used in) investing activities	(2,443)
CASH FLOWS FROM FINANCING ACTIVITIES	
Dividends paid	(7,705)
Repayments of lease liabilities	(612)
Net cash (used in) financing activities	(8,317)
Net increase in cash held	6,620
Cash and cash equivalents at beginning of half-year	27,462
Cash and cash equivalents at end of half-year	34,082

Cash held by the Business increased by 24.1% to \$34.1 million at the end of 1HFY20.

Outlook

2HFY20 & BEYOND

In 2HFY20 we expect continued brand growth and deeper market penetration of more mature portfolio businesses alongside continued expansion of the Kogan Marketplace platform and traction in many of our New Verticals.



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 Marketplace	n/a	Launched 3QFY19	\$23.7 billion ¹	-
Kogan Internet	Vodafone	Launched 4QFY18	15.5 million premises ²	-
Kogan Insurance	Hollard	Launched 1QFY19	\$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 Australia	Vodafone	Launched 2QFY16	20.0 million users ⁷	✓
Kogan Mobile NZ	Vodafone	Launched 1HFY20	3.8 million users ⁸	-
Kogan Money Home Loans	Pepper & Adelaide Bank	Launched 2QFY19	\$85.6 billion ⁹	-
Kogan Money Super	Mercer	Launched 1HFY20	15.6 million account holders ¹⁰	-
Kogan Money Credit Card	Citi	Launched 1HFY20	16.0 million cards ¹¹	-
Kogan Cars	Eclipx	Launched 4QFY19	1.2 million cars ¹²	-
Kogan Energy	Powershop (part of Meridian Energy)	Launched 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-in-australia/>
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-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>

2HFY20 OUTLOOK

2HFY20 will see the scaling up of Kogan Marketplace and New Verticals, further growing our Active Customer base.



Consistent with prior years, the Company will not be providing formal EBITDA guidance for 2HFY20. However, the Company will provide regular Business updates during the half.

January unaudited management accounts show Gross Sales¹ growth of more than 17% year-on-year.

In light of the recent developments in relation to the coronavirus outbreak, it is too early to assess whether there may be any financial impact on our Business. Should there be sustained closures or delays of orders from international suppliers and manufacturers of our products, this may impact 2HFY20 earnings.

IN 2HFY20, WE EXPECT:

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

1. 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.

DIVIDEND

Kogan.com raised \$32.0 million (after offer costs) in its IPO in 2016, and has paid more than \$32.0 million in fully franked dividends over the past 3 years, since IPO.

The Board has declared a fully franked Interim Dividend of 7.5 cents per Share in respect of 1HFY20. Kogan.com announced a Dividend Reinvestment Plan (DRP) on 24 January 2020. The DRP will apply to the Interim Dividend at a discount of 2.5% to the 5-day volume weighted average prices of the Shares sold on the ASX from the trading day prior to the record date of the Interim Dividend.

	DPS (cents)	Franking (%)	Record date	Election date¹	Payment date
Dividend per Share (cents)	7.5	100.0	27 February 2020	28 February 2020	10 March 2020

1. The date by which an eligible Shareholder must have notified Kogan.com Ltd that it will participate in the DRP.

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 in the last twelve months from 1 January 2019, rounded to the nearest thousand.

Adjusted EBITDA: earnings before interest, tax, depreciation, amortisation, Unrealised FX gain/(loss) and Equity-based compensation.

Contribution Margin: Contribution Profit divided by Revenue.

Contribution Profit: Gross Profit less Variable costs and Marketing costs.

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.

First Orders: refer to orders placed during the period by Active Customers who had not previously transacted with the Business.

Funds Under Management (FUM): represents the market value of the financial assets managed under Kogan Super.

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.

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

Kogan Energy: New Vertical launched 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 First: Our loyalty program offering members free/upgraded express shipping along with special offers across thousands of our products.

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

GLOSSARY

Kogan Insurance: Vertical launched in 1QFY19 offering Insurance online.

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.

Kogan Marketplace: A platform launched in 3QFY19 for sellers and buyers to complete transactions on Kogan.com, with seller fees 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 launched in 1HFY20 offering pre-paid mobile phone plans available online using Vodafone's mobile network in New Zealand.

Kogan Money Credit Cards: New Vertical launched 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 launched 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 Australia, 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.

QoQ: Quarter-on-quarter

Repeat Orders: refer to orders placed during the period by Active Customers who had previously transacted with the Business at the time of their order.

ROI: Return on investment

The Company: refers to Kogan.com Ltd and it's controlled entities.

The Presentation: refers to this document, titled 'Kogan.com - 1HFY20 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.

YoY: Year-on-year

ANNEXURE 1

1HFY20 GROWTH BY PORTFOLIO BUSINESS

Revenue growth was achieved across Exclusive Brands and a number of our New Verticals, offset by a decline in Third-Party Brands which has partly been impacted by Kogan Marketplace growth.

\$m	1HFY20 Revenue	1HFY19 Revenue	<i>YoY Revenue growth %</i>
Exclusive Brands	97.2	83.1	17.0%
Third-Party Brands	105.8	141.8	(25.3%)
Kogan Marketplace ²	5.5	-	n/a
Product Divisions	208.4	224.8	(7.3%)
Kogan Travel ¹	0.3	0.4	(14.9%)
Kogan Insurance	0.4	0.3	44.0%
Kogan Internet	0.7	0.1	642.0%
Kogan Mobile Australia	4.8	4.5	6.8%
Kogan Money	0.2	-	n/a
Kogan First ¹	0.7	-	n/a
Total	215.7	230.1	(6.3%)
Advertising	2.6	1.2	120.0%
Other Income	1.2	0.5	139.4%
Total	219.5	231.8	(5.3%)

Notes:

1. Kogan Travel & Kogan First are reported in line with AASB 15.

2. Marketplace Revenue is the seller fees only and does not reflect the Gross Sales of Kogan Marketplace.

ANNEXURE 2

1HFY19 IMPACTS OF AASB 16 Leases

\$m	As reported at 31 December 2018	AASB 16 adjustment 1	AASB 16 adjustment 2	Restated 31 December 2018 for AASB 16 impact
Revenue	231.8			231.8
Cost of Sales	(186.7)			(186.7)
Gross Profit	45.1			45.1
Gross Margin %	19.5%			19.5%
Operating costs	(32.4)	0.3		(32.2)
Unrealised FX loss	0.6			0.6
EBITDA	13.3	0.3		13.6
EBITDA Margin %	5.7%			5.8%
Depreciation & Amortisation	(2.9)	(0.3)		(3.2)
EBIT	10.3	0.0		10.3
Interest income/(expense)	0.2		(0.0)	0.1
PBT	10.5	0.0	(0.0)	10.5

In line with changes to accounting standards for the financial year ending 30 June 2019, the Company early adopted AASB 16 Leases 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 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 to 1HFY19 reported figures.

The Half-Year Report for the six months ended 31 December 2018 did not reflect the impact of the early adoption of AASB 16 Leases.

Adjustment 1

Reducing operating costs by the lease payments for 1HFY19. In line with AASB 16 Leases requirements, this expenditure is now accounted for within depreciation of the right-of-use asset.

Adjustment 2

Increasing interest expense by 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 application of AASB 16 Leases.