

ANNUAL REPORT

2021

HIGHLIGHTS 2021

3,971,000
Kogan Group Active Customers¹



\$61.8_m

Adjusted EBITDA²



\$1.179_b

GROSS SALES³



\$203.7_m

GROSS PROFIT



1. Combined Active Customers of Kogan.com and Mighty Ape at 30 June 2021.
2. Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are measures of the underlying performance of the Business, they remove non-cash items including the unrealised FX gain/ (loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.
3. Non-IFRS measure.



46.9%

YOY GROWTH
IN KOGAN.COM
ACTIVE
CUSTOMERS



STRONG
GROWTH IN:

KOGAN FIRST

EXCLUSIVE BRANDS

KOGAN MARKETPLACE



NEW
BUSINESS
EXPANSION:

MIGHTY APE



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The 2021 financial year was one of milestones, rapid growth and evolution for our Company. We celebrated our 15th birthday and marked the occasion by surpassing \$1 billion in Gross Sales¹. We stayed true to our mission and values in spite of the continued obstacles of COVID-19 – pioneering new ways to delight over three million Active Customers by making the most in-demand products and services more affordable and accessible. With that, I am pleased to present the Kogan.com Ltd (Kogan.com) Annual Report for the financial year ended 30 June 2021 (FY21).

CHAIRMAN'S LETTER

Dear Kogan.com Shareholders,

Our actions stem from our core values – to always put the customer first. We do this by making data-driven decisions and pioneering technology-based solutions to benefit our loyal community. This ensures that we are able to deliver on our long-term strategies, which in turn continues to benefit customers and Shareholders alike. Our ability to be agile and promptly respond to the changing conditions throughout the year is a testament to the strength and capabilities of our team.

In FY21 Kogan Marketplace continued its rapid growth, nearly doubling its Gross Sales¹ compared to the prior year. There continues to be a strong pipeline of sellers ready to be onboarded in addition to the increased number of sellers already using the platform throughout FY21, enabling more choice for our customers.

Our Exclusive Brands portfolio continued to achieve year-on-year Revenue growth, up 62.5% and Gross Profit growth of 63.4% on FY20, respectively, resulting in a contribution of 51.6% to the Group's overall Gross Profit in FY21.

We place great emphasis on customer experience and are currently progressing exciting projects to enhance our Kogan First offering, further incentivising and rewarding our loyal customers.

In FY21 we continued to strengthen Kogan.com's governance framework. Kogan.com now operates with a majority independent Board as we welcomed two new Independent Non-Executive Directors, Janine Allis and James Spenceley, during the year. The Board is supported by a majority independent Audit and Risk Committee and Remuneration and Nomination Committee.

As always we welcome the opportunity to engage with our stakeholders, actioning feedback where immediately possible, as we continue to evolve our framework. This was no different post the 2020 Annual General Meeting in which our Company received a vote of 43.81% of eligible votes against the 2020 Remuneration Report, receiving a First Strike. Further information regarding our response to stakeholders can be found in the Remuneration Report within this Annual Report.

Our Corporate Governance Statement and other policies and charters are available on the Company's corporate website, www.kogancorporate.com.

STRATEGIC OPPORTUNITIES

Our Company was built on our mission to make the most in-demand products and services more affordable and accessible for all. There are always ways to operate more efficiently and improve offerings that our loyal customers will benefit from.

We see enormous opportunity in the Kogan First loyalty program, the continued growth of the Exclusive Brands product division and Kogan Marketplace. Ruslan will discuss these opportunities amongst others on page 4.

In the first half of FY21, we made our largest acquisition which has accelerated our expansion into New Zealand. Mighty Ape's trading for the seven months to 30 June 2021 has shown strong sales over the Christmas peak trading period and end of financial year sales. We are excited to see what we can achieve together once the Mighty Ape team and operations have been fully integrated into the Kogan Group which is anticipated over the next financial year.

¹ Non-IFRS measure.

OUR TEAM

The safety, health and wellbeing of the Kogan.com team are at your Company's top priorities. Our business takes all measures necessary to ensure that our team is safe, including the mental health of our team members. Our business was one of the first companies in Australia to switch to a 'work from home' model, now almost two years ago, at the beginning of the COVID-19 pandemic. The team continues to work from home during the current imposed lockdowns, supported by a flexible work model for when we are able to return to the office and various health and wellbeing initiatives.

I am extremely proud of the Kogan.com team who, through all of the uncertainty this pandemic continues to bring, remained focused and found ways to support our customers when they needed our help most.

On behalf of the Board, thank you for your continued commitment to the Kogan.com mission, values and community.

CASH BEING UTILISED TO SUPPORT GROWTH PLANS

Kogan.com has a strong balance sheet, and attractive short-term and long-term growth opportunities. To support your Company with its growth plans, the Board has decided to conserve cash for business investment and growth purposes and has paused dividends – having not declared a FY21 final Dividend.

LOOKING AHEAD

The Board is excited by the potential our Company has to further build and grow our trusted brand. Our loyal customers and Shareholders continue to be the beneficiaries of our ongoing commitment to bring our long-term strategy to life into FY22 and beyond.



Greg Ridder
Chairman



It's been a challenging year for so many people around the country and the world. Our team remained focused through difficult COVID-impacted operating conditions, and found ways to support our customers when they needed our help most. It's been a transformative year where we scaled to new heights and continued to build for the long term.

FOUNDER & CEO'S REPORT

Dear Kogan.com Shareholders,

It's in these challenging times, that you are seeing the true importance of how your Company is helping Australians and New Zealanders when they need it most. By offering the most in-demand products and services at more affordable prices, we are ensuring that all our customers have access to what they need around the clock, delivered directly to their door.

Over the past 12 months, Kogan.com turned 15 years young, surpassed \$1 billion in Gross Sales¹ for the first time ever, surged past three million Active Customers, had record-breaking Black Friday sales and made our largest acquisition to accelerate our expansion into New Zealand. And those are just the highlights.

These are nice numbers. What's more important though, is what it means we were able to do for our millions of customers. The world has changed, and the convenience of shopping anywhere, at any time, on any device is no longer just a luxury.

While we recently celebrated our 15th birthday, we feel like we're just getting started. Over the next year we'll be rolling out new and exciting projects to further reward our loyal Kogan Community with Kogan First membership benefits, new and improved delivery solutions, and further enhancements to the online shopping experience.

Our Kogan First subscription program was launched in the last quarter of FY19. At 30 June, we had grown our Kogan First subscribers to more than 120,000 subscribers, who have received an average of \$105 of member benefits this financial year. It's an incredibly good deal. Kogan First Members² have stronger loyalty and repeat purchase behaviour than non-members, because they get such a great deal.

We work extra hard to delight Kogan First subscribers and we continue to improve the offering to enable us to achieve our medium term goal of reaching 1 million Kogan First subscribers.

Over the past 18 months we have witnessed a massive swing towards the eCommerce retail revolution, one Kogan.com has been ready and predicting, for well over a decade. We look forward to continuing our quest to delight our customers by making the most in demand products and services more affordable and accessible.

BUILDING THE KOGAN.COM PORTFOLIO

We're continually evolving the Company to respond to the needs of our customers and to strengthen our competitive advantage. Our growing portfolio of businesses provides diversification of income, making us a more resilient business.

We're attracting more and more customers to our platform. Active Customers grew by 46.9% in the last 12 months. This comprised Kogan.com Active Customers, that grew to 3.2 million and Mighty Ape Active Customers that grew to 764,000. As a reminder, we count someone as an Active Customer if they have made a purchase in the last 12 months.

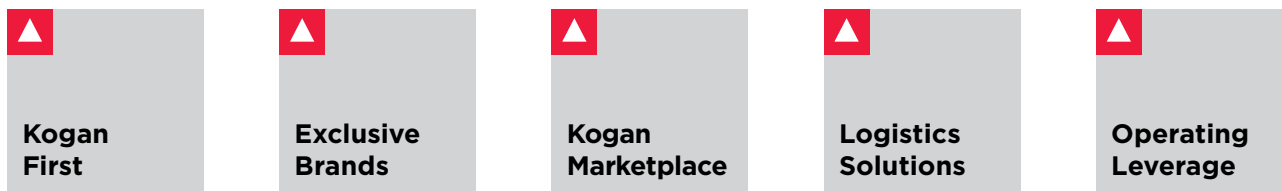
As more smart shoppers engage with our platform for the first time, our marketing investment is also expected to have ongoing long-term benefits to our Business, through repeat purchasing from these incremental Active Customers and growth in Kogan First subscribers.

Kogan Marketplace has gone from strength to strength, increasing Gross Sales¹ by 91% in FY21 compared to FY20. The platform continues to resonate with sellers, with Kogan Marketplace increasing the number of sellers significantly, while

¹ Non-IFRS measure.

² Kogan First Members excludes Kogan First customers who are in a trial period, and includes only non-trial members.

Outlook – continued accelerated growth across the Business



there continues to be a strong pipeline of new sellers about to be onboarded. This is wonderful for competition — enabling many small, medium and large businesses to grow through the pandemic by appealing directly to the millions of Kogan.com customers. Of course, it's also a real win for customers, as our selection grows rapidly, enabling more choice.

We are continually improving our proprietary marketplace platform which will enable the Business to achieve ongoing growth without a corresponding investment in inventory. The growth of Kogan Marketplace means that customers have more choice than ever, and our team worked hard to launch the Kogan Marketplace in New Zealand prior to the financial year end.

FY21 also saw the Company's largest acquisition, being the purchase of Mighty Ape. The Mighty Ape team and operations are progressively integrating into the Kogan Group. Trading for the seven months to 30 June 2021 has shown strong sales over the Christmas peak trading period and end of financial year sales, with Revenue and Gross Profit of \$80.2 million¹ and \$19.9 million¹, respectively. Active Customers grew to 764,000 as at 30 June 2021.

PRODUCT OFFERING AND EXPANSION

This year, we navigated through the challenges that come with rapid growth. We are a data-driven business and our decision to significantly invest in inventory and operational capacity was made based on forecasts using the best available data points at the time.

As I'm writing this, global supply chains have once again been thrown into chaos. There are fresh reports of other retailers struggling with not being able to secure stock in the leadup to the busy and important Christmas period. Due to the planning and monitoring of market conditions by our team, we are in a strong position to service our customers heading into the festive season. Santa can turn to Kogan.com for millions of in-stock items.

The Group held \$191.8 million dollars of inventory in warehouse at the end of the period, of which more than 99% of Kogan.com inventory and 94% of Mighty ape inventory in warehouse was aged less than 365 days. Total inventory was \$227.9 million, an increase of \$115.0 million held at the same time last year.

Our ongoing investment in Exclusive Brands inventory to broaden our range and meet customer demand has enabled our business to achieve continued year-on-year growth. In FY21 Revenue grew 62.5% on FY20 and a CAGR² of 43.3% since FY19. Exclusive Brands also achieved Gross Profit growth of 63.4% on FY20 and a CAGR² of 52.7% since FY19, contributing 51.6% to the Group's overall Gross Profit in FY21.

1 Values stated in AUD using the AU/NZ average rate from 1 December 2020 to 30 June 2021 of 0.9315.

2 Compound Annual Growth Rate (CAGR) between FY19 and FY21 is an informative metric to consider the underlying growth of the Business, given the volatility over the COVID impacted period.

FOUNDER & CEO'S REPORT CONTINUED

The online retail market continues to grow rapidly in Australia and Kogan.com has consistently taken market share. Online retail is in its infancy in Australia, NAB estimates that online retail is a mere 13.3% of total retail sales¹ – far lower than comparable economies. But, online retail is growing quickly, and Kogan.com is taking market share in that growing market. There remains a long runway ahead, and we are excited about the future.

FY22 & BEYOND

As we shift our focus to the next financial year we expect to see strong growth in Kogan First memberships, ongoing growth in Exclusive Brands, further enhancement and development of Kogan Marketplace, and the benefits from further Mighty Ape synergies flowing through.

To improve the Company's capabilities, we also anticipate potentially implementing logistics projects that would not require significant capital expenditure and can be supported by the Company's balance sheet, and improved operating leverage, consistent with the Company's long term track record.

Kogan.com is a dynamic portfolio of businesses driven by our core values to delight and win customers for life — as our business scales we are able to operate more efficiently, providing bigger and better offers to our loyal customers well into FY22 and beyond.

We've been working hard for more than 15 years to become an overnight success. We are motivated and inspired by the important role we play in the retail landscape and the wider economy, and we're excited about this new stage of growth and scale that we've entered. Your Company is stronger than it's ever been.



Ruslan Kogan
Founder & CEO

¹ Source: <https://business.nab.com.au/nab-online-retail-sales-index-june-2021-47896/>

OPERATING & FINANCIAL REVIEW

ORGANISATIONAL OVERVIEW & BUSINESS MODEL

OUR BUSINESS MODEL

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, Kogan Energy, Dick Smith, Matt Blatt and Mighty Ape. Kogan.com 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.

We have created a business model that allows us to be agile, bold and innovative. We can leverage our platform to seize opportunities like the expansion of Kogan Marketplace and acquisition of leading online New Zealand retailer Mighty Ape to drive future growth, bringing best in market offers to our customer base.

Our aim is to continue to build our portfolio of businesses synonymous with great value, service and compelling offerings.

WHO WE ARE

Our community and our portfolio continue to grow at pace.

At 30 June 2021, we had 3,207,000 Active Customers¹ (excluding Mighty Ape), representing year-on-year growth of 46.9%. Mighty Ape Active Customers grew to 764,000 at 30 June 2021.

kogan.com

kogan
retail

kogan
marketplace

kogan
FIRST 

Kogan Retail & Kogan Marketplace

Kogan.com is part of a 'Next Generation' of online retailers. Kogan.com's technology and sourcing driven business model is more than just a disruptive, low-cost distribution platform. In combining the data analytics, systems and culture with the deep technological expertise of its management and team, Kogan.com has created a vertically integrated business model with a market leading Exclusive Brands capability. This is complemented by a compelling range of in demand Third-Party Brands, supporting website traffic and cash generation.

Kogan Marketplace partners with select brands and distributors, giving them access to our Kogan Community, in addition to our marketing and online distribution capability. Our curated marketplace works with brands and distributors who generate incremental sales with exposure on the Kogan.com platform and marketing initiatives to the Kogan Community.

Kogan First

Kogan First membership rewards program was launched in the last quarter of FY19.

Kogan First Members² are offered exclusive deals on top of everyday discounts on the platform, Kogan First Reward Credits, free shipping and priority Customer Care.

- 1 Active customers refers to unique customers who have purchased in the last twelve months from reference date, rounded to the nearest thousand.
- 2 Kogan First Members excludes Kogan First customers who are in a trial period, and includes only non-trial members.

OPERATING & FINANCIAL REVIEW CONTINUED



Kogan Mobile

Kogan Mobile launched in October 2015 offering pre paid mobile phone plans online in partnership with Vodafone. The strong commercial relationship with Vodafone has translated into strong growth for Kogan Mobile. The unique model means that Vodafone is responsible for operations, while Kogan is responsible for branding, marketing and customer acquisition.



Kogan Travel

Kogan Travel launched in May 2015 and offers directly sourced holiday packages and travel bookings.



Kogan Insurance

Kogan Insurance launched in August 2017 in partnership with Hollard Insurance Company to offer general insurance, covering home, contents, landlord, car and travel insurance, with a focus on value for money. The underwriting of our general insurance policies is provided by Hollard, with Kogan earning commission on the sale of all insurance policies. Similar to Kogan Mobile and Kogan Internet, Kogan provides branding, marketing and customer acquisition for all insurance offerings.



Kogan Internet

Under an expanded partnership with Vodafone Hutchison Australia that was announced in June 2017, Kogan Internet launched in April 2018, providing fixed line NBN plans. NBN has an estimated market size of 11.9 million premises.



Kogan Money

In August 2018, Kogan.com announced Kogan Money Home Loans in partnership with Pepper Group Limited. This partnership has seen Kogan.com offer competitively priced home loans to Australian homeowners and investors under the brand, Kogan Money. Kogan Money Home Loans is the first of a suite of financial products to be rolled out under the Kogan Money brand. Kogan Money continues to focus on simplifying financial services for all Australians and making them more affordable through digital efficiency.



Kogan Money Super

In partnership with Mercer Australia, Kogan.com offers a no frills, ultra low fee Australian superannuation fund, Kogan Super. Kogan Super leverages Kogan.com's digital efficiency as one of Australia's lowest fee superannuation options and aims to manage a share of the 28.6 million Aussie superannuation accounts, which represent a combined total of more than \$2.6 trillion in assets.



Kogan Mobile New Zealand

Kogan Mobile New Zealand launched in 1HFY20 in partnership with Vodafone New Zealand Limited offering telecommunications services in New Zealand. Vodafone NZ is New Zealand's largest mobile network operator.



Kogan Energy

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 Money Credit Cards

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 Citigroup Pty Ltd.



Dick Smith

In 2016, Kogan.com acquired Dick Smith, one of Australia's premier consumer electronics brands and a pioneer of the consumer electronics industry in Australia.



Matt Blatt

In May 2020, Kogan.com acquired Matt Blatt, one of Australia's premier furniture and homewares brands and a pioneer of the online furniture industry in Australia.



Mighty Ape

In December 2020, Kogan.com acquired Mighty Ape, one of New Zealand's largest online retailers with a focus on gaming, toys and other entertainment categories.

HOW WE DELIVER VALUE TO OUR CUSTOMERS:

Compelling offering:

We aim to bring market leading prices to our customers on in-demand products and services across our portfolio of businesses.

We achieve this by leveraging our 15+ years' experience in Exclusive Brands, extensive Third-Party Brands offering, and using the strength of the Kogan platform to partner with industry leaders for Kogan Mobile, Kogan Insurance, Kogan Internet and Kogan Money Home Loans.

We are able to pass on savings to customers by streamlining and cutting overheads in our supply chains and marketing.

Customer-centric approach:

We are customer obsessed. Understanding and servicing our customers' needs is central to what we do. Our customers have high expectations and we aim to offer a seamless shopping experience.

Our analytics capability ensures we know what our customers want and when they want it. Our investment in automation has driven faster fulfilment of products and services and happier customers.

Our portfolio of retail and services businesses is focused on making in-demand products and services more affordable and accessible.

OPERATING & FINANCIAL REVIEW CONTINUED

Industry leading IT platform & data driven culture:

The Kogan platform is renowned for price leadership through digital efficiency. We believe 'There is always a better way' and our vision is to harness the power of technology and personalisation to change the way our customers shop online.

We understand our customers, what inspires them and what interests them. We leverage this understanding, driven by data analytics and long-term investments in systems to continue to reach and inspire our customers in new and exciting ways.

We use machine learning and A.I. to ensure that our customers' get the tailored shopping experience they deserve. Our proprietary algorithms and A.I. technology means that we are communicating the right product or service to the right person at the right time. We have also created proprietary systems to reduce fraud, and optimise marketing spend, making Kogan.com smarter and stronger as a business and leading to the best deals for customers ensuring we stay ahead of the curve in offering price leading goods and services in Australia and New Zealand.

BUILDING THE KOGAN PLATFORM

In the twelve months to 30 June 2021, the Company achieved 46.9% growth in Active Customers¹. The Company had 3,207,000 Active Customers¹ (excluding Mighty Ape) as at 30 June 2021 (compared with 2,183,000 as at 30 June 2020). Mighty Ape Active Customers¹ grew to 764,000 at 30 June 2021.

Given our record marketing investment during the year, the proportion of traffic from free sources reduced on last year. However, more importantly, free traffic sources still represent the vast majority of visits to our websites, which demonstrates that satisfied customers continue to return to Kogan.com. Spend per new active customer was consistent with last year while significantly growing Active Customers¹.

The Company places great emphasis on customer experience and we are currently progressing exciting projects to enhance our Kogan First offering further incentivising and rewarding our loyal customers in the near future. The Kogan First loyalty program grew to over 120,000 members as at 30 June 2021, with Kogan First Members² demonstrating stronger loyalty and repeat purchase behaviour than non-members. Kogan First Members² on average have received \$105 of member benefits in FY21. Kogan First subscription revenues grew to \$8.9 million in FY21, while member benefits totalled \$12.7 million in FY21.

Our commitment to bring the most in-demand products and services to our Kogan Community at great prices continues to resonate.

Figure 1.1 Active Customers¹ Kogan.com

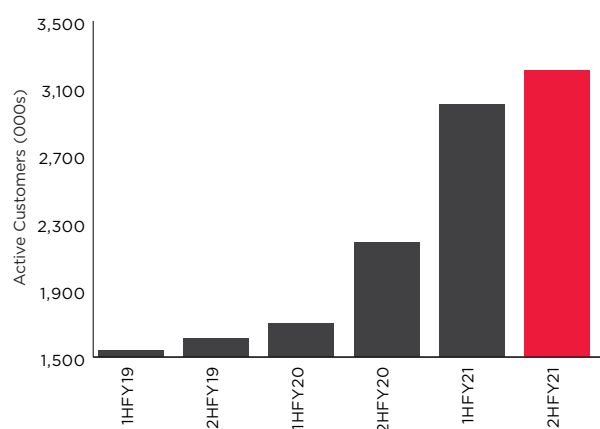
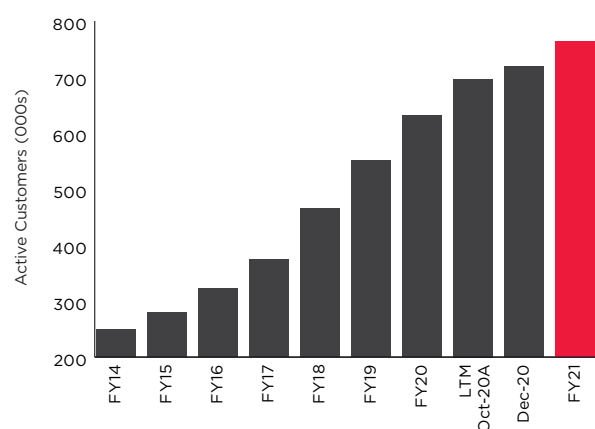


Figure 1.2 Active Customers¹ Mighty Ape



- 1 Active customers refers to unique customers who have purchased in the last twelve months from reference date, rounded to the nearest thousand.
- 2 Kogan First Members excludes Kogan First customers who are in a trial period, and includes only non-trial members.

Figure 1.3 Traffic – free vs paid marketing¹

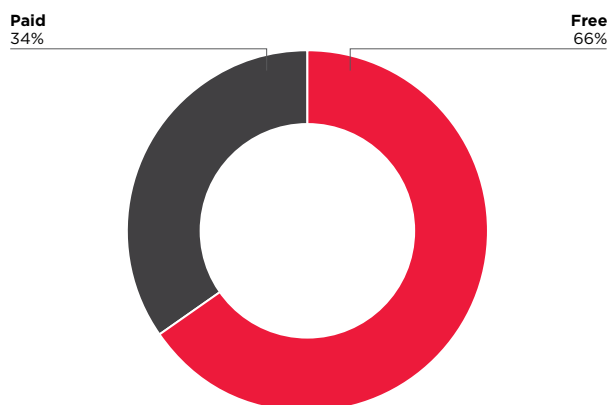
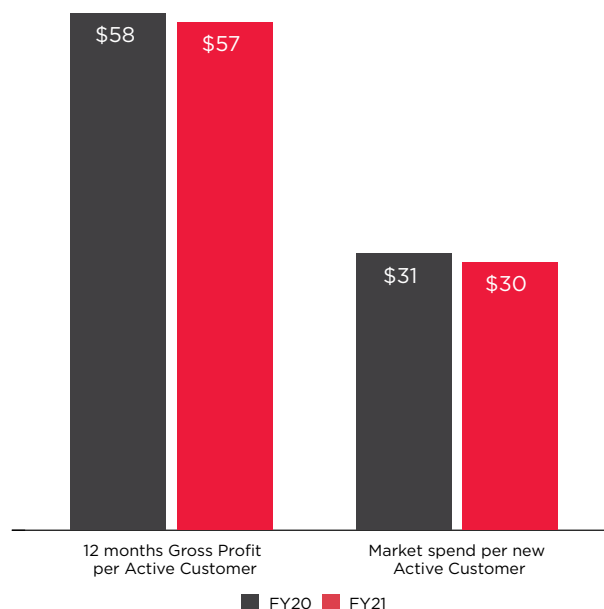


Figure 1.4 12-month return on investment in marketing^{1,2}

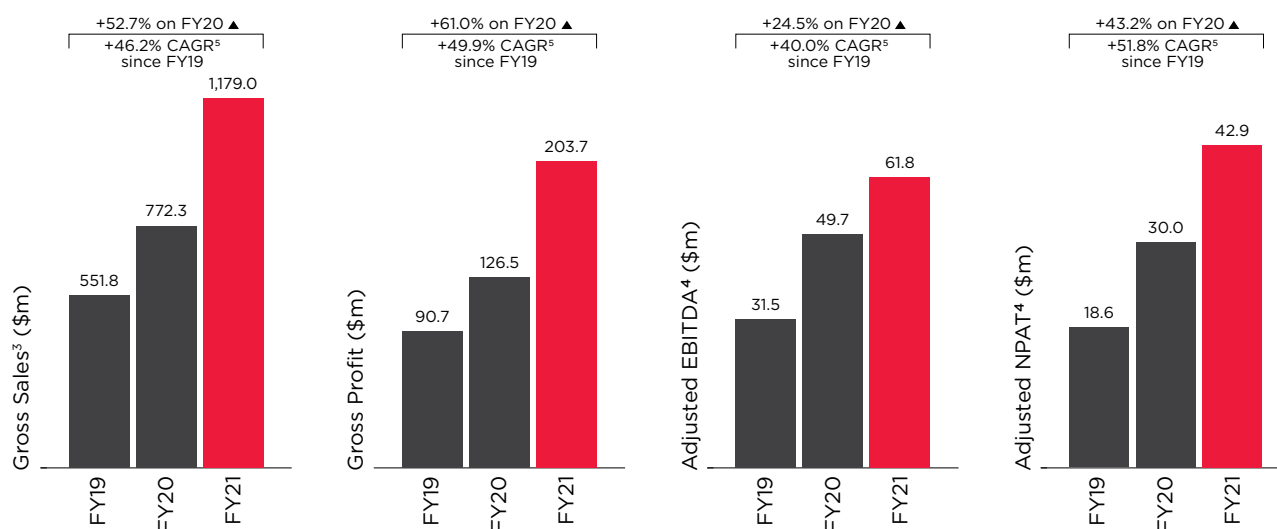


PERFORMANCE REVIEW & OUTLOOK

RESULTS SUMMARY

Refer to Table 1.5 for an explanation of non-IFRS measures used throughout this report.

Figure 1.5 Kogan Group financial highlights



¹ Chart reflects Kogan.com excluding Mighty Ape

² 12-month Gross Profit/Active Customers; marketing costs/sum of new customers in FY21.

³ Non-IFRS measure.

⁴ Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are measures of the underlying performance of the Business, they remove non-cash items including the unrealised FX gain/ (loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.

⁵ Compound Annual Growth Rate (CAGR) between FY19 and FY21 is an informative metric to consider the underlying growth of the Business, given the volatility over the COVID impacted period.

OPERATING & FINANCIAL REVIEW CONTINUED

Table 1.1 FY21 Kogan Group Results compared to FY20

\$m	FY21	FY20	Variance
Gross Sales¹	1,179.0	772.3	52.7%
Revenue ²	780.7	497.9	56.8%
Cost of sales	(577.0)	(371.4)	55.4%
Gross Profit	203.7	126.5	61.0%
Gross margin	26.1%	25.4%	0.7pp/2.7%
Operating Costs	(193.0)	(85.5)	132.5%
Results from operating activities	10.7	41.0	(73.8%)
Unrealised FX (loss)/gain	1.4	(1.4)	200.2%
Net finance costs	(0.9)	(0.7)	22.7%
Profit before tax	11.3	38.9	(71.0%)
NPAT³	3.5	26.8	
EBITDA^{1,3}	22.5	46.5	
Unrealised FX gain/(loss)	1.4	(1.4)	200.2%
Penalties	0.0	(0.7)	100.0%
Equity-based compensation	(15.6)	(1.0)	(>1000%)
Donations	(2.5)	0.0	(100.0%)
COVID-19 related stock provision	(2.2)	0.0	(100.0%)
COVID-19 related logistics costs	(7.7)	0.0	(100.0%)
Mighty Ape Tranche 3 & 4 and acquisition costs	(12.8)	0.0	(100.0%)
Adjusted EBITDA⁴	61.8	49.7	24.5%
Adjusted NPAT⁴	42.9	30.0	43.2%
EPS ³	0.03	0.29	
Adjusted EPS ⁴	0.41	0.32	27.2%

Any discrepancies between totals, sums of components and percentage variances in this table are due to rounding.

Exclusive Brands continued to achieve year-on-year Revenue growth, up 62.5% on FY20 and achieving a CAGR⁵ of 43.3% since FY19. Exclusive Brands also achieved Gross Profit growth of 63.4% on FY20 and a CAGR⁵ of 52.7% since FY19, resulting in a contribution of 51.6% to the Group's overall Gross Profit in FY21. This 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 achieved growth in Revenue and Gross Profit, delivering an increase of 18.9% and 10.1% respectively on FY20, and a CAGR⁵ of 7.9% and 7.7%, respectively since FY19.

1 Non-IFRS measure.

2 The differential between Revenue and Gross Sales is reflective of Kogan Marketplace and New Verticals recognising only commission-based Revenue while the gross transaction values are recognised within Gross Sales.

3 Given the various adjustments (including provision for the likely payment of Mighty Ape Tranche purchase price instalments and equity-based compensation) the Company believes the data is not directly comparable to prior periods.

4 Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are measures of the underlying performance of the Business, they remove non-cash items including the unrealised FX gain/ (loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.

5 Compound Annual Growth Rate (CAGR) between FY19 and FY21 may be an informative metric to consider the underlying growth of the Business, given the volatility over the COVID impacted period.

The success of Kogan Marketplace has resulted in Gross Sales¹ increasing by 91.0% in FY21 compared to FY20. The platform continues to resonate with sellers, with Kogan Marketplace having increased the number of sellers significantly, while there continues to be a strong pipeline of new sellers ready to be onboarded.

The exceptional growth of Kogan Marketplace has led to a period of transition for the business. We are continually improving our proprietary marketplace platform which enables the Company to achieve ongoing growth without a corresponding investment in inventory. The growth of Kogan Marketplace means that customers have more choice than ever, and it was launched in New Zealand prior to the financial year end.

The Company places great emphasis on customer experience and we are currently progressing exciting projects to enhance our Kogan First offering further incentivising and rewarding our loyal customers in the near future.

The newly acquired Mighty Ape team and operations are progressively being integrated into the Kogan Group. For the seven months to 30 June 2021, Mighty Ape's trading showed strong sales over the Christmas peak trading and end of financial year sales periods, with Revenue and Gross Profit of \$80.2 million² and \$19.9 million², respectively. Active Customers grew to 764,000 as at 30 June 2021. For a full 12-month period to 31 March 2021, Mighty Ape forecasted \$14.3 million³ EBITDA as disclosed in the ASX announcement on 3 December 2020 – this forecast was achieved.

Variable Costs predominantly consist of warehousing and selling costs. The increase in selling costs was largely driven by growing volumes of transactions, while the increase in warehousing costs was driven by the significant inventory holding referred to earlier. Variable costs also include the one-off logistics detention charges of \$7.7 million, driven by warehousing and supply chain interruptions from late 2020 to April 2021 (almost never previously incurred, and resolved prior to financial year end).

In order to reward and incentivise key talent and align their interests with our Shareholders, the Business has made strategic investments in team members. Long-Term Incentives remain in place and People Costs have increased year-on-year, as a result. FY21 included equity-based compensation expenses driven by the recent awards of options after the Company's AGM in November 2020, which are being expensed as per the accounting treatment described in the Notice of Meeting of the 2020 AGM.

NPAT and EPS of \$3.5 million and \$0.03 per Share were materially impacted by the various items detailed on page 21 of this Annual Report.

Adjusted EBITDA⁴, Adjusted NPAT⁴ and Adjusted EPS⁴ excluding unrealised FX gains, equity-based compensation and other adjusting items grew to \$61.8 million, \$42.9 million and \$0.41 per Share, respectively. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.

1 Non-IFRS measure.

2 Values stated in AUD using the AU/NZ average rate from 1 December 2020 to 30 June 2021 of 0.9315.

3 Value stated in AUD using the AU/NZ spot rate of 0.95 as at 23 November 2020, as per the ASX announcement dated 3 December 2020.

4 Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are measures of the underlying performance of the Business, they remove non-cash items including the unrealised FX gain/ (loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.

OPERATING & FINANCIAL REVIEW CONTINUED

MIGHTY APE

For a full 12 month period to 31 March 2021, Mighty Ape forecasted \$14.3 million¹ EBITDA² as disclosed in the ASX announcement on 3 December 2020 – this forecast was achieved. For the seven months to 30 June 2021, Mighty Ape has contributed 9.8% to the Group's overall Gross Profit in FY21.

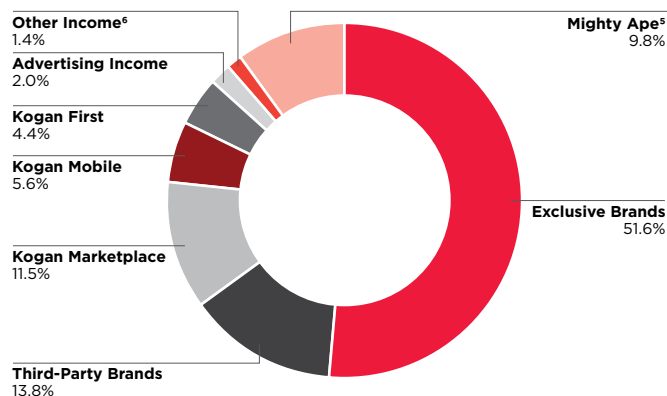
Table 1.2 Mighty Ape financial highlights for the seven months to 30 June 2021

A\$m ³	FY21
Gross Sales²	80.3
Revenue	80.2
Gross Profit	19.9
Gross Margin	24.8%
EBITDA	7.1
EBITDA Margin	8.8%
Adjusted EBITDA⁴	6.9
Adjusted NPAT⁴	3.7

PORTFOLIO BUSINESS MIX

More than half of our Gross Profit is generated from our Exclusive Brands Products.

Figure 1.6 Kogan Group Gross Profit Product & Business Mix



Exclusive Brands generated 51.6% of the Group's overall Gross Profit and continues to deliver the largest Gross Profit contribution across the business. Third-Party Brands, Kogan Marketplace, Kogan Mobile and now Mighty Ape and Kogan First are material contributors to overall Gross Profit.

Kogan First reflects subscription revenues. In just its second full year since it was launched in late FY19 – it is contributing 4.4% of overall Gross Profit indicating the growth opportunity in Kogan First.

1 Value stated in AUD using the AU/NZ spot rate of 0.95 as at 23 November 2020, as per the ASX announcement dated 3 December 2020.

2 Non-IFRS measure.

3 Values stated in AUD using the AU/NZ average rate from 1 December 2020 to 30 June 2021 of 0.9315.

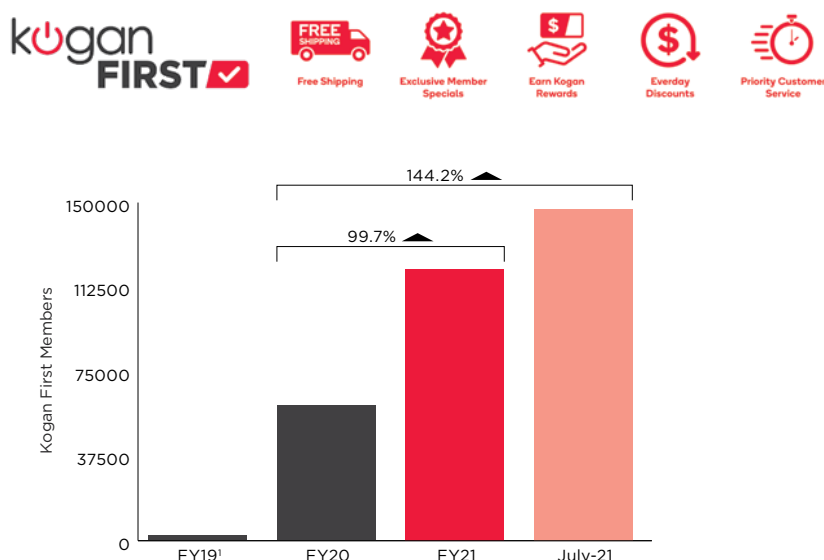
4 Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are measures of the underlying performance of the Business, they remove non-cash items including the unrealised FX gain/ (loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.

5 Mighty Ape reflects the seven month period December 2020 to June 2021 Gross Profit

6 Other revenue includes Kogan Travel, Kogan Insurance, Kogan Internet, Kogan Credit Cards, Kogan Cars and Kogan Energy.

KOGAN FIRST

Figure 1.7 Kogan First Members



The Kogan First loyalty program grew to over 120,000 members as at 30 June 2021, with Kogan First Members² demonstrating stronger loyalty and repeat purchase behaviour than non-members.

Kogan First Members² on average received \$105 of member benefits in FY21. Kogan First subscription revenues grew to \$8.9 million in FY21, while member benefits totalled \$12.7 million in FY21.

The Company's medium term goal is to reach 1 million Kogan First Members², and the Company is investing in member benefits to work toward this goal

STATEMENT OF FINANCIAL POSITION

Table 1.3 Summary of Kogan Group Net Assets at 30 June 2021 and 30 June 2020.

\$m	30-Jun-21	30-Jun-20
Current assets	329.2	266.4
Non-current assets	112.8	13.3
Total assets	442.0	279.7
Current liabilities	(163.1)	(114.6)
Non-current liabilities	(98.2)	(1.0)
Total liabilities	(261.3)	(115.6)
Net assets	180.7	164.0

Net cash balance (total cash less drawn debt) of \$12.8 million at 30 June 2021.

More than 99% of Kogan.com inventory and 94% of Mighty Ape inventory in warehouse was less than 365 days old. Kogan.com inventory in warehouse was \$171.8 million and Mighty Ape inventory in warehouse was \$20.0 million. Total inventory for the Group was \$227.9 million, an increase of \$115.0 million held at the same time last year. The Business has significantly increased its inventory to reflect its internal projections of demand from its growing customer base.

¹ Kogan First launched in 4QFY19, the period (FY19) does not reflect a full period of trading.

² Kogan First Members excludes Kogan First customers who are in a trial period, and includes only non-trial members.

OPERATING & FINANCIAL REVIEW CONTINUED

The acquisition of Mighty Ape resulted in the recognition of goodwill, as well as significant right-of-use assets, lease liabilities and intangibles which has been reflected in the Group's Net Assets.

Financial assets and financial liabilities reflect the unrealised FX gain/(loss) recognised against forward contracts, which is non-cash.

Trade and other payables reached a seasonal high following the end of financial year peak sales period.

CASH FLOWS

Table 1.4 Summary of Kogan Group Statutory Cash Flow from Operating Activities.

\$m	FY21	FY20
Receipts from customers	885.5	579.0
Payments to suppliers and employees	(926.3)	(523.8)
Interest received	0.0	0.1
Finance costs paid	(0.6)	(0.6)
Income tax paid	(21.7)	(9.0)
Net cash (used in)/provided by operating activities	(63.0)	45.6

The Group significantly expanded its inventory levels to respond to forecasted demand leading out of the first half of FY21. The Company invested in inventory and operational capacity to be able to fulfil that expected growth, which drove the operating cash outflow during the period.

This resulted in an excess stock position which led the Business to focus on strong promotions to bring inventory to the right level. This promotional activity combined with high warehousing costs and incurred detention, impacted cash flows from operating activities in the second half.

The Group finished the period with a cash balance of \$91.7 million.

OUTLOOK

At Kogan.com we are relentless in our mission to bring more in-demand products and services to customers at market-leading prices. With that in mind, the pace continues into the new financial year.

In FY22, we expect:

- Growth of Kogan First memberships heading toward the medium-term goal of 1 million members
- Growth in Exclusive Brands
- Growth in Kogan Marketplace
- Integration of Mighty Ape team and operations
- To improve the Company's capabilities, the Company also anticipates potentially implementing logistics projects that would not require significant capital expenditure and can be supported by the Company's balance sheet
- Improved operating leverage, consistent with the Company's long-term track record

NON-IFRS MEASURES

Throughout this report, Kogan.com has included certain non-IFRS financial information, including Gross Sales, EBITDA, Adjusted EBITDA, Adjusted NPAT and Adjusted EPS. Kogan.com believes that these non-IFRS measures provide useful information to recipients for measuring the underlying operating performance of Kogan.com's business. Non-IFRS measures have not been subject to audit.

The table below provides details of the Non-IFRS measures used in this report.

Table 1.5 Non-IFRS Measures

Gross Sales	The gross transaction value, on a cash basis, of products and services sold, of Kogan Retail, Kogan Marketplace and the New Verticals.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation, unrealised FX gain/(loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.
Adjusted NPAT	Net profit after tax and before unrealised FX gain/(loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.
Adjusted EPS	Earnings per Share before unrealised FX gain/(loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.

STRATEGY, RISK AND OPPORTUNITIES

STRATEGY

Online retail is in its infancy in Australia. The Kogan Group's market share of 2.7% has continually grown in a market that continues to rapidly increase in size, the Australian Online Retail Market¹ grew 35.3% in FY21 compared to FY20. NAB estimates that in the 12 months to June 2021, Australians spent \$48.6 billion on online retail, a level that is around 13.3% of the total retail trade estimate².

Figure 1.8 Australian Online Retail Market size and growth

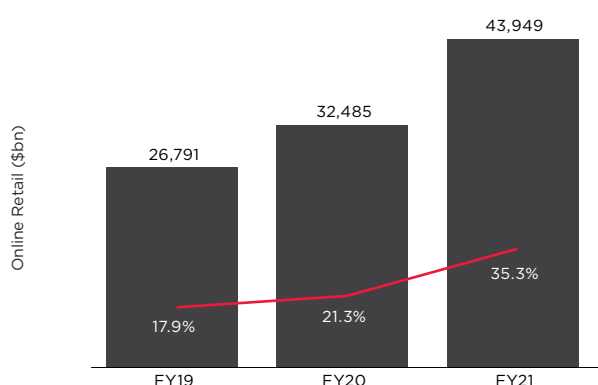
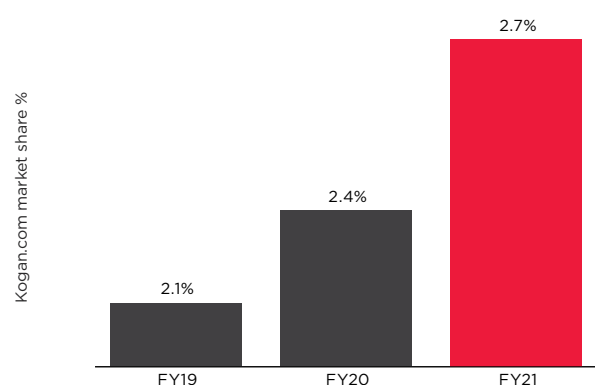


Figure 1.9 Kogan.com market share



Kogan.com's strategy involves a number of initiatives aimed at sustaining long-term growth, which include continued growth in our existing portfolio of businesses, growth of Kogan First memberships heading toward the medium-term goal of 1 million members and potentially implementing logistics projects to improve the Company's capabilities without requiring significant capital expenditure and that can be supported by the Company's balance sheet.

1 Source: IBISWorld X0004 Online Shopping in Australia Industry Report.pdf (<https://www.ibisworld.com/au/industry/online-shopping/1837/>).

2 Source: <https://business.nab.com.au/nab-online-retail-sales-index-june-2021-47896/>.

OPERATING & FINANCIAL REVIEW CONTINUED



kogan
retail

kogan
travel

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mobile

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moblenz

kogan
internet

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insurance

kogan
life insurance

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pet insurance

kogan
home loans

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cars

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marketplace

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energy

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money

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credit cards

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.co.nz

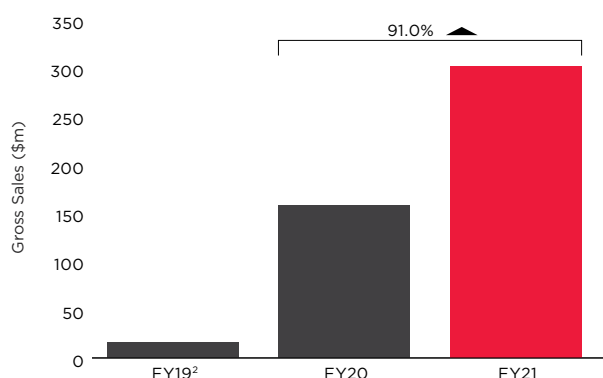
MATT BLATT

MIGHTYape

KOGAN MARKETPLACE

The success of Kogan Marketplace has resulted in Gross Sales¹ increasing by 91.0% in FY21 compared to FY20. The platform continues to resonate with sellers, with Kogan Marketplace having increased the number of sellers significantly, while there continues to be a strong pipeline of new sellers ready to be onboarded.

Figure 1.10 Kogan Marketplace Gross Sales¹ growth



The exceptional growth of Kogan Marketplace has led to a period of transition for the Business. We are continually improving our proprietary marketplace platform which enables the Company to achieve ongoing growth without a corresponding investment in inventory. The growth of Kogan Marketplace means that customers have more choice than ever, and it was launched in New Zealand prior to the financial year end.

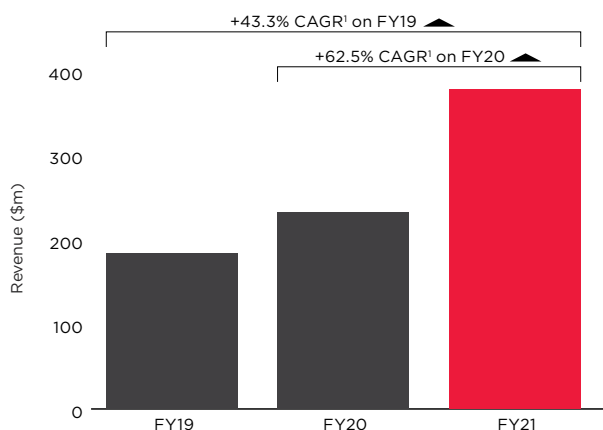
¹ Non-IFRS measure.

² Kogan Marketplace launched in 3QFY19, the period (FY19) does not reflect a full year of trading.

EXCLUSIVE BRANDS STRATEGY

Exclusive Brands is a pillar of the Business and remains a focus area for FY22 and beyond. In FY21, Kogan.com achieved year-on-year revenue growth of 62.5% in Exclusive Brands. In addition, Exclusive Brands continues to be the largest contributor to Gross Profit, representing 51.6% of Gross Profit in FY21.

Figure 1.11 Exclusive Brands Revenue growth



In FY22, the Business is focused on continuing to launch new products and new ranges, where there is proven demand. Our Exclusive Brands business 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
- 15+ years' experience



¹ Compound Annual Growth Rate (CAGR) between FY19 and FY21 may be an informative metric to consider the underlying growth of the Business, given the volatility over the COVID impacted period.

OPERATING & FINANCIAL REVIEW CONTINUED

RISKS

Set out below are the key financial and operational risks facing the Business. Kogan.com manages and seeks to mitigate these risks through internal review and control processes at the Board and management level.

Australian retail environment and general economic conditions may worsen	Many of Kogan.com's products are discretionary goods and, as a result, sales levels are sensitive to consumer sentiment. Kogan.com's offering of products, and its financial and operational performance, may be affected by changes in consumers' disposable incomes, or their preferences as to the utilisation of their disposable incomes. Any reduction in the disposable incomes of Kogan.com's customers as a result of changes to factors such as economic outlook, interest rates, unemployment levels and taxation may decrease consumer confidence and consumer demand, which may subsequently result in lower levels of revenue and profitability.
Competition may increase and change	Kogan.com could be adversely affected by increased competition in the various segments in which it operates. The Australian online retail market is highly competitive and is subject to changing customer preferences.
COVID-19	<p>Events related to the Coronavirus pandemic (COVID-19) have resulted in significant market volatility. There is continued uncertainty as to ongoing and future response of governments and authorities globally as well as a likelihood of an Australian economic recession of unknown duration or severity. As such, the full impact of COVID-19 to consumer behaviour, suppliers, employees and the Company are not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to the Company's financial and operational performance. Further, any government or industry measures may adversely affect Kogan.com operations and are likely beyond the control of Kogan.com.</p> <p>In compliance with its continuous disclosure obligations, Kogan.com will continue to update the market in regard to any material impact of COVID-19 on Kogan.com.</p>
Inventory management	In order to operate its business successfully, Kogan.com must maintain sufficient inventory and also avoid the accumulation of excess inventory.
Key supplier, service provider and counterparty factors	Kogan.com has a large number of international suppliers and service providers, from which it sources a broad range of products and services. There is a risk that Kogan.com may be unable to continue to source products or services from existing suppliers or service providers, and in the future, to source products from new suppliers or services from new service providers, at favourable prices, on favourable terms, in a timely manner or in sufficient volume.
Performance and reliability of Kogan.com's websites, databases and operating systems	Kogan.com's websites, Apps, databases, IT and management systems, including its ERP and security systems, are critically important to its success. The satisfactory performance, reliability and availability of Kogan.com's websites, Apps, databases, IT and management systems are integral to the operation of the Business.
Manufacturing and product quality	Kogan.com currently uses a wide range of third-party suppliers to produce its Exclusive Brands products. While Kogan.com employs dedicated engineers to assess product samples, and uses third-party inspection agencies for quality control and inspections, there is no guarantee that every supplier will meet Kogan.com's cost, quality and volume requirements.
Reputational product sourcing factors	The Kogan.com portfolio of Exclusive Brands names and related intellectual property are key assets of the Business. In addition, Kogan.com sells a range of Third-Party Branded products, where the intellectual property is owned by third-parties.
Exposure to litigation	Kogan.com may be subject to litigation, claims, disputes and regulatory investigations, including by customers, suppliers, government agencies, regulators or other third parties. These disputes may be related to warranties, product descriptions, personal injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations.

Changes in GST and other equivalent taxes	Changes in local indirect tax, such as the goods and services tax in Australia (“GST”), and duty treatment of any of the markets in which Kogan.com operates, could have an impact on the sales of imported brands.
Retention of key team members	Kogan.com relies on the expertise, experience and strategic direction provided by its Executive Directors and key team members. These individuals have extensive experience in, and knowledge of, Kogan.com’s business and the Australian online retail market. Additionally, successful operation of Kogan.com’s business depends on its ability to attract and retain quality team members.
Reliance on third-party payment providers	Kogan.com is exposed to risks in relation to the methods of payment that it currently accepts, including credit card, PayPal and vouchers. Kogan.com may incur loss from fraud or erroneous transactions.

RECONCILIATION TO ADJUSTED EBITDA AND ADJUSTED NPAT

Table 1.5 Reconciliation to Adjusted EBITDA and Adjusted NPAT

	Un- adjusted	Un-realised FX gain/ (loss)	Equity- based compen- sation	Donations	COVID-19 related stock provision	COVID-19 related logistics costs	Mighty Ape purchase - tranches 3&4 and acquisition costs	Adjusted
Revenue	780.7							780.7
Cost of sales	(577.0)				2.2			(574.8)
Gross Profit	203.7							205.9
Gross margin	26.1%							26.4%
Variable costs	(44.9)					7.7		(37.2)
Marketing costs	(58.7)							(58.7)
People costs	(59.6)		15.6				12.0	(32.0)
Other costs	(19.4)			2.5			0.8	(16.2)
Total operating costs	(182.7)							(144.1)
Unrealised FX gain/ (loss)	1.4	(1.4)						0.0
EBITDA	22.5							61.8
EBITDA margin	2.9%							7.9%
Depreciation & amortisation	(10.9)							(10.9)
EBIT	11.5							50.9
Interest	(0.3)							(0.3)
Profit before tax	11.3							50.6
Income tax expense	(7.7)							(7.7)
NPAT	3.5							42.9
EPS	0.03							0.41

OPERATING & FINANCIAL REVIEW CONTINUED

Adjusted EBITDA, Adjusted NPAT and Adjusted EPS: are measures of the underlying performance of the Business, they remove non-cash items including the unrealised FX gain/ (loss), equity-based compensation and one-off non-recurring items. In respect of FY21 the below items have been adjusted:

- **Unrealised FX gain/(loss):** unrealised FX gain at financial year end.
- **Equity-based compensation:** significant equity-based compensation expenses driven largely by the recent awards of options after the Company's AGM in November 2020.
- **Donations:** material donations of PPE by the Company to Australian charities.
- **COVID-19 related stock provision:** write-down of PPE held by Kogan.com following the reduction in COVID-19 cases in Australia.
- **COVID-19 related logistics costs:** relates to material logistics demurrage charges driven by one-off warehousing and supply chain interruptions from late 2020 to April 2021. These charges have almost never previously incurred, and have been resolved prior to the financial year end.
- **Mighty Ape purchase – Tranches 3 & 4:** refers to the provision for the likely payment of Mighty Ape Tranche 3 & 4 purchase price instalments as part of the Sale Agreement, which are contingent on the Mighty Ape Founder & CEO remaining with the Business until the delivery of the financial year 2023 results. In line with accounting standards, Tranches 3 & 4 payments will be considered as compensation for post-combination services, and as such, treated as employee remuneration for accounting purposes. The Group will proportionately account for these expenses up until the respective payment dates.
 - For Australian income tax purposes, amounts paid for the acquisition of Mighty Ape shares are considered as capital in nature and are therefore non-deductible, rather increasing the tax cost base of the shares. No deferred tax asset is recognised due to Kogan.com being able to control the timing of the reversal of the temporary difference and it being probable that the temporary difference will not reverse in the foreseeable future.

NPAT and EPS: were materially impacted by the items below

- Company's excess inventory position in the second half of the financial year, significantly increasing storage costs and subsequently marketing costs through promotional activity to rebalance inventory levels relevant to the size of the Business.
- Logistics detention charges of \$7.7 million incurred as a result of COVID related warehousing and supply chain interruptions from late 2020 to April 2021 (almost never previously incurred, and resolved prior to financial year end).
- People Costs of \$12.0 million to provision for the likely payment of Mighty Ape Tranche 3 & 4 purchase price instalments as well as \$0.8 million relating to acquisition costs. For income tax purposes, this is considered capital in nature, and therefore no tax deduction is available.

DIRECTORS' REPORT

The Directors of Kogan.com Limited and its controlled entities ("The Group") present their report together with the consolidated financial report of the Group for the financial year ended 30 June 2021 and the audit report thereon.

DIRECTORS

The following persons were Directors of the Group at any time during the financial year and up to the date of signing this report.

Greg Ridder – Independent, Non-Executive Chairman

Janine Allis – Independent, Non-Executive Director (appointed 1 April 2021)

David Shafer – Chief Financial Officer, Chief Operating Officer and Executive Director

Harry Debney – Independent, Non-Executive Director

James Spenceley – Independent, Non-Executive Director (appointed 1 March 2021)

Ruslan Kogan – Founder, Chief Executive Officer and Executive Director

Particulars of each Director's experience and qualifications are set out later in this report.

COMPANY SECRETARY

Kogan.com engages Mertons Corporate Services Pty Ltd to provide company secretarial services, with Mark Licciardo as Kogan.com's Company Secretary.

PRINCIPAL ACTIVITIES

Kogan.com is a portfolio of retail and services businesses that included Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Travel, Kogan Money, Kogan Cars, Kogan Energy, Dick Smith, Matt Blatt and Mighty Ape during the year ended 30 June 2021.

Kogan.com earns the majority of its Revenue and profit through the sale of goods and services to Australian and New Zealand customers. Its offering comprises products released under Kogan.com's Exclusive Brands, such as Kogan, Ovela, Fortis, Vostok and Komodo ("Exclusive Brands Products"), and products sourced from imported and domestic Third-Party Brands such as Apple, Canon, Swann and Samsung ("Third-Party Brands Products").

In addition to product offerings, Kogan.com earns seller-fee based Revenue from Kogan Marketplace and commission-based Revenue from the New Verticals including Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Money, Kogan Cars, Kogan Energy and Kogan Travel ("New Verticals").

In December 2021, Kogan.com acquired Mighty Ape, one of New Zealand's largest online retailers with a focus on gaming, toys and other entertainment categories.

The results of Kogan HK Limited, a Hong Kong registered entity, Kogan US Trading Inc, a US incorporated entity, and Mighty Ape Limited a New Zealand registered entity, have been compiled using International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

An operating and financial review of the Group during the financial year and the results of these operations are contained on pages 7 to 22 of this report.

No significant change in the nature of other activities occurred during the year.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no subsequent events post reporting date 30 June 2021.

DIRECTORS' REPORT CONTINUED

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Kogan.com has entered into a deed of indemnity, insurance and access with each Director confirming the Director's right of access to Board papers and requires Kogan.com to indemnify the Director, on a full indemnity basis and to the full extent permitted by law against all losses or liabilities (including all reasonable legal costs) insured by the Director as an officer of Kogan.com or of a related body corporate.

Under the deeds of indemnity, insurance and access, Kogan.com must maintain a Directors' and Officers' insurance policy insuring a Director (among others) against liability as a Director and Officer of Kogan.com related to body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

Disclosure of the total amount of the premiums paid under this renewed insurance policy is not permitted under the provisions of the insurance contract.

INDEMNIFICATION AND INSURANCE OF AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Group.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

DIVIDENDS

In respect of the financial year ended 30 June 2021, the Directors declared a fully franked interim Dividend of 16.0 cents per Ordinary Share. The record date for the dividend was 9 March 2021 and the Dividend was paid on 31 May 2021.

To support the Company with its growth plans, the Board has decided to conserve cash for business investment and has paused dividends – having not declared a FY21 final Dividend.

Details with respect to the distribution paid during the year are provided in Note 3.3.2.

A Dividend Reinvestment Plan was available for the 2021 interim Dividend.

NON-AUDIT SERVICES

During the year KPMG, the Group's auditors, performed certain other services in addition to the audit and review of the financial statements.

The Board of Directors has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise the auditor's independence requirements of the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they did not adversely affect the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

The following fees were paid or payable to KPMG for non-audit services provided during the year ended 30 June 2021:

	\$
Other assurance	235,000
Tax advisory and compliance	17,830
	252,830

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the financial year ended 30 June 2021 can be found on page 45 of the financial report and forms part of the Directors' Report.

THE BOARD OF DIRECTORS AND COMPANY SECRETARY



Greg Ridder
(BBus (Acc), Grad Dip (Mktg), GAICD, CPA)
Independent, Non-Executive Chairman

Mr Ridder was appointed to the Board of Kogan.com in May 2016 as Independent, Non-Executive Chairman. Mr Ridder also serves as Chairman of the Remuneration and Nomination Committee.

Formerly Asia Pacific Regional President at NYSE listed Owens-Illinois, he is experienced in leading businesses in multiple countries, cultures, economic circumstances and market conditions. Mr Ridder is also a director at Spirit Technology Solutions Limited and a number of unlisted and not for profit entities.

Mr Ridder holds a Bachelor of Business in Accounting from RMIT, a Graduate Diploma in Marketing from Monash University, and has completed the Advanced Management Programme at INSEAD in France. He is a CPA and a graduate member of the Australian Institute of Company Directors.

Directorship of listed entities within the past three years

- Director of Spirit Technology Solutions Ltd (appointed in November 2019)

Board Committee membership

- Member of the Audit and Risk Management Committee
- Chairman of the Remuneration and Nomination Committee

DIRECTORS' REPORT CONTINUED



Janine Allis

Independent Non-Executive Director

Ms Allis was appointed to the Board of Kogan.com in April 2021, as an Independent, Non-Executive Director and also serves as a member of the Remuneration and Nomination Committee and Audit and Risk Management Committee.

Ms Allis is the founder of Boost Juice and the Retail Zoo group of food retail brands. Ms Allis has been Telstra Businesswoman of the Year, Amex Franchisor of the Year, ARA Retailer of the Year and was inducted into the Australian Business Women Hall of Fame.

Ms Allis was listed as one of BRW's top 15 people who have changed the way we do business in the last 20 years and is an ambassador for UNHCR.

Directorship of listed entities within the past three years

- Director of Australian Pharmaceuticals Industries (API) (appointed in October 2020)

Board Committee membership

- Member of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee



David Shafer

(LLB (Hons), BCom, CFA)

Chief Financial Officer, Chief Operating Officer and Executive Director

Mr Shafer has worked with Kogan.com since 2006, moving to a full-time role as Chief Financial Officer, Chief Operating Officer and Executive Director in November 2010.

Prior to joining Kogan.com, Mr Shafer was Senior Associate at Arnold Bloch Leibler.

Mr Shafer holds a Bachelor of Law (Honours) and Bachelor of Commerce from The University of Melbourne and is a Chartered Financial Analyst.



Harry Debney

(BAppSc (Hons))

Independent Non-Executive Director

Mr Debney was appointed to the Board of Kogan.com in May 2016, as an Independent, Non-Executive Director and also serves as Chairman of the Audit and Risk Management Committee.

Mr Debney was the CEO of Costa Group and oversaw the business' transition from a privately-owned Company to a member of the S&P/ASX 200 Index until his retirement in March 2021.

Prior to joining the Costa Group, Mr Debney spent 24 years at Visy Industries, including eight years as CEO. During this time, he substantially grew the Visy business, both organically and through acquisitions.

Mr Debney holds a Bachelor of Applied Science (Honours) from the University of Queensland.

Directorship of listed entities within the past three years

- Non-Executive Director of Costa Group Holdings Ltd (appointed on 1 July 2021)

Board Committee membership

- Chairman of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee

**James Spenceley***Independent Non-Executive Director*

Mr Spenceley was appointed to the Board of Kogan.com in March 2021, as an Independent, Non-Executive Director and also serves as a member of the Remuneration and Nomination Committee and Audit and Risk Management Committee.

Mr Spenceley founded Vocus Communications (now Vocus Group, ASX:VOC) in 2007 and built it into an ASX100 company through organic growth and acquisitions. Mr Spenceley is Chairman of local services provider Airtasker, Chairman at Swoop Telecom and Non-Executive Director at Think Childcare (ASX:TNK).

Mr Spenceley was the former owner of Illawarra Hawks NBL team and has twice won Ernst & Young Australian Entrepreneur of the Year recognition. In 2018, he was inducted into the Telecommunications Hall of Fame.

Directorship of listed entities within the past three years

- Chairperson of Airtasker Limited (appointed in December 2015)
- Chairperson of Swoop Telecom (appointed in February 2019)
- Non-Executive Director of Think Childcare Group (appointed 15 May 2020)

Board Committee membership

- Member of the Audit and Risk Management Committee
 - Member of the Remuneration and Nomination Committee
-

**Ruslan Kogan****(BBS)***Founder, Chief Executive Officer and Executive Director*

Mr Kogan founded Kogan.com in 2006, and has been its CEO since inception, growing the Business into Australia's leading Pure Play Online Retailer in under a decade.

Prior to founding Kogan.com, Mr Kogan held roles in the IT departments of Bosch and GE, and as a consultant at Accenture.

Mr Kogan holds a Bachelor of Business Systems from Monash University.

Michael Licciardo (Mertons Corporate Services Pty Ltd)**(B Bus (Acc), GradDip CSP, FGIA, GAICD)***Company Secretary*

Mr Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons in 2007, Mr Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mr Licciardo has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mr Licciardo is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, iCar Asia Limited and Mobilicom Limited as well as several other public and private companies.

DIRECTORS' REPORT CONTINUED

MEETINGS OF DIRECTORS

Directors' meetings held between 1 July 2020 and 30 June 2021:

	BOARD		AUDIT AND RISK		REMUNERATION AND NOMINATION	
	A	B	A	B	A	B
Greg Ridder	16	16	4	4	2	2
Janine Allis ²	7	7	1	1	-	-
David Shafer	16	16	4 ¹	4 ¹	2 ¹	2 ¹
Harry Debney	16	16	4	3	2	2
James Spenceley ³	8	8	1	1	-	-
Ruslan Kogan	16	16	4 ¹	4 ¹	2 ¹	2 ¹

1 Indicates that a Director is not a member of a specific committee and attended by invitation.

2 Janine Allis was appointed as an Independent Non-Executive Director on 1 April 2021.

3 James Spenceley was appointed as an Independent Non-Executive Director on 1 March 2021.

A Number of meetings held during the time the Director held office or was a member of the committee during the year.

B Number of meetings attended.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interest of Shareholders

The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ('the ASX Principles'). Kogan.com's Corporate Governance Statement, which summarises the Company's Corporate Governance practices and incorporates the disclosures required by the ASX Principles, can be viewed at www.kogancorporate.com.

ENVIRONMENTAL REGULATIONS

The Group is not subject to any significant environmental regulations under Commonwealth or State legislation.

DIRECTORS' INTERESTS

The following table sets out each Director's relevant interest in shares of the Company at the date of this report.

	Ordinary Shares
Ruslan Kogan	15,853,321
David Shafer	5,075,642
Greg Ridder	158,000
Harry Debney	98,099
Janine Allis	4,761
James Spenceley	-

SHARE RIGHTS

Unissued Shares under Rights

At 30 June 2021 the Group had 789,654 unissued shares under Right which are expected to vest up until 31 December 2025, all unissued shares under Right are Ordinary Shares of the Company.

Shares Issued on Exercise of Rights

During the financial year, the Group issued 1,025,588 Ordinary Shares as a result of the Rights vesting.

RETENTION OPTIONS

Unissued Shares under Options

At 30 June 2021 the Group had 6,061,632 unissued shares under Options which are expected to vest up until 30 June 2023, all unissued shares under Options are Ordinary Shares of the Company.

REMUNERATION REPORT

INTRODUCTION

The Directors are pleased to present the FY21 Remuneration Report, outlining the Board's approach to the remuneration for Key Management Personnel (KMP).

The Board recognises that the performance of the Group depends on the quality and motivation of its team members. The Group remuneration strategy therefore seeks to appropriately attract, reward and retain team members at all levels of the Business, but in particular for management and key executives. The Board aims to achieve this by establishing executive remuneration packages that include a mix of fixed remuneration, short-term incentives and long-term incentives.

At the 2020 Annual General Meeting (AGM) held on 20 November 2020, the Company received a vote of 43.81% of eligible votes against the 2020 Remuneration Report, receiving a First Strike. We have since consulted with proxy advisors, investors and other stakeholders and have actioned their feedback where immediately possible as we continue to evolve our remuneration framework.

In February 2021, the Company announced the appointment of two new Independent Non-Executive Directors, Janine Allis and James Spenceley with both Directors also serving as members of the Board's Remuneration & Nomination and Audit & Risk Committees. With the addition of Ms Allis and Mr Spenceley the Company has achieved a majority independent Board of Directors, Remuneration & Nomination and Audit & Risk Committees.

The Company recently adopted an Equal Opportunity, Merit and Diversity Policy, a copy of which is available on Kogan's Corporate Website. The Company recognises that a diverse workplace is likely to be the natural long-term consequence of merit-based decision-making in hiring, firing and promotions, and that a diverse workforce achieved through merit-based decision-making is integral to building and sustaining a culture that fosters equal opportunity.

The quantum and conditions of Retention Options awarded to the Founder and CEO of Kogan.com Mr Kogan, and the Company's CFO/COO Mr Shafer were approved by Shareholders at the 2020 AGM. The details of this awarded Long-Term Incentive (LTI) are provided below and are accounted for in the same way the Company's other equity-settled awards are treated (refer section 5.2 of the FY21 Annual Report), with their fair value determined at their date of grant in line with AASB 2 *Share-based payments*. The cost of these transactions is recognised in the Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting. Accordingly, any deductions allowable for tax purposes will also be in line with current equity-settled awards.

We continue to engage with Shareholders and look forward to receiving further feedback on our 2021 Remuneration Report.

The Report covers the following matters:

1. Details of Key Management Personnel;
2. Remuneration governance;
3. Remuneration policy;
4. Company's performance;
5. Details of remuneration;
6. Equity instruments;
7. Executive and Other KMP service agreements;
8. Key Management Personnel transactions.

DETAILS OF KEY MANAGEMENT PERSONNEL

Key Management Personnel (KMP) are individuals who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and comprise the Directors and the Senior Executives of the Group, as listed below.

KMP	POSITION HELD	TERM AS KMP
Independent Non-Executive Directors		
Greg Ridder	Chairman, Independent Non-Executive Director	Full year
Janine Allis	Independent Non-Executive Director (from 1 April 2021)	Part year
Harry Debney	Independent Non-Executive Director	Full year
James Spenceley	Independent Non-Executive Director (from 1 March 2021)	Part year
Executive Directors		
David Shafer	Chief Financial Officer, Chief Operating Officer & Executive Director	Full year
Ruslan Kogan	Chief Executive Officer and Executive Director	Full year
Other KMP		
Simon Barton	Mighty Ape, Chief Executive Officer (from 1 December 2020)	Part year

REMUNERATION GOVERNANCE

The Board has appointed the Remuneration and Nomination Committee (“the Committee”) whose objective is to assist the Board in relation to the Group remuneration strategy, policies and actions. In performing this responsibility, the Committee must give appropriate consideration to the Company’s performance and objectives, employment conditions and external remuneration relativities.

Remuneration and Nomination Committee

Kogan.com’s Remuneration and Nomination Committee is comprised of Independent Non-Executive Directors.

The responsibilities of the Committee include to:

- develop criteria for Board membership and identify specific individuals for nomination;
- establish processes for the review of the performance of individual Directors, Board Committees and the Board as a whole and implementation of such processes;
- review and make recommendations to the Board on board succession planning generally;
- review and make recommendations to the Board on the process for recruiting a new Director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board;
- review and make recommendations to the Board on the Company’s remuneration framework, remuneration packages and policies applicable to the members of the executive management of the Company (“Senior Management”) and Directors;
- review and make recommendations to the Board on equity-based remuneration plans for senior executives and other employees;
- define levels at which the Chief Executive Officer must make recommendations to the Committee on proposed changes to remuneration and employee benefit policies;
- ensure that remuneration packages and policies attract, retain and motivate high calibre executives; and
- ensure that remuneration policies demonstrate a clear relationship between key executive performance and remuneration.

All Directors who are not members of the Committee are entitled to attend any meeting of the Committee. The Committee may invite any Director, including members of Senior Management.

REMUNERATION REPORT CONTINUED

A full Charter outlining the Committee's responsibilities and the Process for Evaluation of Performance are available at www.kogancorporate.com.

REMUNERATION POLICY

The Group has established incentive arrangements subsequent to listing on the ASX to assist in the attraction, motivation and retention of the executive team and other selected team members. To align the interests of its team members and the goals of the Group, the Directors have decided the remuneration packages of the executive team and other selected team members will consist of the following components:

- Fixed remuneration (inclusive of superannuation);
- Short-term cash-based incentives; and
- Long-term equity-based incentives.

The payment of any cash and award of equity under the incentive arrangements will be subject to the achievement of performance criteria or hurdles set by the Board. The remuneration packages of the senior management team are determined by the Committee and reported to the Board. The remuneration of senior managers are reviewed annually by the Committee. At the absolute discretion of the Committee, Kogan.com may seek external advice on the appropriate level and structure of the remuneration packages of the senior management team from time to time.

Fixed remuneration

Fixed remuneration is comprised of the base salary and team member benefits which include superannuation, leave entitlements and other benefits.

The salaries are normally paid monthly and are based on:

- responsibilities, abilities, experience and performance
- team member's performance in the period since the last review
- the Group's pay structure

The salaries are benchmarked against similar ASX-listed and other online retail companies.

Some KMP's received an adjustment to fixed remuneration in the 2021 financial year.

SHORT-TERM INCENTIVES (STI) - CASH BASED

The following table outlines the significant aspects of the STI.

Purpose of STI plan	<p>Provide a link between remuneration and both short-term Company and individual performance.</p> <p>Create sustainable Shareholder value.</p> <p>Reward individuals for their contribution to the success of the Group.</p> <p>Actively encourage team members to take more ownership over the EBITDA¹.</p>
Eligibility	Offers of cash incentive may be made to any team member of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of cash incentive under the STI.
Calculation & Target	<p>The actual EBITDA¹ of Kogan.com shall exceed the management forecast for the full financial year (after payment of the STI).</p> <p>25% of the outperformance will be allocated to a 'bonus pool'.</p> <p>The 'bonus pool' will then be shared in cash bonuses among a number of team members in fixed proportions.</p>
Maximum opportunity	The maximum payable is 25% of the outperformance and 35% of the team member's annual salary.
Performance conditions	<p>Outperformance of the actual EBITDA¹.</p> <p>Continuation of employment.</p>
Why were the performance conditions chosen	To achieve successful and sustainable financial business outcomes as well as any annual objectives that drive short-term and long-term business success and sustainability.
Performance period	1 July 2020 to 30 June 2021.
Timing of assessment	August 2021, following the completion of the 30 June 2021 accounts.
Form of payment	Paid in cash.
Board discretion	Targets are reviewed annually and the Board has discretion to adapt appropriately to take into account exceptional items.

¹ Non-IFRS measure.

REMUNERATION REPORT CONTINUED

Long-Term Incentives (LTI) – Equity Incentive Plan (EIP)

The Group has established an Equity Incentive Plan (EIP), which is designed to align the interests of eligible team members more closely with the interests of Shareholders in the listed entity post 7 July 2016. Under the EIP, eligible team members may be offered Restricted Shares, Options or Rights which may be subject to vesting conditions. The Group may offer additional long-term incentive schemes to senior management and other team members over time.

The following table outlines the significant aspects of the current EIP.

Purpose of LTI plan	<p>Support the strategy and business plan of the Group.</p> <p>Align the interests of team members more closely with the interests of Shareholders.</p> <p>Reward individuals for their contribution to the success of the Group over the long-term.</p>
Eligibility	Offers of Incentive Securities may be made to any team member of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of incentive Securities under the EIP.
Service condition on vesting	Individuals must be employed by the Group at time of vesting and not be in their notice period.
Form of award and payment	Performance Rights or Options.
Board discretion	The Board has the absolute discretion to determine the terms and conditions applicable to an offer under the EIP.
Consideration	Nil.
Rights	Each Right confers on its holder an entitlement to a Share, subject to the satisfaction of applicable conditions.
Restrictions on dealing	<p>Shares allocated upon exercise of Performance Rights will rank equally with all existing Ordinary Shares from the date of issue (subject only to the requirements of Kogan.com's Securities Trading Policy).</p> <p>Upon vesting, there will be no disposal restrictions placed on the Ordinary Shares issued to participants (subject only to the requirements of Kogan.com's Securities Trading Policy).</p>
Lapse of Rights	<p>A Right will lapse upon the earliest to occur of:</p> <ul style="list-style-type: none"> • expiry date; • failure to meet vesting conditions; • employment termination; • the participant electing to surrender the Right; • where, in the opinion of the Board, a participant deals with a Right in contravention of any dealing restrictions under the EIP.

Executive Retention Options awarded at the 2020 AGM issued under the Group's EIP

The number and class of securities issued to the Directors	3,600,000 options granted to Mr Kogan and 2,400,000 granted to Mr Shafer under the EIP.
Details of the Retention Options	<p>The Board (excluding Mr Kogan and Mr Shafer) decided to grant the Retention Options to Mr Kogan and Mr Shafer because the Board believed it was in the best interests of the Company and Shareholders to incentivise Mr Kogan and Mr Shafer to remain in their positions for the next 3 years given their proven track records, in order to maximise the prospect of Mr Kogan and Mr Shafer contributing to the creation of significant future returns for Shareholders.</p> <p>The Retention Options are being accounted for in the same way the Company's current equity-settled awards are treated (refer section 5.2 of the FY21 Annual Report), with their accounting value determined at their date of grant (within 10 Business Days of the Meeting). Equity-settled awards are measured at fair value at the date of grant. The cost of these transactions is recognised in the Company's Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income and credited to equity on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting. Accordingly, any deductions allowable for tax purposes will also be in line with current equity-settled awards.</p> <p>The Company obtained an independent valuation of the Retention Options from SLM Corporate dated 7 May 2020 to provide advice in relation to whether the proposed grant of the Retention Options were reasonable in the circumstances and by reference to industry standards. The valuation applied a number of assumptions and variables, including the following:</p> <ul style="list-style-type: none"> • the closing price of the Company's Shares on ASX on 30 April 2020 (a reference date under the report), being \$7.99 per Share; • a risk-free rate of 0.33%; • a volatility factor of 62.5%; • dividend yield of 1.96%; and • a time to maturity of the underlying Options of 4 years. <p>The estimated value of each Retention Option pursuant to the valuation was \$4.13 as at the reference date of the report of 7 May 2020. On this basis, the estimated value as at the reference date of the report of 7 May 2020 of:</p> <ul style="list-style-type: none"> • the Retention Options to be granted to Mr Kogan under Item 5.1 was \$14,872,133; and • the Retention Options to be granted to Mr Shafer under Item 5.2 was \$9,914,756.

REMUNERATION REPORT CONTINUED

Details of the Retention Options *(continued)*

The report from SLM Corporate dated 7 May 2020 reflects the value of the Retention Options on or about the date that the Company agreed to grant the Retention Options to Mr Kogan and Mr Shafer. For completeness, given the time that has elapsed between the AGM (at which the Retention Options were approved by Shareholders) and both the date of the independent valuation of the Retention Options from SLM Corporate and the date that the Company agreed to grant the Retention Options, the Company obtained an updated independent valuation of the Retention Options from SLM Corporate dated 8 December 2020. This valuation applied the same assumptions and variables as noted above, except that:

- the closing price of the Company's Shares on ASX on 30 November 2020 (date of issue of the Retention Options as per the updated independent valuation), being \$16.40 per Share;
- a risk-free rate of 0.25%;
- a volatility factor of 62.5%; and
- dividend yield of 1.28%.

The value of each Retention Option pursuant to the valuation was \$11.48 as at the issue date of the updated independent valuation of 8 December 2020. On this basis, the value as at the issue date of the updated independent valuation of 8 December 2020 of:

- the Retention Options granted to Mr Kogan was \$41,325,935; and
- the Retention Options granted to Mr Shafer was \$27,550,623.

The increase in the value of the Retention Options reflects the increase in the Company's share price since the Company announced the terms of the Retention Options to the ASX on 12 May 2020 and the grant of the Retention Options following the Company's AGM on 20 November 2020.

Strike price	\$5.29
Share price at grant date	\$16.40
Share price at close 28 September 2021	\$10.84

Independent Non-Executive Directors' remuneration

Kogan.com Independent Non-Executive Director remuneration policy is set up to attract and retain Directors with the experience, knowledge, expertise and acumen to manage the Company.

Each of the Independent Non-Executive Directors has entered into appointment letters with Kogan.com, confirming the terms of their appointment, their roles and responsibilities and Kogan.com's expectations of them as Directors.

Under the Constitution, the Board may decide the remuneration from Kogan.com to which each Director is entitled for their services as a Director. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed at Kogan.com's general meeting.

This amount has been fixed by Kogan.com at \$500,000 per annum. Any change to that aggregate annual sum needs to be approved by Shareholders.

The annual Independent Non-Executive Directors' fees paid or payable to Greg Ridder (as Chairman), Harry Debney, Janine Allis and James Spenceley for FY21 are \$185,000, \$110,000, \$95,000 and \$95,000 respectively.

No additional fees are presently proposed to be paid for membership or Chairmanship of the Audit and Risk Management Committee or the Remuneration and Nomination Committee. In subsequent years, additional fees for membership or Chairmanship of these committees may apply.

All Directors' fees include superannuation payments, to the extent applicable.

Independent Non-Executive Directors are not eligible to participate in Kogan.com's short-term or long-term incentive programs.

COMPANY PERFORMANCE

Relationship to remuneration policy

In considering the consolidated entity's performance and the benefits of Shareholder wealth, the Committee considers a range of indicators in respect of senior executive remuneration and linked these to the previously described short-term and long-term incentives.

At Kogan.com, we remunerate our KMP in a way which:

- aims to align executive interests with Shareholders;
- is sufficiently competitive in the marketplace to enable us to attract, retain, and motivate exceptional talent; and
- encourages and rewards the behaviours and outcomes that will deliver business success and a good return for our Shareholders.

To achieve this, we set challenging targets and monitor performance against them closely.

We have strengthened the connection between our key reward metrics and our business strategy by adapting the performance conditions used for our STI.

We remain committed to the use of stretching performance metrics, and recognise the importance of having performance conditions that are linked to customer engagement.

Shareholder wealth

The following table presents these indicators showing the impact of the Company's performance on Shareholder wealth, during the financial years:

	FY21	FY20
Net profit after income tax (NPAT)	3.5	26.8
Adjusted NPAT ¹	42.9	30.0
Earnings per Share (EPS)	0.03	0.29
Adjusted EPS ¹	0.41	0.32
EBITDA ² (in \$'m)	22.5	46.5
Adjusted EBITDA ¹ (in \$'m)	61.8	49.7
Dividends paid (in \$'m)	31.3	14.8
Operating income growth	56.8%	13.5%
Share Price at 30 June	11.58	14.72*

* Share Price as at Tuesday 30 June 2020.

Profit amounts have been calculated in accordance with Australian Accounting Standards (AASBs). EBITDA² is calculated based on the operating profit before interest, tax, depreciation and amortisation. Operating income is operating profit as reported in the Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income.

1 Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are measures of the underlying performance of the Business, they remove non-cash items including the unrealised FX gain/ (loss), equity-based compensation and one-off non-recurring items. Refer to page 21 of this Annual Report for a detailed reconciliation of adjusting items.

2 Non-IFRS measure.

REMUNERATION REPORT CONTINUED

DETAILS OF STATUTORY REMUNERATION

KMP statutory remuneration

Details of the statutory remuneration to the executive Key Management Personnel is set out below.

		SHORT-TERM		POST-EMPLOYMENT	LONG-TERM BENEFITS	EQUITY-BASED COMPENSATION	OTHER LONG TERM BENEFITS		
		Cash Salary \$	Short-Term Incentives \$	Super-annuation \$	Annual & long service leave \$	Share-Based Payments ¹ - Options \$	Total \$	Mighty Ape - acquisition-related remuneration \$	Total \$
Executive KMP									
R. Kogan	2021	423,500	-	21,694	52,513	8,495,007	8,992,714	-	8,992,714
D. Shafer	2021	363,000	-	21,694	45,012	5,663,338	6,093,044	-	6,093,044
Other KMP									
S. Barton ²	2021	163,371	-	-	15,704	16,703	195,778	12,038,718	12,234,496
Total		949,871	-	43,388	113,229	14,175,048	15,281,536	12,038,718	27,320,254
Executive KMP									
R. Kogan	2020	423,500	101,026	21,003	48,788	-	594,317	-	594,317
D. Shafer	2020	363,000	86,581	21,003	41,818	-	512,402	-	512,402
Other KMP									
S. Barton ²	2020	-	-	-	-	-	-	-	-
Total		786,500	187,607	42,006	90,606	-	1,106,719	-	1,106,719

1 Share-based payments shown relate to the expense incurred in accordance with accounting standards for unvested Options awarded to the CEO & CFO/COO and other Non-Executive KMP.

2 Mr Barton has been determined as a KMP upon the acquisition of Mighty Ape Limited, 1 December 2020. Mr Barton's annual cash salary of NZD\$300,000 has been applied pro-rata over the KMP period and stated in AUD using the AU/NZ average rate from 1 December 2020 to 30 June 2021 of 0.9315.

Mighty Ape - acquisition-related remuneration

Mighty Ape acquisition related remuneration, refers to the likely payment of Mighty Ape Tranche 3 & 4 purchase price instalments as part of the Sale Agreement. Tranche 3 and 4 are contingent on the Mighty Ape Founder & CEO, Simon Barton, remaining with the business until the delivery of the financial year 2023 results. In line with accounting standards, Tranches 3 & 4 payments will be considered as compensation for post-combination services, and as such, treated as employee remuneration for accounting purposes. The Group will proportionately account for these expenses up until the respective payment dates.

As at 30 June 2021 a total of \$12,038,718 has been provided for in relation to Tranche 3 & 4 in which remains non-payable if the Mighty Ape Founder & CEO, Simon Barton, resigns from the business prior to the delivery of the financial year 2023 results.

Non-Executive Directors' remuneration

The table below sets out the remuneration paid to Non-Executive Directors:

	Year	SHORT-TERM BENEFITS	POST- EMPLOYMENT BENEFITS	Total \$
		Total fees \$	Super- annuation \$	
Greg Ridder	2021	185,000	-	185,000
Harry Debney	2021	110,000	-	110,000
Janine Allis ¹	2021	24,457	-	24,457
James Spenceley ²	2021	31,667	-	31,667
Total		351,124	-	351,124
Greg Ridder	2020	185,000	-	185,000
Harry Debney	2020	110,000	-	110,000
Janine Allis ¹	2020	-	-	-
James Spenceley ²	2020	-	-	-
Michael Hirschowitz ³	2020	87,083	-	87,083
Total		382,083	-	382,083

1. Janine Allis was appointed as an Independent Non-Executive Director on 1 April 2021.
2. James Spenceley was appointed as an Independent Non-Executive Director on 1 March 2021.
3. Michael Hirschowitz was appointed as an Independent Non-Executive Director on 29 March 2019 and resigned on 20 May 2020.

EQUITY INSTRUMENTS

Kogan.com successfully listed on the ASX on 7 July 2016. The following table presents the interests of each Director held directly, indirectly or beneficially, including their related parties:

	No. shares held 2021	% ownership 2021	No. shares held 2020	% ownership 2020
Ruslan Kogan	15,853,321	14.88%	21,132,522	20.41%
David Shafer	6,075,642	5.70%	8,098,236	7.82%
Greg Ridder	158,000	0.15%	171,000	0.17%
Harry Debney	98,099	0.09%	90,538	0.09%
Janine Allis ¹	4,761	0.00%	-	-%
James Spenceley ²	-	-%	-	-%
Simon Barton ³	-	-%	-	-%
Michael Hirschowitz ⁴	-	-%	30,070	0.00%

1. Janine Allis was appointed as an Independent Non-Executive Director on 1 April 2021.
2. James Spenceley was appointed as an Independent Non-Executive Director on 1 March 2021.
3. Simon Barton, has been determined as a KMP upon the acquisition of Mighty Ape Limited, 1 December 2020.
4. Michael Hirschowitz was appointed as an Independent Non-Executive Director on 29 March 2019 and resigned on 20 May 2020.

REMUNERATION REPORT CONTINUED

EXECUTIVE DIRECTORS' AND OTHER KMP SERVICE AGREEMENTS

Notice and termination payments

Executives are on contracts with no fixed end date.

The following table captures the notice periods applicable to the termination of the Executive KMP and Other KMP employment:

	Termination notice by Kogan.com	Termination notice by employee	Termination payments provided for under contract
Executive KMP			
CEO	12 months	12 months	12 months
CFO, COO	6 months	6 months	6 months
Other KMP			
CEO – Mighty Ape	6 months	6 months	6 months

Executive and Other KMP Service Agreements

Prior to the Company's ASX Listing on 7 July 2016, Ruslan Kogan and David Shafer were not subject to employment arrangements and instead received profit distributions proportionate to their shareholdings in the Group.

Subsequent to Listing, Ruslan Kogan and David Shafer entered into employment contracts.

Simon Barton has been determined as a KMP from the acquisition date of Mighty Ape Limited, 1 December 2020. Mr Barton entered into a renewed agreement for his role as Chief Executive Officer – Mighty Ape.

Chief Executive Officer

Mr Kogan is employed in the position of Chief Executive Officer of Kogan.com.

Kogan.com has entered into an employment contract with Mr Kogan to govern his employment with Kogan.com.

Mr Kogan or Kogan.com may terminate Mr Kogan's employment by giving 12 months' notice. Kogan.com may elect to make payment in lieu of notice. Kogan.com may terminate Mr Kogan's employment without notice in circumstances warranting summary dismissal.

Upon termination of Mr Kogan's employment, Mr Kogan will be subject to a restraint of trade period of 12 months during which time Mr Kogan cannot compete with Kogan.com or provide services in any capacity to a competitor of Kogan.com or solicit suppliers, clients or employees of Kogan.com. The enforceability of the restraint clause is subject to all usual legal requirements.

The Board may invite Mr Kogan to participate in Kogan.com's incentive programs.

Chief Financial Officer and Chief Operating Officer

Mr Shafer is employed in the position of Chief Financial Officer and Chief Operating Officer of Kogan.com.

Kogan.com has entered into an employment contract with Mr Shafer to govern his employment with Kogan.com.

Mr Shafer or Kogan.com may terminate Mr Shafer's employment by giving 6 months' notice. Kogan.com may elect to make payment in lieu of notice. Kogan.com may terminate Mr Shafer's employment without notice in circumstances warranting summary dismissal.

Upon termination of Mr Shafer's employment, Mr Shafer will be subject to a restraint of trade period of 6 months during which time Mr Shafer cannot compete with Kogan.com or provide services in any capacity to a competitor of Kogan.com or solicit suppliers, clients or employees of Kogan.com. The enforceability of the restraint clause is subject to all usual legal requirements.

The Board may invite Mr Shafer to participate in Kogan.com's incentive programs.

Chief Executive Officer – Mighty Ape

Mr Barton is employed in the position of Chief Executive Officer of Mighty Ape.

Mighty Ape has entered into an employment contract with Mr Barton to govern his employment with Mighty Ape.

Mr Barton may terminate his employment by giving 6 months' notice. Mighty Ape will not terminate Mr Barton's employment for any reason (except for reasons stated within Mr Barton's employment contract) during the period of three years from Mr Barton's commencement date. Thereafter, Mr Barton's employment may be terminated at any time by Mighty Ape by giving Mr Barton six months' notice. Mighty Ape may elect to make payment in lieu of notice. Mighty Ape may terminate Mr Barton's employment without notice in circumstances warranting summary dismissal.

Upon termination of Mr Barton's employment, Mr Barton will be subject to a restraint of trade period of 12 months during which time Mr Barton cannot compete with Mighty Ape or the Group or provide services in any capacity to a competitor of Mighty Ape or the Group or solicit suppliers, clients or employees of Mighty Ape or the Group. The enforceability of the restraint clause is subject to all usual legal requirements.

The Board may invite Mr Barton to participate in Kogan.com's incentive programs.

KEY MANAGEMENT PERSONNEL TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

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. Mr Kogan is a minority shareholder and Director of eStore. The agreement was entered into on arm's length terms.

		CONSOLIDATED GROUP	
KMP	Transaction type	2021 \$000	2020 \$000
Ruslan Kogan	Purchases from eStore warehousing	11,986	9,540

The Directors' Report is signed on behalf of the Board in accordance with a resolution of the Directors.



Greg Ridder

Non-Executive Chairman

Melbourne, 29 September 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

GOVERNANCE

The Kogan.com Board of Directors and senior management team operate the business with high regard to Corporate Governance at all times and are transparent to its Shareholders, team members and suppliers.

Kogan.com operates with a majority independent Board of Directors and supporting majority independent Audit and Risk Committee and Remuneration and Nomination Committee. The Audit and Risk Committee is required to meet at least twice per annum and a Remuneration and Nomination Committee is required to meet at least annually in order to perform their functions.

Kogan.com is committed to observing its disclosure obligations under the ASX Listing Rules (and the *Corporations Act 2001* (Cth) (the Act)) and is governed by the Companies Continuous Disclosure Policy. Information is communicated to company Shareholders through the lodgment of all relevant financial and other information with the ASX and continuous disclosure announcements made available on Kogan.com's Corporate Website.

MODERN SLAVERY AND ETHICAL SOURCING

Kogan.com takes its obligations under the *Australian Modern Slavery Act 2018* (the Modern Slavery Act) seriously and are committed to the ongoing review and improvement of its contribution and impact on human rights whilst making the most in-demand products and services more affordable and accessible.

Kogan.com has prepared its Modern Slavery Statement in accordance with the Modern Slavery Act and with regard to the *Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities* (the Guidance). The Company's Modern Slavery Statement is available in the above Library. The Statement outlines the measures taken by the Company to reduce the risk of modern slavery occurring in the Company's businesses or its supply chain.

Kogan.com's supply chains are sophisticated and span the globe. The Company places a great emphasis on working solely with ethical suppliers and expect its suppliers to comply with the mandatory non-negotiable requirements of its Ethical & Sustainable Sourcing Policy, with preference among those suppliers going to the ones that also respond to the desirable elements, refer to the Company's Ethical & Sustainable Sourcing Policy available on Kogan.com's Corporate Website.

The Company adopted a risk-based approach in assessing which areas of business may have greater potential for modern slavery to occur. Refer to the Kogan.com Modern Slavery Statement available on Kogan.com's Corporate Website for further detail on the supply chain risk assessment and mitigating actions the Company engages to reduce the risk of modern slavery.

Kogan.com opposes modern slavery in all its forms.

OUR VALUES

Each team member is driven by the Company's core values, they ensure that we individually and collectively maintain focus on putting our customers first, being honest with ourselves and each other and being the pioneers of our industry to deliver on the Company's long term growth strategy.

Put our customer first

Deliver on promises and delight customers. Win customers for life. Use your creativity, imagination and energy to deliver value.

Have fun

Don't take yourself too seriously. Be positive and work as a team. Treat others as you'd like to be treated.

Be honest

With yourself, customers & co-workers. Confront the facts, even the hard ones. Think from first principles.

Pioneer

Experiment, fail fast, learn quickly, fix things quickly, and repeat. Embrace technology and change. Have an open mind and don't be afraid of a challenge. We're changing the way people shop. There is always a better way – challenge the status quo.

Do more with less

Do things in the most efficient way possible. Being frugal allows us to keep prices low for customers.

Keep it real

Focus on doing good, not looking good. Ensure merit-based decisions by placing facts at the heart of your processes. Concentrate on real life results and being objective. Always put health and safety first; nothing is more important.

Have high expectations

Work collaboratively, give your best in your work, and expect the same of the team.

Think long term

We're creating customers for life and a company that's built to last. Take the short term pain for a long term gain.

Step up

Do what it takes. Solve problems that need to be solved. Be a doer.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

THE KOGAN.COM TEAM

The Kogan.com team thrive in a dynamic, high-performance culture.

The Company's success is built off technology and digital efficiency and it is our dedicated team that makes it all happen. Kogan.com's team is central to the business, its culture and its ability to continuously outperform the expectations of Shareholders and customers.

The teams' training sessions (Lunch & Learns) are held across the business to drive engagement, career development and growth opportunities internally. Our highly skilled Software Engineering team holds "Tech Talks" and Meetups for the industry, sharing knowledge and experiences with like minded professionals in their field.

Kogan.com embraces growing talent from within our team. The business is dedicated to supporting the growth of our team, with many of the role appointments made coming from internal team promotion within the business.

Kogan.com recognises that a diverse workplace is achieved through merit-based decision-making which is integral to building and sustaining a culture that fosters equal opportunity, diversity and inclusion. Kogan.com operates under an Equal Opportunity, Merit and Diversity Policy, which can be located on Kogan.com's Corporate Website.

Our team and culture are at the heart of our business operations and a key ingredient in our success.

SAFETY, HEALTH AND WELLBEING

The safety, health and wellbeing of the Kogan.com team are the Company's top priorities. The business takes all measures necessary to ensure that its team is safe. This includes being one of the first companies in Australia to switch to a 'work from home' model at the beginning of the COVID-19 pandemic. A COVID-Safe Plan was immediately developed to ensure that our team, suppliers and customers remained as safe as possible during this difficult and unprecedented time.

Since the beginning of the COVID-19 pandemic, Kogan.com has supported a flexible work model for its team members as well as providing all the necessary measures including hand sanitiser for each team member as well as sanitiser stations set up around the office, masks and team members and visitors alike requiring to scan or sign into the office in order to ensure contact tracing is available in the event that it may be required.

The health and wellbeing, including mental health, of our team members is imperative. There are various health and wellbeing related activities the team are encouraged to participate in including yoga (onsite but also done virtually), pilates, meditation, Kogan.com Fitness Squad activities including marathons, fun runs, 10,000 steps challenges, Corporate Games and team group social activities and team event celebrations (onsite and virtual) to keep the team connected. In addition, all team members have access to the Company's independent and confidential Employee Assistance Program (EAP) if required.

AUDITOR'S INDEPENDENCE DECLARATION



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Director of Kogan.com Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Kogan.com Ltd for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten version of the KPMG logo, with the letters 'KPMG' in a cursive, slightly slanted font.

KPMG

A handwritten signature in black ink, appearing to be 'S. Dubois' with a long, sweeping horizontal stroke at the end.

Simon Dubois

Partner

Melbourne

29 September 2021

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CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED GROUP			
	Note	2021 \$000	2020 \$000
Revenue	1.1	780,742	497,904
Cost of sales	1.2a	(577,037)	(371,374)
Gross profit		203,705	126,530
Selling and distribution expenses		(68,865)	(34,196)
Warehouse expenses		(34,735)	(13,574)
Administrative expenses		(86,403)	(35,687)
Other expenses		(2,967)	(2,033)
Results from operating activities		10,735	41,040
Finance income		25	52
Finance costs	1.2b	(938)	(796)
Unrealised foreign exchange gain/(loss)		1,446	(1,443)
Net finance income/(cost)		533	(2,187)
Profit before income tax		11,268	38,853
Tax expense	1.3	(7,731)	(12,033)
Profit after income tax		3,537	26,820
Other comprehensive income			
Exchange gain on translation of foreign operations		272	-
Other comprehensive income for the year		272	-
Total comprehensive income for the year		3,809	26,820
Basic earnings per Share	3.4a	0.03	0.29
Diluted earnings per Share	3.4b	0.03	0.28

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		CONSOLIDATED GROUP	
	Note	2021 \$000	2020 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		91,691	146,726
Trade and other receivables	2.1.2a	5,810	5,390
Inventories	2.1.1	227,873	112,882
Other financial assets		205	-
Prepayments and other current assets	2.1.2b	1,981	1,400
Current tax asset	1.3	1,689	-
TOTAL CURRENT ASSETS		329,249	266,398
NON-CURRENT ASSETS			
Property, plant and equipment	2.3	17,668	2,603
Intangible assets	2.2	95,098	8,279
Deferred tax assets	1.3	-	2,387
TOTAL NON-CURRENT ASSETS		112,766	13,269
TOTAL ASSETS		442,015	279,667
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.1.3a	140,607	82,495
Lease liabilities	2.1.3b	5,554	1,987
Financial liabilities		-	1,060
Current tax liabilities	1.3	-	5,451
Employee benefits		1,638	1,134
Provisions		3,480	3,159
Deferred income	2.1.3c	11,777	19,334
TOTAL CURRENT LIABILITIES		163,056	114,620
NON-CURRENT LIABILITIES			
Other payables	2.1.3a	5,247	-
Loans & borrowings	3.1	78,699	-
Lease liabilities	2.1.3b	10,279	453
Employee benefits		173	197
Deferred income	2.1.3c	86	372
Deferred tax liabilities	1.3	3,746	-
TOTAL NON-CURRENT LIABILITIES		98,230	1,022
TOTAL LIABILITIES		261,286	115,642
NET ASSETS		180,729	164,025
EQUITY			
Share capital	3.3.1a	299,186	269,033
Merger reserve	3.3.1c	(131,816)	(131,816)
Other reserves		15,648	1,352
Retained earnings		(2,289)	25,456
TOTAL EQUITY		180,729	164,025

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED GROUP

	Note	Share capital \$000	Retained earnings \$000	Merger reserve \$000	Trans- lation reserve \$000	Share- based pay- ments reserve \$000	Total equity \$000
Balance at 1 July 2019		167,823	13,436	(131,816)	(291)	1,828	50,980
Comprehensive income							
Net profit and other comprehensive income for the year		-	26,820	-	-	-	26,820
Total net profit and other comprehensive income for the year		-	26,820	-	-	-	26,820
Transactions with owners, in their capacity as owners							
Issue of Ordinary Shares under performance plans	3.3.1b	1,217	-	-	-	(1,217)	-
Tax deduction for difference between accounting expense and funds paid to issue performance plans		1,042	-	-	-	-	1,042
Equity-settled share-based payments	5.2c	-	-	-	-	1,032	1,032
Institutional placement net of tax impact		98,147	-	-	-	-	98,147
Dividend reinvestment plan		804	(804)	-	-	-	-
Dividends paid	3.3.2	-	(13,996)	-	-	-	(13,996)
Total transactions with owners, in their capacity as owners		101,210	(14,800)	-	-	(185)	86,225
Balance at 30 June 2020		269,033	25,456	(131,816)	(291)	1,643	164,025
Balance at 1 July 2020		269,033	25,456	(131,816)	(291)	1,643	164,025
Comprehensive income							
Net profit after tax		-	3,537	-	-	-	3,537
Other comprehensive income		-	-	-	272	-	272
Total net profit and other comprehensive income for the year		-	3,537	-	272	-	3,809
Transactions with owners, in their capacity as owners							
Issue of Ordinary Shares under performance plans	3.3.1b	1,537	-	-	-	(1,537)	-
Tax deductions for difference between accounting expense and funds paid to issue performance plans		4,812	-	-	-	-	4,812
Equity-settled share-based payments	5.2c	-	-	-	-	15,561	15,561
Institutional placement net of tax impact		19,751	-	-	-	-	19,751
Dividend reinvestment plan		4,053	(4,053)	-	-	-	-
Dividends paid	3.3.2	-	(27,229)	-	-	-	(27,229)
Total transactions with owners, in their capacity as owners		30,153	(31,282)	-	-	14,024	12,895
Balance at 30 June 2021		299,186	(2,289)	(131,816)	(19)	15,667	180,729

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		CONSOLIDATED GROUP	
	Note	2021 \$000	2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		885,495	578,954
Payments to suppliers and employees		(926,285)	(523,813)
Interest received		25	52
Finance costs paid		(596)	(589)
Income tax paid		(21,671)	(8,971)
Net cash (used in)/provided by operating activities	1.4	(63,032)	45,633
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(810)	(219)
Purchase of intangible assets		(3,919)	(7,935)
Business acquisition		(50,960)	-
Net cash (used in) investing activities		(55,689)	(8,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		20,001	100,000
Transaction costs related to the issue of shares		(250)	(2,646)
Dividends paid net of dividend reinvestment plan		(27,229)	(13,996)
Repayment of loans & borrowings		(20,002)	(38,700)
Draw down on debt facility		94,749	38,700
Transaction costs on draw down facility		(234)	-
Repayment of lease liabilities		(3,276)	(1,573)
Net cash provided by financing activities		63,759	81,785
Net (decrease)/increase in cash held		(54,962)	119,264
Cash and cash equivalents at beginning of financial year		146,726	27,462
Effects of exchange rate changes on cash		(73)	-
Cash and cash equivalents at end of financial year	3.2	91,691	146,726

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

BASIS OF PREPARATION

The financial report of Kogan.com Ltd and its controlled entities (“the Group”; “Kogan.com”) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 29 September 2021.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards and the nature of its operations and principal activities are described in the Director’s Report on page 23.

These General Purpose Financial Statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australia Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2020.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Kogan.com is a Company of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors’ Reports*) Instrument 2016/191 and in accordance with that instrument, amounts in the Directors’ Report and the Financial Report are rounded to the nearest thousand dollars, except where otherwise indicated.

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Group, in line with AASB 10 *Consolidated Financial Statements*. Subsidiaries are entities the parent controls. The parent controls an entity when its exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 4.1.a.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that the control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

BASIS OF PREPARATION *(continued)*

b. Uses of Judgements and Estimates

In preparing the financial report, management have made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Estimates and judgements that have the most significant effect on the amounts recognised in the financial statements are:

- the provisions for warranties and sales returns which are based on estimates from historical warranty and sales returns data associated with similar products and services. The Group expects to incur most of the liability during financial year 2021/22
- the assessment of the recoverable value of non-current assets, including intangible assets, which is based on management's assessment of the nature of the capitalised costs and their expected continued contribution of economic benefit to the Group, having regard to actual and forecast performance and profitability
- the provision for slow moving and obsolete inventory is based on estimates of net realisable value
- The valuation of net assets acquired via the Mighty Ape purchase, and subsequent determination of Goodwill.

Key estimates and judgements have not changed from those disclosed in the Group financial report for the year ended 30 June 2020, other than estimate/judgement applied around the acquisition of Mighty Ape Limited.

c. Common Control Transaction

On 6 July 2016 Kogan.com Ltd acquired control of Kogan Operations Holdings Pty Ltd and subsidiaries at book value for consideration in preparation for the Initial Public Offering and the Group's admission to the ASX on 7 July 2016 pursuant to a replacement prospectus dated 24 June 2016.

d. Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

e. New accounting standards and interpretations

In the current year, the Group has adopted all of the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Their adoption has not had any material impact on the disclosures or on amounts reported in these financial statements.

- (i) AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- (ii) AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- (iii) AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*

The effects of the following Standards and Interpretations that are issued but not yet effective are not expected to be material:

- (i) AASB 2014-10 *Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (effective 1 January 2022)*
- (ii) AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 (effective 1 January 2022)*

- (iii) AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (effective 1 January 2022)
- (iv) AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts (effective 1 January 2023)
- (v) AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current (effective 1 January 2022)
- (vi) AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective 1 January 2022)
- (vii) AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (effective 1 June 2021)
- (viii) AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (effective 1 January 2023)
- (ix) AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021)

Software-as-a-Service (“SaaS”) arrangements

In March 2021, the IFRS Interpretations Committee (“IFRIC”) issued an agenda decision to clarify the accounting treatment for SaaS arrangements, including the accounting for related implementation, customisation and configuration costs.

The IFRIC clarified that SaaS arrangements are service contracts that provide the Group with the right to access the cloud provider’s software over a period of time. As a result, the underlying software the Group has the right to access is not controlled by the Group and therefore ongoing access fees as well as costs incurred to implement, customise and configure the cloud provider’s software are recognised as an expense when incurred. Costs incurred related to software controlled by the Group are capitalised and amortised on a straight-line basis over their useful life.

The Group has not capitalised any SaaS arrangements and so this does not impact current or historical results.

SEGMENT INFORMATION

a. Basis of segmentation

The Group has the following two operating divisions, Kogan.com and Mighty Ape. These operating divisions offer different products and services and are managed separately because they require different product sourcing and marketing strategies.

The Board considers the business primarily from an operating divisions perspective, and receives monthly reports that allow them to make strategic decisions about resource allocation to each. On this basis, management has identified the operating divisions as the Group’s two reporting segments.

The Board monitors the performance of these two segments separately. The Group does not operate under any other operating division.

Reportable segments	Operations
Kogan.com	Online retailer selling in-house and third-party brand household and consumer electronics products, as well as providing services for telecommunication, internet, insurance, home finances, utilities, vehicles and travel.
Mighty Ape	Online specialist retailer of gaming and entertainment products.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SEGMENT INFORMATION *(continued)*

b. Segment information provided to the Board

Information related to each reportable segment is set out below. Segment Adjusted EBITDA is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same sectors.

30 June 2021	Kogan.com \$000	Mighty Ape ¹ \$000
External revenue	700,537	80,205
Segment revenue	700,537	80,205
Adjusted EBITDA	54,934	6,899
Interest income	22	3
Interest expense	675	263
Depreciation & amortisation	10,015	925
Segment assets	390,192	49,650
Capital expenditure	3,758 ²	971
Segment liabilities	219,638	39,475

1 Results of Mighty Ape reflect seven months only, being from acquisition in December 2020

2 Excludes the capital purchase of Mighty Ape by Kogan.com

BUSINESS COMBINATION

a. Summary of acquisition

On 3 December 2020, Kogan.com signed the agreement to acquire 100% of Mighty Ape Limited for a headline purchase price of A\$122.4m. Included in the identifiable assets and liabilities acquired at the date of acquisition of Mighty Ape Limited are inputs (a head office, warehouse, patented technology, inventories and customer relationships) and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

The purchase price has been arranged in 4 tranches as follows:

Tranche	Payment timing	Payment split	Payment
1	3 December 2020	70%	A\$56.3m ¹ , subject to completion adjustments.
2	Post 31 March 2021		Up to A\$29.5m based on a multiple of the amount by which full-year FY21 normalised EBITDA (year ending 31 March 2021) exceeds Sep-20A LTM Normalised EBITDA.
3	Post 31 March 2022	15%	Based on a multiple of the FY22 Normalised EBITDA (year ended 31 March 2022).
4	Post 31 March 2023	15%	Based on a multiple of the FY23 Normalised EBITDA (year ended 31 March 2023).

1 This value differs from that stated in 'Kogan.com acquires Mighty Ape - Presentation' released on the 3 December 2020 due to movements in FX rates between the date of announcement and actual payment date.

Tranche 1 has been paid on 3 December 2020 and recorded at the applicable Australian dollar, being A\$56.3m. Additionally a payment of A\$3.1m was made relating to completion adjustments on 16 March 2021.

Tranche 2 is payable following audit clearance and is included within current acquisition payables at 30 June 2021.

As part of the Sale Agreement, Tranche 3 and 4 are contingent on the Mighty Ape Founder & CEO remaining with the business until the delivery of the financial year 2023 results. Per IFRS 3.B55(a), Tranches 3 and 4 payments will be considered as compensation for post-combination services, and as such, treated as employee remuneration. The Group will proportionately account for these expenses up until the respective payment dates.

As at 30 June 2021 a total of \$12.0m has been accrued for within Administrative Expenses and incorporated within the Adjusted EBITDA result given it does not represent the actual performance of the business.

Mighty Ape is one of New Zealand's leading online retailers, with a focus on gaming, toys and other entertainment categories. The combination of two market leaders enables Mighty Ape to build on its strong customer offering, and provides the infrastructure to further scale.

The acquisition of Mighty Ape was funded from the Company's cash reserves.

b. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	AUD \$000
Purchase price consideration	
Tranche 1	56,267
Completion adjustments	3,130
Tranche 2	29,500
Total purchase consideration	88,897

c. The assets and liabilities recognised at cost at the date of the acquisition were as follows:

	AUD \$000
Current assets	
Cash & cash equivalents	8,437
Trade & other receivables	2,286
Inventories	25,851
Non-current assets	
Property, plant & equipment	11,581
Intangibles	43,696
Deferred tax assets	130
Current liabilities	
Trade & other payables	17,964
Current tax liabilities	1,088
Loans & borrowings	3,104
Provisions	422
Deferred income	2,759
Lease liabilities	998
Non-current liabilities	
Loans & borrowings	1,254
Lease liabilities	8,862
Deferred tax liabilities	12,553
Net identifiable assets acquired	42,977

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

BUSINESS COMBINATION *(continued)*

d. The goodwill arising on the acquisition:

Accounting standards permit a measurement period of up to one year during which acquisition accounting can be finalised following the acquisition date. The Group have finalised acquisition accounting on the Mighty Ape acquisition which occurred in December 2020, resulting in an adjustment to the fair values below and a corresponding increase in goodwill.

	AUD \$000
Goodwill as at 31 December 2020	74,959
Adjustments to fair value of net assets:	
Intangible assets	(43,279)
Property, plant & equipment	(1,551)
Lease liabilities	464
Provision for deferred taxes	12,423
Trade & other receivables	(226)
Consideration adjustment post completion accounts	3,130
Goodwill arising on acquisition	45,920

The goodwill is attributable to various factors, including the high profitability potential of the acquired business, the ability to provide an expanded range of products and services to customers, the value of growth opportunities and inseparable intangible assets such as customers data and synergies with the existing Kogan.com business. The goodwill arising on the acquisition will not be deductible for tax purposes.

e. Revenue and Profit contribution

The acquired business contributed revenues of A\$80.2 million and net profit after tax of A\$3.9 million to the Group for the period 1 December 2020 to 30 June 2021. Had the Group acquired Mighty Ape at the start of the financial year, it would have contributed an additional A\$61.7 million of revenue and A\$2.9 million of net profit after tax for the period 1 July 2020 to 30 November 2020.

f. Purchase consideration – cash outflow

	AUD \$000
Net purchase consideration paid in cash at 30 June 2021	59,397
Less: cash & cash equivalent balances acquired	(8,437)
Outflow of cash – investing activities	50,960

g. Costs in relation to the acquisition have been recognised as follows:

	AUD \$000
Acquisition related transaction costs recognised in Other Expenses	802
Total	802

Within the statement of cash flows, acquisition related transaction costs have been recognised in operating cash flows.

h. Measurement of fair values

The valuation techniques used for measuring the fair value of material intangible assets acquired were as follows:

Assets acquired	Valuation technique
Software	Cost to replicate method: the cost to replicate method considers the time and cost incurred to develop the web-based e-commerce platform of Mighty Ape. This is considered appropriate as the platform does not directly generate independent cash flows.
Brands	Relief from royalty method: the relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the Mighty Ape Brands being owned.

SECTION 1: BUSINESS PERFORMANCE

1.1 Revenue

Sale of goods

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good to a customer. When a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price which excludes the associated costs and possible return of goods. Prior to these conditions being met, receipts from the sale of the goods are recorded in deferred income. Revenue is measured net of returns, trade discounts and volume rebates.

As Kogan.com is an online-only retailer, delivery fee income is not considered an independent rendering of services, but rather part of the Sales of Goods.

The timing of transfer of control varies depending on the individual terms of the sales agreement. For sale of goods, inclusive of delivery fee income, transfer usually occurs upon dispatch of the goods, where control is contractually transferred to the customer.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a specific review of warranty claims outstanding.

A provision for sales returns is recognised for the expected value of returns, based on historical sales return data and a specific review of the profile of sales for the period and post period-end.

Rendering of services

Revenue from the rendering of services is recognised when management has fulfilled its service obligations to the Group's customers, recovery of the consideration is probable, and the amount of revenue can be measured reliably. Revenue is measured net of returns and trade discounts.

The timing of revenue recognition varies depending on the individual terms of the services agreement and the contractual obligations of the Group.

Revenue from the rendering of services is deferred when a customer has paid up front but the Group has not yet fulfilled its obligations to the customer, in line with the terms and conditions of sale.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 1: BUSINESS PERFORMANCE *(continued)*

1.1 Revenue *(continued)*

Rendering of services *(continued)*

	CONSOLIDATED GROUP	
	2021 \$000	2020 \$000
Revenue		
Sales revenue:		
• sale of goods ¹	729,927	461,251
• rendering of services	45,466	30,809
	775,393	492,060
Other revenue:		
• marketing subsidies	4,000	3,676
• other revenue ²	1,349	2,168
	5,349	5,844
Total revenue	780,742	497,904

1.2a Operating activities

Expenses

	2021 \$000	2020 \$000
Cost of sales	577,037	371,374
Employee benefit expense ³	59,641	20,154
Depreciation and amortisation expense	10,940	7,419

1.2b Finance costs

	2021 \$000	2020 \$000
Realised foreign exchange losses	258	207
Finance costs on debt facilities	680	589
Total finance costs	938	796

1 Includes associated delivery fee income.

2 The decrease in revenue year-on year relates to Extended Warranties sold prior to March 2019 whose revenue is being recognised in line with the requirements of AASB 15. Since FY19, Kogan.com has on-sold all extended warranties to a Syndicate Underwriter at Lloyd's of London.

3 Included within Employee Benefits are the recent awards of Retention Options after the Company's AGM in November 2020. The Retention Options are accounted for in the same way the Company's other equity-settled awards are treated (refer section 5.2 of the FY20 Annual Report), with their fair value determined at their date of grant in line with AASB 2 *Share-based payments*. The cost of these transactions is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting. Accordingly, any deductions allowable for tax purposes will also be in line with current equity-settled awards.

1.3 Tax Balances

Income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related assets or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liability are expected to be recovered or settled.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 1: BUSINESS PERFORMANCE *(continued)*

1.3 Tax Balances *(continued)*

	CONSOLIDATED GROUP	
	2021 \$000	2020 \$000
a. The components of tax expense comprise:		
Current tax	13,231	12,146
Deferred tax	(5,335)	(120)
(Over)/Under provision in respect of prior years	(165)	7
	7,731	12,033
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2020: 30%):		
• Consolidated Group	3,380	11,656
Add:		
Tax effect of:		
• amortisation of intangibles	451	53
• entertainment (non-deductible)	22	11
• current year revenue losses not recognised	252	75
• other non-allowable items ¹	3,914	277
• Research and development expenditure	319	-
• Other non-allowable items	40	-
Less:		
Tax effect of:		
• variations in tax rates of foreign controlled entities	(120)	-
• New Zealand COVID relief payments	(13)	-
• prior year losses now recognised	(2)	(1)
• research and development tax benefit	(347)	(45)
• (Over)/Under provision of prior year income tax	(165)	7
Income tax attributable to the Group	7,731	12,033
The applicable weighted average effective tax rates are as follows:	69%	31%

The effective tax rate for FY21 of 69% reflects the impact of non-deductible accruals for the Mighty Ape acquisition Tranches 3 & 4 and transactions costs, tax effected to \$3.8 million. For income tax purposes, these are considered capital in nature, and therefore no tax deduction is available. Additionally, there is no deferred tax asset recognised in relation to this transaction as it is considered probable that the temporary difference will not reverse in the foreseeable future.

1 Relates to Mighty Ape Tranches 3 & 4 and transaction costs. For tax purposes these are treated as capital in nature and therefore are non-deductible.

CONSOLIDATED GROUP

	2021 \$000	2020 \$000
Current and deferred tax balances:		
Assets		
CURRENT		
Current tax asset	1,689	-
Deferred tax asset	-	2,387
Total	1,689	2,387
Liabilities		
CURRENT		
Current tax liabilities	-	5,451
Deferred tax liabilities	3,746	-
Total	3,746	5,451

Movements in deferred tax balances

	2021	BALANCE AT 30 JUNE								
\$000	Net balance at 1 July	Under/ Over	Recog- nised in profit or loss	Recog- nised in OCI	Recog- nised directly to equity	Acqui- sitions	Other	Net	Deferred tax assets	Deferred tax liabilities
Property, plant & equipment	(671)	(8)	(772)	-	-	-	-	(1,451)	-	(1,451)
Intangible assets	(899)	173	1,182	-	-	(14,444)	-	(13,988)	1,106	(15,094)
Financial assets	318	-	(431)	-	-	37	-	(76)	318	(394)
Employee benefits	346	-	155	-	-	118	-	619	619	-
Provisions	609	-	1,337	-	-	236	-	2,182	2,182	-
Deferred Income	422	-	(250)	-	-	-	-	172	258	(86)
Lease liability	732	-	(242)	-	-	2,361	-	2,851	2,851	-
Other items	1,037	-	(17)	-	-	59	-	1,079	1,079	-
Share-based payments reserve	493	-	4,207	-	-	-	-	4,700	4,700	-
Tax losses carried forward	-	-	166	-	-	-	-	166	166	-
Net tax assets (liabilities)	2,387	165	5,335	-	-	(11,633)	-	(3,746)	13,279	(17,025)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 1: BUSINESS PERFORMANCE *(continued)*

1.3 Tax Balances *(continued)*

Movements in deferred tax balances *(continued)*

2020								BALANCE AT 30 JUNE		
\$000	Net balance at 1 July	Under/Over	Recognised in profit or loss	Recognised in OCI	Recognised directly to equity	Acquisitions	Other	Net	Deferred tax assets	Deferred tax liabilities
Property, plant & equipment	(341)	-	(330)	-	-	-	-	(671)	34	(705)
Intangible assets	(1,351)	-	452	-	-	-	-	(899)	-	(899)
Financial assets	(115)	-	433	-	-	-	-	318	318	-
Employee benefits	232	-	114	-	-	-	-	346	346	-
Provisions	521	-	88	-	-	-	-	609	609	-
Deferred income	963	-	(541)	-	-	-	-	422	422	-
Lease liability	375	-	357	-	-	-	-	732	732	-
Other items	1,058	-	(321)	-	793	-	-	1,530	1,680	(150)
Tax losses carried forward	132	-	(132)	-	-	-	-	-	-	-
Net tax assets (liabilities)	1,474	-	120	-	793	-	-	2,387	4,141	(1,754)

1.4 Notes to the Cash Flow Statement

CONSOLIDATED GROUP		
	2021 \$000	2020 \$000
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	3,537	26,820
Non-cash flows in profit:		
• depreciation & amortisation	10,940	7,419
• issue of Performance Rights and Shares	20,373	1,033
• unrealised foreign exchange movement	(1,507)	1,443
• Income tax expense	7,731	12,033
Changes in assets and liabilities:		
• decrease/(increase) in trade and term receivables	670	(25)
• (increase) in prepayments and other assets	(640)	(918)
• (increase) in inventories	(87,463)	(37,032)
• increase in trade payables and accruals	13,634	30,769
• (decrease)/increase in deferred income	(10,591)	10,759
• increase in provisions	1,954	2,302
• tax paid	(21,670)	(8,970)
Cash flows from operating activities	(63,032)	45,633

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.1 Working Capital

2.1.1 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes all direct costs attributable to purchase, such as freight and insurance.

CONSOLIDATED GROUP		
	2021 \$000	2020 \$000
CURRENT		
Inventory in transit	36,102	32,467
Inventory on hand	191,771	80,415
	227,873	112,882

In 2021, inventories of \$577 million (2020: \$371 million) were recognised as an expense during the year and included in 'cost of sales'.

In addition, inventories have been reduced by \$3.0 million (2020: \$0.6 million) as a result of the write-down to net realisable value. This write-down was recognised as an expense during the year.

2.1.2a Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

CONSOLIDATED GROUP		
	2021 \$000	2020 \$000
CURRENT		
Trade receivables	4,925	5,197
Other receivables	885	193
Total current trade and other receivables	5,810	5,390

Credit risk

The Group has no significant concentration of credit risk with respect of any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 3.2. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia given the substantial operations in this region. The Group's exposure to credit risk for receivables at the end of the reporting period in those regions is as follows:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 2: OPERATING ASSETS AND LIABILITIES (continued)

2.1 Working Capital (continued)

2.1.2a Trade and other receivables (continued)

	CONSOLIDATED GROUP	
AUD	2021 \$000	2020 \$000
Australia	5,259	5,390
New Zealand	551	-
Total	5,810	5,390

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counterparty to the transactions. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balance of receivables that remain within initial trade terms (as detailed in the table) is considered to be of high credit quality.

The Group had one customer that owed more than 10% of total trade and other receivables as at 30 June 2021 and 30 June 2020.

			PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			
	Gross Amount \$000	Past Due and Impaired \$000	< 30 \$000	31-60 \$000	61-90 \$000	> 90 \$000
2021						
Trade and term receivables	4,925	-	3,765	813	91	256
Other receivables	885	-	885	-	-	-
Total	5,810	-	4,650	813	91	256
2020						
Trade and term receivables	5,197	-	4,233	41	616	307
Other receivables	193	-	193	-	-	-
Total	5,390	-	4,426	41	616	307

2.1.2b Prepayments and Other Current Assets

	CONSOLIDATED GROUP	
	2021 \$000	2020 \$000
Prepayments	1,954	1,373
Rental bond	27	27
	1,981	1,400

2.1.3a Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

CONSOLIDATED GROUP		
	2021 \$000	2020 \$000
CURRENT		
Trade payables	65,351	35,910
Other payables	66,036	42,794
Accrued expenses	9,220	3,791
	140,607	82,495
NON-CURRENT		
Other payables	5,247	-
	5,247	-
	145,854	82,495

2.1.3b Lease liability

At inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly, and should be physically, or represent substantially, all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - The Group has the right to operate the asset; or
 - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group has applied this approach to all contracts effective as at 1 July 2019.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 2: OPERATING ASSETS AND LIABILITIES *(continued)*

2.1 Working Capital *(continued)*

2.1.3b Lease liability *(continued)*

As a lessee *(continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual guarantee; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group does not have any short-term or low-value leases.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position. As at 30 June 2021, the net carrying amount of the right-of-use asset is \$15.7 million (2020: \$2.4 million), please refer to note 2.3.

The lease liability as of 30 June 2021 is presented below:

Lease liability – Maturity analysis

	2021 \$000	2020 \$000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	6,349	2,030
One to five years	8,313	507
More than five years	2,522	-
Total undiscounted lease liabilities as at 30 June	17,184	2,537
Lease liabilities included in the statement of financial positions as at 30 June	15,833	2,440
Current	5,554	1,987
Non-current	10,279	453

2.1.3c Deferred income

The Group has adopted AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018).

	2021 \$000	2020 \$000
CURRENT		
Deferred income	11,777	19,334
	11,777	19,334
NON-CURRENT		
Deferred income	86	372
Total deferred income	11,863	19,706

2.2 Intangible Assets

(i) Website development and software costs

Website development and software costs are measured at cost less any accumulated amortisation and accumulated impairment losses. Such development costs are only capitalised if they can be reliably measured, the process is technically and commercially feasible, future economic benefits are probable, and the Group has sufficient resources to complete development.

(ii) Intellectual property

Acquired intellectual property, including customer lists, which enable direct marketing of products and services, are capitalised to the extent it is probable that expected future economic benefits attributable to the asset will flow to the entity, and the cost can be reliably measured.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the Statement of Comprehensive Income.

Intangibles that are considered to have indefinite useful lives are not subject to amortisation.

The estimated useful lives for the current and comparative periods are as follows:

Patents and trademarks – general	2.5 years
Patents and trademarks – Matt Blatt	10.0 years
Website development costs	2.5 years
Software costs	2.5 years
Intellectual property	2.0 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 2: OPERATING ASSETS AND LIABILITIES *(continued)*

2.2 Intangible Assets *(continued)*

(v) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current marketing assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. They are allocated to reduce the carrying amount of assets in the CGU on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	CONSOLIDATED GROUP	
	2021 \$000	2020 \$000
Patents and trademarks:		
Cost	45,617	4,881
Accumulated amortisation	(3,004)	(816)
Net carrying amount	42,613	4,065
Website development costs:		
Cost	11,101	6,152
Accumulated amortisation	(6,624)	(4,984)
Net carrying amount	4,477	1,168
Software costs:		
Cost	1,154	858
Accumulated amortisation	(940)	(845)
Net carrying amount	214	13
Intellectual property:		
Cost	21,928	20,418
Accumulated amortisation	(20,054)	(17,385)
Net carrying amount	1,874	3,033
Goodwill:		
Cost	45,920	-
Accumulated impairment losses	-	-
Net carrying amount	45,920	-
Total intangibles	95,098	8,279

	Patents and trade- marks \$000	Website develop- ment costs \$000	Software costs \$000	Intellectual property \$000	Goodwill \$000	Total \$000
Consolidated Group:						
Year ended 30 June 2020						
Balance at the beginning of the year	242	1,149	31	4,393	-	5,815
Additions	4,100	1,052	8	2,776	-	7,936
Disposals	-	-	-	-	-	-
Amortisation	(277)	(1,033)	(26)	(4,136)	-	(5,472)
Closing value at 30 June 2020	4,065	1,168	13	3,033	-	8,279
Year ended 30 June 2021						
Balance at the beginning of the year	4,065	1,168	13	3,033	-	8,279
Additions	109	1,726	296	1,510	-	3,641
Additions through acquisition of entities	40,795	3,223	-	-	45,920	89,938
Disposals	-	-	-	-	-	-
Amortisation/Impairment	(2,356)	(1,640)	(95)	(2,669)	-	(6,760)
Closing value at 30 June 2021	42,613	4,477	214	1,874	45,920	95,098

2.3 Property, Plant and Equipment

Property, plant and equipment

Each class of property, plant and equipment is carried at cost of fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured on a cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of property, plant and equipment is reviewed annually by the management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the Statement of Comprehensive Income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 2: OPERATING ASSETS AND LIABILITIES *(continued)*

2.3 Property, Plant and Equipment *(continued)*

Depreciation

The depreciable amount of all fixed assets purchased in 2021 is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computer equipment (reducing balance & straight-line basis)	67%
Office equipment (reducing balance & straight-line basis)	10-25%
Leasehold improvements	20%
Right-of-use asset	33-50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Statement of Comprehensive Income in the period in which they arise.

	CONSOLIDATED GROUP	
	2021 \$000	2020 \$000
Equipment & vehicles:		
Cost	3,611	1,511
Accumulated depreciation	(1,669)	(1,274)
Net carrying amount	1,942	237
Leasehold improvements:		
Cost	39	39
Accumulated amortisation	(32)	(25)
Net carrying amount	7	14
Right-of-use asset:		
Cost	21,822	4,541
Accumulated amortisation	(6,103)	(2,189)
Net carrying amount	15,719	2,352
Total property, plant and equipment	17,668	2,603

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Equipment & vehicles \$000	Leasehold improvements \$000	Right-of-use asset \$000	Total \$000
Consolidated Group:				
Balance at 1 July 2019	345	20	1,201	1,566
Additions	217	2	2,763	2,982
Depreciation expense	(325)	(8)	(1,612)	(1,945)
Balance at 30 June 2020	237	14	2,352	2,603
Balance as at 1 July 2020	237	14	2,352	2,603
Additions	305	-	6,928	7,233
Additions through acquisition of entities	1,795	-	10,352	12,147
Depreciation expense	(395)	(7)	(3,913)	(4,315)
Balance at 30 June 2021	1,942	7	15,719	17,668

SECTION 3: CAPITAL STRUCTURE AND FINANCING

3.1 Loan and Borrowings

	CONSOLIDATED GROUP	
	2021 \$000	2020 \$000
Trade advance	78,902	-
Amortised borrowing costs	(203)	-
Net carrying amount	78,699	-

The Group's interest-bearing loans and borrowings have been measured at amortised cost.

Kogan.com has a \$75.0 million multi-option facility agreement with Westpac Banking Corporation, for a term of three years, maturing on 31 March 2024. An additional debt facility of \$10.0 million was entered into in May 2021, maturing on 31 July 2022.

There was \$75.2 million drawn down under the facility at year end (2020: nil).

Mighty Ape Limited has an overdraft facility agreement with the Bank of New Zealand, with no set maturity date. The agreed facility limit is NZ\$1.5 million.

Mighty Ape Limited has a Trade Finance Facility agreement with the Bank of New Zealand with no set maturity date. The agreed facility limit is NZ\$6.0 million.

The Trade Finance Facility was drawn down by NZ\$4.0 million as at 30 June 2021. The overdraft facility was undrawn as at 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)*

3.2 Capital and Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and payable derivatives.

Financial risk management policies

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. This includes the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk and foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through internal procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties' security liabilities of certain subsidiaries.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. However, the Group has significant credit risk exposures to Australia given the substantial operations in this region. Details with respect to credit risk of trade and other receivables are provided in Note 2.1.2a. The Group's exposure to credit risk is minimised given a significant portion of sales are paid for at the time purchase.

Management has assessed that trade and other receivables that are not past due or are considered to be of good credit rating. Aggregates of such amounts are detailed in Note 2.1.2a.

Cash and cash equivalents

Credit and risk related to balances with banks and other financial institutions is managed by the Board.

The Group held cash and cash equivalents of \$91.7 million as at 30 June 2021 and \$146.7 million as at the end of 30 June 2020. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A to AA-, based on the Standard & Poor's ratings

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its' cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

No impairment allowance was recognised during FY21.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- prepared forward-looking cash flow analysis in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

		WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
Consolidated Group	Note	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Financial liabilities due for payment									
Trade and other payables	2.1.3a	(140,607)	(82,495)	(5,247)	-	-	-	(145,854)	(82,495)
Lease liabilities	2.1.3b	(5,554)	(1,987)	(7,568)	(453)	(2,711)	-	(15,833)	(2,440)
Loans & borrowings	3.1	-	-	(78,699)	-	-	-	(78,699)	-
Financial liabilities		-	(1,060)	-	-	-	-	-	(1,060)
Total expected outflows		(146,161)	(85,542)	(91,514)	(453)	(2,711)	-	(240,386)	(85,995)
Financial assets – cash flows realisable									
Cash and cash equivalents		91,691	146,726	-	-	-	-	91,691	146,726
Trade, term and loan receivables	2.1.2a	5,810	5,390	-	-	-	-	5,810	5,390
Other financial assets		205	-	-	-	-	-	205	-
Total anticipated inflows		97,706	152,116	-	-	-	-	97,706	152,116
Net (outflow)/inflow on financial instruments		(48,455)	66,574	(91,514)	(453)	(2,711)	-	(142,680)	66,121

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 3: CAPITAL STRUCTURE AND FINANCING (continued)

3.2 Capital and Financial Risk Management (continued)

Market risk

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents.

b. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar may impact on the Group's financial results unless those exposures are appropriately hedged.

Foreign currency transactions

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Foreign exchange forward contracts

The Group has open foreign exchange forward contracts at the end of the reporting period relating to highly probable forecast transactions and recognised financial assets and financial liabilities. These contracts commit the Group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates. It is the Group's policy to manage pricing of its products (with exception of ageing and obsolete inventory) according to specified target Gross Margins, rather than to sacrifice Gross Margin to drive sales volumes. In an environment where the Australian dollar may be declining, in particular, relative to the United States dollar, the Group's ability to price Third-Party branded international products competitively in comparison with other Australian retailers deteriorates (to the extent that those retailers have not adjusted retail prices). As a result, lower volumes of Third-Party branded international products are generally sold during periods of sharp decline in the Australian dollar, leading to lower revenues in that product segment. The reverse occurs in periods in which there is a sharp increase in the Australian dollar, while there has historically been neutral revenue impact in periods in which the currency is relatively stable, whether that is at high or low levels.

The following table summarises the notional amounts of the Group's commitments in relation to foreign exchange forward contracts. The notional amounts do not represent amounts exchanged by the transaction counterparties and are therefore not a measure of the exposure of the Group through the use of the contracts.

	NOTIONAL AMOUNTS		AVERAGE EXCHANGE RATE	
	2021 \$000	2020 \$000	2021 \$	2020 \$
Consolidated Group				
Buy USD/sell AUD:				
Settlement – less than 6 months	30,430	53,367	0.75	0.66
– 6 months to 1 year	–	2	–	0.69

The fair value of foreign exchange contracts at 30 June 2021 totalled \$204,798 (2020: (\$1,059,971)).

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in exchange rates. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

CONSOLIDATED GROUP		
	Profit \$000	Equity \$000
Year ended 30 June 2021		
+/-10bps in foreign exchange rates	3,043	3,043
Year ended 30 June 2020		
+/-10bps in foreign exchange rates	5,337	5,337

The Group, through its hedging of foreign exchange using forward contracts, reduces its exposure to foreign exchange risk by locking in the exchange rate with the bank on deal date. Any movement in interest rates has been deemed to be immaterial.

Fair values

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

Fair value estimation

The carrying value of financial assets and financial liabilities are not materially different to their fair values.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)*

3.2 Capital and Financial Risk Management *(continued)*

Financial Instruments *(continued)*

Classification and subsequent measurement *(continued)*

The Group does not designate any interests in subsidiaries, associates, or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Financial assets and financial liabilities at fair value through profit or loss (FVTPL) are initially recognised at fair value and thereafter carried at fair value.

a. Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

b. Financial assets/financial liabilities at fair value through profit or loss

Financial assets/financial liabilities relating to foreign exchange forward contracts are measured at fair value and fair value changes are recognised in profit or loss.

c. Financial liabilities at amortised cost

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss when the financial liability is derecognised.

Derivative instruments

The Group enters into forward contracts to manage the cash flow risk attached to inventory purchased in foreign currency. The Group has elected not to adopt hedge accounting, with any period movements in the fair value of the derivative contract taken to the income statement.

Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- financial assets measured at FVTPL.

The Group measured loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions; or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and financial assets at FVTPL are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For financial assets at FVTPL, the loss allowance is charged to profit or loss.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)*

3.2 Capital and Financial Risk Management *(continued)*

Derivative instruments *(continued)*

Write-off *(continued)*

The Group holds the following financial assets and financial liabilities at reporting date:

CONSOLIDATED GROUP			
	Note	2021 \$000	2020 \$000
Financial assets			
Cash and cash equivalents		91,691	146,726
Financial assets at amortised cost			
• trade and other receivables	2.1.2a	5,810	5,390
Financial assets at fair value through profit or loss			
• foreign exchange forward contracts		205	-
Total financial assets		97,706	152,116
Financial liabilities			
Financial liabilities at amortised cost:			
• trade and other payables	2.1.3a	145,854	82,495
• Loans & borrowings	3.1	78,699	-
• lease liability – current	2.1.3b	5,554	1,987
• lease liability – non-current	2.1.3b	10,279	453
Financial liabilities at fair value through profit or loss			
• foreign exchange forward contracts		-	1,060
Total financial liabilities		240,386	85,995

Fair value measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- cash and cash equivalents; and
- foreign exchange forward contracts.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

a. Fair value hierarchy

AASB 9 *Financial Instruments* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Cash and cash equivalents are Level 1 measurements, whilst foreign exchange contracts are Level 2. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The fair value of foreign exchange contracts at 30 June 2021 totalled \$204,798 (asset) (2020: \$1,059,971 (liability)). This represented the amount 'in/out of the money' on outstanding forward foreign exchange contracts as at the reporting dates.

b. Disclosed fair value measurements

The carrying amounts of assets and liabilities are the same as their carrying values.

The Group enters into forward exchange contracts to manage the foreign exchange risk attached to inventory purchased in foreign currency. The Group has elected not to adopt hedge accounting, with any period movements in the fair value of the derivative contract taken to the income statement.

The fair value of forward exchange contracts is determined based on an external valuation report using forward exchange rates at the balance sheet date.

3.3.1 Issued Capital and Reserves

a. Ordinary Shares

	CONSOLIDATED GROUP			
	2021 \$	2020 \$	2021 No.	2020 No.
Fully paid Ordinary Shares	299,185,901	269,033,496	106,561,563	103,531,706

Ordinary Shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the Shareholders' meetings each Ordinary Share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 3: CAPITAL STRUCTURE AND FINANCING (continued)

3.3.1 Issued Capital and Reserves (continued)

b. Movements in Ordinary Shares

Details	Date	Shares No.	Issue price	\$
Balance	30 June 2019	93,729,852		167,822,590
Shares issued to eligible employees under an incentives plan	20 August 2019	229,360	\$1.65	379,369
Shares issued to eligible employees under an incentives plan	18 February 2020	657,677	\$1.27	833,421
Shares issued to eligible employees under an incentives plan	18 February 2020	977	\$5.12	5,002
Dividend reinvestment plan	10 March 2020	180,215	\$4.46	803,657
Institutional placement	17 June 2020	8,733,625	\$11.45	100,000,006
Transactional costs incurred during institutional placement net of tax	17 June 2020	-	-	(1,852,134)
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	30 June 2020	-	-	1,041,585
Balance	30 June 2020	103,531,706		269,033,496
Share purchase plan	10 July 2020	1,746,733	\$11.45	20,000,854
Transaction costs incurred during Share purchase plan net of tax	10 July 2020	-	-	(250,237)
Shares issued to eligible employees under an incentive plan	17 August 2020	343,440	\$1.68	576,746
Dividend reinvestment plan	28 October 2020	86,648	\$21.19	1,835,644
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	31 December 2020	-	-	1,755,158
Shares issued to eligible employees under an incentive plan	26 February 2021	682,454	\$1.41	959,801
Dividend reinvestment plan	31 May 2021	170,582	\$13.00	2,217,387
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	30 June 2021	-	-	3,057,052
Balance	30 June 2021	106,561,563		299,185,901

c. Merger reserve

The acquisition of Kogan Operations Holdings Pty Ltd by Kogan.com Ltd has been treated as a common control transaction at book value for accounting purposes, and no fair value adjustments have been made. Consequently, the difference between the fair value of issued capital and the book value of net assets acquired is recorded within a merger reserve of \$131,816,250.

d. Performance Rights reserve

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the Ordinary Shares at the date at which they are granted. The fair value is determined using a discounted cash flow valuation model, taking into account the terms and conditions upon which the equity instruments were granted, as discussed in Note 5.2.

e. Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to Shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

3.3.2 Dividends

CONSOLIDATED GROUP		
	2021 \$000	2020 \$000
Dividends paid during the year	31,282	14,800
Dividend reinvestment plan	(4,053)	(804)
	27,229	13,996

a. Ordinary Shares

Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity before or at the end of the financial year but not distributed at balance date.

There was no final 2021 dividend declared and therefore is not reflected in the consolidated financial statements for the year ended 30 June 2021.

Dividends	2021 Final	2021 Interim	2020 Final	2020 Interim
Dividend per Share (in cents)	-	16.0	13.5	7.5
Franking percentage	-	100%	100%	100%
Payment date	-	31 May 2021	19 October 2020	10 March 2020
Dividend record date	-	9 March 2021	24 August 2020	27 February 2020

b. Franking credits

The franking account balance as at 30 June 2021 is \$8,657,001 (2020: \$6,433,957).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)*

3.4 Earnings per Share

a. Basic Earnings per Share

	CONSOLIDATED GROUP	
	2021	2020
Net profit for the reporting period	3,536,756	26,819,740
Net profit for the reporting period used in calculating EPS	3,536,756	26,819,740
Weighted average number of Ordinary Shares of the entity	105,803,451	94,027,393
Basic Earnings per Share	0.03	0.29

b. Diluted Earnings per Share

	CONSOLIDATED GROUP	
	2021	2020
Net profit for the reporting period	3,536,756	26,819,740
Weighted average number of Ordinary Shares of the entity on issue	105,803,451	94,027,393
Adjustments to reflect potential dilution for Performance Rights	3,029,857	1,514,138
Diluted weighted average number of Ordinary Shares of the entity	108,833,308	95,541,531
Diluted Earnings per Share	0.03	0.28

SECTION 4: GROUP STRUCTURE

4.1 Controlled Entities

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of Ordinary Shares or, in the case of Kogan Technologies Unit Trust, ordinary units, which are held directly by the Group. Kogan.com Holdings Pty Ltd is the Trustee of the Kogan Technologies Unit Trust. The Trustee and the Trust are wholly-owned entities within the Group. The proportion of ownership interests held equal the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	OWNERSHIP INTEREST HELD BY THE GROUP	
		2021 %	2020 %
Kogan Mobile Operations Pty Ltd (formerly Kogan Mobile Australia Pty Ltd)	Australia	100	100
Kogan Mobile Pty Ltd	Australia	100	100
Kogan Australia Pty Ltd	Australia	100	100
Kogan International Holdings Pty Ltd	Australia	100	100
Kogan HK Limited	Hong Kong	100	100
Kogan HR Pty Ltd	Australia	100	100
Kogan Travel Pty Ltd	Australia	100	100
Dick Smith IP Holdings Pty Ltd (formerly Kogan Technologies UK Pty Ltd)	Australia	100	100
Online Business Number 1 Pty Ltd	Australia	100	100
Kogan Technologies Unit Trust	Australia	100	100
Kogan.com Holdings Pty Ltd	Australia	100	100
Kogan Operations Holdings Pty Ltd	Australia	100	100
Kogan US Trading Inc	United States	100	100
Kogan Superannuation Pty Ltd	Australia	100	100
Matt Blatt Pty Ltd	Australia	100	100
Mighty Ape Limited	New Zealand	100	-
Mighty Ape Australia Pty Ltd	Australia	100	-

b. Significant restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

4.2 Deed of Cross Guarantee

A deed of cross guarantee between Kogan.com Ltd and its entities listed above was enacted during the financial year and relief was obtained from preparing individual financial statements for the Group under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. Under the deed, Kogan.com Ltd guarantees to support the liabilities and obligations of its subsidiaries listed above. As its entities are a party to the deed the income statement and balance sheet information of the combined class-ordered group is equivalent to the consolidated information presented in this financial report.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 4: GROUP STRUCTURE *(continued)*

4.3 Parent Entity Disclosures

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2021 \$000	2020 \$000
Statement of Financial Position		
ASSETS		
Current assets	191,707	145,849
TOTAL ASSETS	191,707	145,849
LIABILITIES		
Current liabilities	1,330	533
TOTAL LIABILITIES	1,330	533
NET ASSETS	190,377	145,316
EQUITY		
Issued capital	167,370	137,217
Performance Rights reserve	15,667	1,643
Dividends	(31,282)	(14,800)
Retained earnings	38,622	21,256
TOTAL EQUITY	190,377	145,316
Statement of Profit or Loss and Other Comprehensive Income		
Total profit	3,551	4,187
Total comprehensive income	3,551	4,187

The parent did not have any material contingent liabilities at period end (2020: \$nil).

4.4 Related Parties

a. The Group's main related parties are as follows:

(i) Entities exercising control over the Group:

The ultimate parent entity that exercised control over the Group at year-end was Kogan.com Ltd, which is incorporated in Australia.

(ii) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the entity, are considered Key Management Personnel (refer to 5.1).

(iii) Entities subject to significant influence by the Group:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement. There are no such entities at year end (2020: nil).

(iv) Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which Key Management Personnel have joint control.

b. Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

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 arm's length terms.

	CONSOLIDATED GROUP	
	2021 \$	2020 \$
Purchases from eStore warehousing	11,985,662	9,540,192
Amounts payable to eStore as at 30 June	556,156	683,324

SECTION 5: EMPLOYEE REWARD AND RECOGNITION

5.1 Key Management Personnel Compensation

As deemed under AASB 124 *Related Parties disclosures*, Key Management Personnel (KMP) include each of the Directors, both Executive and Non-Executive, and those members who have authority and responsibility for planning, directing and controlling activities within the business.

A summary of the KMP compensation is set out in the following table. Refer to the Remuneration Report for full details.

	CONSOLIDATED GROUP	
	2021 \$	2020 \$
Cash salary	949,871	786,500
Consulting fees	351,124	382,083
Short-term incentives	-	187,607
Post-employment	43,388	42,006
Long-term benefits	113,229	90,606
Equity-based compensation	14,175,048	-
Other long-term benefits	12,038,718	-
	27,671,378	1,488,802

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)*

5.1 Key Management Personnel Compensation *(continued)*

Movement in shares

The movement during the reporting period in the number of Ordinary Shares in Kogan.com held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Executive KMP

	Held at 1 July 2020	Received on exercise of rights	Shares purchased	Shares sold	Held at 30 June 2021
Ruslan Kogan	21,132,522	-	5,240	(5,284,441)	15,853,321
David Shafer	8,098,236	-	2,620	(2,025,214)	6,075,642

Other Non-Executive KMP

	Held at 1 July 2020	Received on exercise of rights	Shares purchased	Shares sold	Held at 30 June 2021
Simon Barton	-	-	-	-	-

Non-Executive Directors

	Held at 1 July 2020	Received on exercise of rights	Share purchased	Shares sold	Held at 30 June 2021
Greg Ridder	171,000	-	5,620	(18,620)	158,000
Harry Debney	90,538	-	7,561	-	98,099
Janine Allis	-	-	4,761	-	4,761
James Spenceley	-	-	-	-	-

5.2 Incentive Plans

Kogan.com Ltd has adopted an Equity Incentive Plan (EIP) to assist in the motivation and retention of management and selected team members.

The Group has established incentive arrangements subsequent to listing on the ASX to assist in the attraction, motivation and retention of the executive team and other selected team members. To align the interests of its employees and the goals of the Group, the Directors have decided the remuneration packages of the executive team and other selected team members will consist of the following components:

- fixed remuneration (inclusive of superannuation);
- short-term cash-based incentives; and
- equity based long-term incentives.

The Group has established the EIP, which is designed to align the interests of eligible employees more closely with the interests of Shareholders in the listed entity post 7 July 2016. Under the EIP, eligible employees may be offered Restricted Shares, Options or Rights which may be subject to vesting conditions. The Group may offer additional long-term incentive schemes to senior management and other employees over time.

Short-term incentives – Cash based

The following table outlines the significant aspects of the STI.

Purpose of STI plan	<p>Provide a link between remuneration and both short-term Company and individual performance.</p> <p>Create sustainable Shareholder value.</p> <p>Reward individual for their contribution to the success of the Group.</p> <p>Actively encourage team members to take more ownership over the EBITDA.</p>
Eligibility	Offers of cash incentive may be made to any team members of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of cash incentive under the STI.
Calculation & Target	<p>The actual EBITDA of Kogan.com shall exceed the management forecast for the full financial year (after payment of the STI).</p> <p>25% of the outperformance will be allocated to a 'bonus pool'.</p> <p>The 'bonus pool' will then be shared in cash bonuses among a number of team members in fixed proportions.</p>
Maximum opportunity	The maximum payable is 25% of the outperformance and 35% of the team member's annual salary.
Performance conditions	<p>Outperformance of the actual EBITDA.</p> <p>Continuation of employment.</p>
Why were the performance condition chosen	To achieve successful and sustainable financial business outcomes as well as any annual objectives that drive short-term and long-term business success and sustainability.
Performance period	1 July 2020 to 30 June 2021.
Timing of assessment	August 2021, following the completion of the 30 June 2021 accounts.
Form of payment	Paid in cash.
Board discretion	Targets are reviewed annually and the Board has discretion to adapt appropriately to take into account exceptional items.

Long-term incentives – Equity Incentive Plan

The following table outlines the significant aspects of the current EIP.

Consideration	Nil.
Eligibility	Offers of Incentive Securities may be made to any employee of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of incentive Securities under the EIP.
Amount payable & Entitlement	No amount is payable upon the exercise of a Performance Right that has vested, with each Performance Right entitling the holder to one fully paid Ordinary Share on exercise.
Service condition on vesting	Individual must be employed by the Group at time of vesting and not be in their notice period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)*

5.2 Incentive Plans *(continued)*

Long-term incentives – Equity Incentive Plan *(continued)*

Restrictions on dealing	<p>Shares allocated upon exercise of Performance Rights will rank equally with all existing Ordinary Shares from the date of issue (subject only to the requirements of Kogan's Securities Trading Policy).</p> <p>Upon vesting, there will be no disposal restrictions placed on the Shares issued to participants (subject only to the requirements of Kogan.com's Securities Trading Policy).</p>
Lapse of Rights	<p>A Right will lapse upon the earliest to occur of:</p> <ul style="list-style-type: none"> • expiry date; • failure to meet vesting conditions; • employment termination; • the participant electing to surrender the Right; • where, in the opinion of the Board, a participant deals with a Right in contravention of any dealing restrictions under the EIP.

Executive Retention Options awarded at the 2020 AGM issued under the Groups EIP

The following table outlines the significant aspects of the Executive EIP.

The number and class of securities issued to the Directors	3,600,000 options granted to Mr Kogan and 2,400,000 granted to Mr Shafer under the EIP.
Details of the Retention Options	<p>The Board (excluding Mr Kogan and Mr Shafer) decided to grant the Retention Options to Mr Kogan and Mr Shafer because the Board believed it was in the best interests of the Company and Shareholders to incentivise Mr Kogan and Mr Shafer to remain in their positions for the next 3 years given their proven track records, in order to maximise the prospect of Mr Kogan and Mr Shafer contributing to the creation of significant future returns for Shareholders.</p> <p>The Retention Options are being accounted for in the same way the Company's current equity-settled awards are treated (refer above), with their accounting value determined at their date of grant (within 10 Business Days of the Meeting). Equity-settled awards are measured at fair value at the date of grant.</p> <p>The cost of these transactions is recognised in the Company's Consolidated Statement of Comprehensive Income and credited to equity on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting. Accordingly, any deductions allowable for tax purposes will also be in line with current equity-settled awards.</p> <p>The Company obtained an independent valuation of the Retention Options from SLM Corporate dated 7 May 2020 to provide advice in relation to whether the proposed grant of the Retention Options was reasonable in the circumstances and by reference to industry standards. The valuation applied a number of assumptions and variables, including the following:</p>

Details of the Retention Options *(continued)*

- the closing price of the Company's Shares on ASX on 30 April 2020 (a reference date under the report), being \$7.99 per Share;
- a risk-free rate of 0.33%;
- a volatility factor of 62.5%;
- dividend yield of 1.96%; and
- a time to maturity of the underlying Options of 4 years.

The estimated value of each Retention Option pursuant to the valuation was \$4.13 as at the reference date of the report of 7 May 2020. On this basis, the estimated value as at the reference date of the report of 7 May 2020 of:

- the Retention Options to be granted to Mr Kogan under Item 5.1 was \$14,872,133; and
- the Retention Options to be granted to Mr Shafer under Item 5.2 was \$9,914,756.

The report from SLM Corporate dated 7 May 2020 reflects the value of the Retention Options on or about the date that the Company agreed to grant the Retention Options to Mr Kogan and Mr Shafer. For completeness, given the time that has elapsed between the AGM (at which the Retention Options were approved by Shareholders) and both the date of the independent valuation of the Retention Options from SLM Corporate and the date that the Company agreed to grant the Retention Options, the Company obtained an updated independent valuation of the Retention Options from SLM Corporate dated 8 December 2020. This valuation applied the same assumptions and variables as noted above, except that:

- the closing price of the Company's Shares on ASX on 30 November 2020 (date of issue of the Retention Options as per the updated independent valuation), being \$16.40 per Share;
- a risk-free rate of 0.25%;
- a volatility factor of 62.5%; and
- dividend yield of 1.28%.

The value of each Retention Option pursuant to the valuation was \$11.48 as at the issue date of the updated independent valuation of 8 December 2020. On this basis, the value as at the issue date of the updated independent valuation of 8 December 2020 of:

- the Retention Options granted to Mr Kogan was \$41,325,935; and
- the Retention Options granted to Mr Shafer was \$27,550,623.

The increase in the value of the Retention Options reflects the increase in the Company's share price since the Company announced the terms of the Retention Options to the ASX on 12 May 2020 and the grant of the Retention Options following the Company's AGM on 20 November 2020.

Strike price	\$5.29
Share price at grant date	\$16.40
Share price at close 28 September 2021	\$10.84

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)*

5.2 Incentive Plans *(continued)*

Recognition and measurement

a. Equity-settled transactions

The charge related to equity-settled transactions with team members is measured by reference to the fair value of the equity instruments at the date they are granted, using an appropriate valuation model selected according to the terms and conditions of the grant. The fair value is determined using a discounted cash flow valuation model. Judgement is applied in determining the most appropriate valuation model and in determining the inputs to the model. Third-party experts are engaged to advise in this area where necessary. Judgements are also applied in relation to estimations of the number of rights which are expected to vest, by reference to historic leaver rates and expected outcomes under relevant performance conditions.

The Group issues equity-settled share-based payments to certain team members, whereby team members render services in exchange for Shares or Rights over Shares of the Parent Company.

Equity-settled awards are measured at fair value at the date of grant. The cost of these transactions is recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income and credited to equity on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting.

Where an equity-settled share-based payment scheme is modified during the vesting period, an additional charge is recognised over the remainder of that vesting period to the extent that the fair value of the revised scheme at the modification date exceeds the fair value of the original scheme at the modification date. Where the fair value of the revised scheme does not exceed the fair value of the original scheme, the Group continues to recognise the charge required under the conditions of the original scheme. Individuals must be employed by the Group at the time of vesting, and not in their notice period, to be entitled to the equity incentives.

b. Cash-settled transactions

The amount payable to team members in respect of cash-settled share-based payments is recognised as an expense, with a corresponding increase in liabilities, over the period which the team members become unconditionally entitled to the payment. The liability is measured at each reporting date and at settlement date based on the fair value, with any changes in the liability being recognised in profit or loss.

c. Expense recognised in profit or loss

During the period the Group recognised a share-based payment expense of \$15.6 million (2020: \$1.0 million) which relates to Performance Rights granted during the year or in previous years.

The Group has recognised no expense in relation to cash based short-term incentives in 2021 (2020: \$0.9 million).

Incentive Plans inputs

Long-term incentives – Equity

The following inputs were used in the measurement of the fair values of Performance Rights issued, at grant date:

LONG-TERM INCENTIVE PLANS				
Grant Dates	29 July 2016	29 September 2016	20 December 2016	20 December 2016
Number	495,140	178,573	1,451,856	37,037
Fair value at grant date	\$583,727	\$237,500	\$1,516,224	\$42,029
Share price at grant date	\$1.49	\$1.52	\$1.34	\$1.34
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 5 years	1 to 5 years	3 & 4 years	1 to 5 years
Vesting dates	30 Jun 2017	30 Jun 2017	31 Dec 2019	31 Dec 2017
	30 Jun 2018	30 Jun 2018	31 Dec 2020	31 Dec 2018
	30 Jun 2019	30 Jun 2019		31 Dec 2019
	30 Jun 2020	30 Jun 2020		31 Dec 2020
	30 Jun 2021	30 Jun 2021		31 Dec 2021
Dividend yield	5.2%	5.1%	5.7%	5.7%

LONG-TERM INCENTIVE PLANS				
Grant Dates	29 June 2017	29 June 2017	29 June 2017	29 June 2017
Number	436,365	12,121	18,182	212,121
Fair value at grant date	\$617,699	\$17,667	\$27,295	\$290,244
Share price at grant date	\$1.70	\$1.70	\$1.70	\$1.70
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 5 years	1 to 4 years	1 to 3 years	3 & 4 years
Vesting dates	30 Jun 2018	30 Jun 2018	30 Jun 2018	30 Jun 2020
	30 Jun 2019	30 Jun 2019	30 Jun 2019	30 Jun 2021
	30 Jun 2020	30 Jun 2020	30 Jun 2020	
	30 Jun 2021	30 Jun 2021		
	30 Jun 2022			
Dividend yield	6.3%	6.3%	6.3%	6.3%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)*

5.2 Incentive Plans *(continued)*

Incentive Plans inputs *(continued)*

Long-term incentives – Equity *(continued)*

LONG-TERM INCENTIVE PLANS				
Grant Dates	22 December 2017	22 December 2017	6 April 2018	28 June 2018
Number	55,633	30,810	18,013	21,708
Fair value at grant date	\$324,011	\$182,256	\$151,273	\$140,203
Share price at grant date	\$6.20	\$6.20	\$8.60	\$6.76
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 4 years	1 to 5 years	1 to 5 years	1 to 4 years
Vesting dates	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2019
	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2020
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2021
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2022
		30 Jun 2022	31 Dec 2022	
Dividend yield	2.1%	2.1%	1.5%	1.9%

LONG-TERM INCENTIVE PLANS				
Grant Dates	27 February 2019	27 February 2019	20 August 2019	20 August 2019
Number	10,491	15,152	30,711	36,548
Fair value at grant date	\$42,908	\$23,837	\$160,000	\$190,420
Share price at grant date	\$4.09	\$4.09	\$5.21	\$5.21
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 3 years	1 to 2 years	1 to 4 years	1 to 4 years
Vesting dates	31 Dec 2019	30 Jun 2020	31 Dec 2019	30 Jun 2020
	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021
	31 Dec 2021		31 Dec 2021	30 Jun 2022
			31 Dec 2022	30 Jun 2023
Dividend yield	2.0%	2.0%	1.3%	1.3%

LONG-TERM INCENTIVE PLANS

Grant Dates	18 February 2020	18 February 2020	17 August 2020	17 August 2020
Number	9,766	3,906	21,767	11,831
Fair value at grant date	\$50,000	\$20,000	\$369,979	174,744
Share price at grant date	\$5.21	\$5.21	\$17.00	\$14.77
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 year	1 to 2 years	1 to 4 years	1 to 5 years
Vesting dates	31 Dec 2019	30 Jun 2022 30 Jun 2023	30 Jun 2021 30 Jun 2022 30 Jun 2023 30 Jun 2024	31 Dec 2021 31 Dec 2022 31 Dec 2023 31 Dec 2024 31 Dec 2025
Dividend yield	1.5%	1.5%	1.5%	1.3%

LONG-TERM INCENTIVE PLANS

Grant Dates	17 August 2020	19 October 2020	19 October 2020	19 October 2020
Number	9,077	1,536	512	134
Fair value at grant date	\$154,309	\$30,000	\$10,000	\$1,973
Share price at grant date	\$17.00	\$19.53	\$19.53	\$14.77
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 year	1 to 2 years	1 year	1 to 3 years
Vesting dates	31 Dec 2021	30 Jun 2021 30 Jun 2022	31 Dec 2021	31 Dec 2021 31 Dec 2022 31 Dec 2023
Dividend yield	1.3%	1.3%	1.5%	1.3%

LONG-TERM INCENTIVE PLANS

Grant Dates	1 December 2020	3 December 2020	25 January 2021	25 January 2021
Number	6,000,000	61,632	6,125	167,607
Fair value at grant date	\$68,876,559	\$571,945	\$118,825	\$3,251,576
Share price at grant date	\$16.40	\$19.00	\$19.40	\$19.40
Strike price	\$5.29	\$16.38	\$0.00	\$0.00
Rights life	3 years	3 years	1 to 3 years	1 to 4 years
Vesting dates	30 Jun 2023	1 Apr 2023	31 Dec 2021 31 Dec 2022 31 Dec 2023	30 Jun 2021 30 Jun 2022 30 Jun 2023 30 Jun 2024
Dividend yield	1.4%	1.7%	0.9%	0.9%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)*

5.2 Incentive Plans *(continued)*

Incentive Plans inputs *(continued)*

Long-term incentives – Equity *(continued)*

Grant Dates	LONG-TERM INCENTIVE PLANS			
	16 April 2021	16 April 2021	30 June 2021	30 June 2021
Number	11,279	8,773	1,806	149,869
Fair value at grant date	\$180,013	\$140,017	\$20,000	\$1,652,050
Share price at grant date	\$15.95	\$15.95	\$11.07	\$11.07
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 3 years	1 to 3 years	1 to 2 years	1 to 3 years
Vesting dates	31 Dec 2021	30 Jun 2022	31 Dec 2022	30 Jun 2022
	31 Dec 2022	30 Jun 2023	31 Dec 2023	30 Jun 2023
		30 Jun 2024		30 Jun 2024
Dividend yield	1.2%	1.2%	0.0%	0.0%

Reconciliation of outstanding Performance Rights

The following table details the total movement in Performance Rights issued by the Group during the year:

	LONG-TERM INCENTIVE PLANS	
	Performance Rights	
	No. 2021	No. 2020
Outstanding at beginning of period	1,514,138	2,342,370
Granted during the period	390,316	80,931
Exercised during the period	(1,025,894)	(887,037)
Forfeited during the period	(89,212)	(22,126)
Expired during the period	-	-
Outstanding at the end of the period	789,348	1,514,138
Exercisable at the end of the period	326,646	343,440

SECTION 6: OTHER

6.1 Subsequent Events

Subsequent to the financial year end, there were no other events which would require adjustment or disclosure to the financial statements.

6.2 Remuneration of Auditors

	CONSOLIDATED GROUP	
	2021 \$	2020 \$
Remuneration of the auditor for:		
• auditing or reviewing the financial statements	429,458	246,958
• Due diligence	235,000	-
• R&D tax	17,830	6,700
	682,288	253,658

6.3 Contingent Liabilities

As at 30 June 2021, the Group had bank guarantees of A\$1.2 million and NZ\$8.6 million with Westpac Banking Corporation in relation to its ordinary course of business.

6.4 Company Information

The registered office of the Company is:
Kogan.com Ltd
Level 7
330 Collins Street
Melbourne VIC 3000

The principal place of business is:
Kogan.com Ltd
139 Gladstone Street
South Melbourne VIC 3205

DIRECTORS' DECLARATION

- 1 In the opinion of the Directors of Kogan.com Ltd ('the Company'):
 - (a) the consolidated financial statements and notes that are set out on pages 47 to 95 and the Remuneration report on pages 30 to 41 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance and its cash flows, for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 There are reasonable grounds to believe that the Company and the Group entities identified in Note 4.1 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
- 3 The Directors draw attention to the Basis of Preparation note to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.
- 4 This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2021.

Signed in accordance with a resolution of the Directors:



David Shafer
Executive Director

Melbourne, 29 September 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOGAN.COM LTD AND CONTROLLED ENTITIES



Independent Auditor's Report

To the shareholders of Kogan.com Ltd

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Kogan.com Ltd (the Company) and its controlled entities (the **Group**).

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2021;
- Consolidated income statement and consolidated statement of other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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INDEPENDENT AUDITOR'S REPORT CONTINUED



Key Audit Matters

The **Key Audit Matters** we identified are:

- Recognition of revenue;
- Acquisition accounting; and
- Valuation of inventory.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue (AUD \$780.7m)

Refer to Note 1.1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition is a key audit matter due to the significant audit effort to test the:</p> <ul style="list-style-type: none"> • high volume of sale of goods transactions recorded as revenue and the significant value of revenue recognised; • Group's judgement related to determining the timing of revenue recognition driven by the conditions, associated with each of the types of services offered by the Group, such as Kogan Marketplace; and • judgement to assess the Group's recognition basis as a principal on a gross basis or an agent on a net of costs paid basis using the relevant terms of the underlying contracts against the requirements of the accounting standard. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • evaluating the appropriateness of the Group's revenue recognition policies against the requirements of the accounting standard; • testing key controls related to the sale of goods and rendering of services, including approval of revenue rates and matching of invoices to delivery documents; • for a sample of sale of goods and services income, we verified the transactions to the respective invoices and cash received from the customer in bank statements; • for a sample of sale of goods that were sold and service income that was earned before and after year end, we performed procedures to ascertain that revenue was recorded in the correct financial year; • analysing the revenue recognition requirements for accurate presentation in terms of gross or net presentation, in the financial statements; and • analysing the relevant terms for a sample of the underlying contracts across each revenue stream to the criteria in the accounting standards, those in the Group's policy, and against what the Group identified as performance obligations.



Acquisition accounting of Mighty Ape Limited and its controlled entities	
Refer to Note Business Combination to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>On 3 December 2020, Kogan.com Ltd purchased Mighty Ape Limited and its controlled entities (Mighty Ape). We consider the accounting for the purchase of Mighty Ape is a Key Audit Matter due to the:</p> <ul style="list-style-type: none"> • size of the acquisition and therefore the impact on the Financial Report; and • extent of judgement and complexity relating to the purchase price allocation (PPA). The Group engaged an independent valuation expert to advise on the identification and measurement of acquired assets and assumed liabilities, and in determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • reading the transaction documents related to the acquisition to understand the structure, key terms and conditions; • evaluating the methodology used for the acquisition accounting against accounting standard requirements; • working with our valuation specialists to assess and challenge key assumptions used in the PPA to identify and value separate assets. This involved: <ul style="list-style-type: none"> – assessing the objectivity, competence, experience and scope of the Group's independent valuation expert; – challenging the Group's significant judgmental assumptions such as identification of separate identifiable intangible assets and the Group's independent valuation expert's approach and methodology to valuing their assets by comparing to the requirements of the accounting standards; and – comparing inputs used by the Group's independent valuation expert; and • assessing the Group's accounting treatment of post-acquisition payments against the transaction documents and relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT CONTINUED



Valuation of inventory (AUD \$227.9m)

Refer to Note 2.1.1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Group sells high volumes of private label and third-party branded products. In valuing inventory at the lower of cost and net realisable value, there are factors subject to judgement or estimation including:</p> <ul style="list-style-type: none"> consideration of market and consumer factors that could impact the Group's ability to sell certain inventory items at profitable margins, such as seasonality of demand, changing consumer preferences, and obsolescence due to technological or product change (particularly relevant to electronic products); and establishing a provision for slow moving inventory based on relevant factors such as inventory ageing and inventory turnover. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> analysing the level of inventory by ageing categories for each product type, including movements in ageing categories compared to prior periods, in order to highlight products or categories at higher risk of impairment; obtaining an understanding of how the inventory system computes ageing, and assessed the accuracy of inventory ageing by comparing the inventory receipt date for a sample of purchases to underlying documentation such as supplier invoices; comparing product unit cost to most recent sales price information for a sample of products in order to identify inventory that may not be able to be sold above cost; and assessing the Group's inventory provision, based on the ageing of product category and other relevant factors such as those identified above, for consistency with the Group's established accounting policy and accounting standards.

Other Information

Other Information is financial and non-financial information in Kogan.com Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Director is responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Kogan.com Ltd for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 30 to 41 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

A stylized, handwritten-style signature of the KPMG firm, rendered in grey.

KPMG

A handwritten signature in black ink, appearing to read 'Simon Dubois'.

Simon Dubois

Partner

Melbourne

29 September 2021

SHAREHOLDER INFORMATION

The Shareholder information set out below was applicable as at 14 September 2021.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

A. NUMBER OF HOLDERS OF EQUITY SECURITIES

Ordinary share capital

106,888,209 fully paid ordinary shares are held by 46,384 individual Shareholders.

All issued ordinary shares carry one vote per Share and the rights to dividends.

Performance Rights

507,637 performance rights are held by 100 individuals.

All performance rights are unvested and do not carry a right to vote.

B. DISTRIBUTION OF EQUITY SECURITY

	Fully paid ordinary shares	Performance Rights
1 – 1000	37,152	49
1,001 – 5,000	7,784	26
5,001 – 10,000	918	11
10,001 – 100,000	495	14
100,001 and over	35	-
	46,384	100
Holding less than a marketable parcel	4,386	-

SHAREHOLDER INFORMATION CONTINUED

C. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

Name	Units	% units
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,150,563	15.11
KOGAN MANAGEMENT PTY LTD <THE RUSLAN TECH A/C>	15,515,701	14.52
CITICORP NOMINEES PTY LIMITED	7,996,478	7.48
SHAHER CORPORATION PTY LTD <THE SHAHER FAMILY A/C>	5,075,642	4.75
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,981,474	4.66
NATIONAL NOMINEES LIMITED	2,583,087	2.42
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,171,020	1.10
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,012,104	0.95
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	848,952	0.79
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	665,879	0.62
MR GORAN STEFKOVSKI	433,866	0.41
BNP PARIBAS NOMS (NZ) LTD <DRP>	409,558	0.38
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	381,531	0.36
DR BERYL LIN	336,448	0.31
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	253,958	0.24
MR ANH HUAN DINH	221,600	0.21
BOND STREET CUSTODIANS LIMITED <MATZAN - D78834 A/C>	217,529	0.20
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	211,071	0.20
SUPERHERO NOMINEES PTY LTD	195,458	0.18
GREENHILL ROAD INVESTMENTS PTY LTD	184,275	0.17
Total	58,846,194	55.05
Total Remaining Holders Balance	48,042,015	44.95

D. SUBSTANTIAL SECURITY HOLDERS

The Company has received the following substantial holder notices from Shareholders who hold relevant interest in the Company's Ordinary Shares as at 14 September 2021:

Disclosed Holder	Number of Shares held at time of notice	% of Issued Capital disclosed at time of notice
Hosking Partners LLP	6,509,894	6.09%
BlackRock Group	5,385,367	5.03%
David Shafer and Shafer Corporation Pty Ltd as Trustee for the Shafer Family	5,075,642	4.75%
FMR LLC	4,225,350	3.97%

E. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

Ordinary Shares

Each Share is entitled to one vote when poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Performance Rights

All Performance Rights are unvested and do not carry a right to vote.

F. STOCK EXCHANGE LISTING

Quotation has been granted for all of the Ordinary Shares of the Company on all Member Exchanges of the ASX Limited.

G. UNQUOTED SECURITIES

507,637 performance rights held by 100 holders.

H. SECURITIES SUBJECT TO VOLUNTARY ESCROW

There are no securities subject to voluntary escrow.

I. ON MARKET BUY-BACK

There is currently no on market buy-back.

CORPORATE DIRECTORY

COMPANY SECRETARY

Mark Licciardo, Mertons Corporate Services

PRINCIPAL REGISTERED OFFICE

KOGAN.COM LTD

C/- Mertons Corporate Services
7/330 Collins Street
Melbourne VIC 3000
+61 3 8689 9997

PRINCIPAL PLACE OF BUSINESS

KOGAN.COM LTD

139 Gladstone Street
South Melbourne VIC 3205
+61 3 6285 8572

LOCATION OF SHARE REGISTRY

COMPUTERSHARE

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
+61 3 9415 5000

STOCK EXCHANGE LISTING

Kogan.com Ltd (KGN) shares are listed on the ASX.

AUDITORS

KPMG

Tower Two, Collins Square
727 Collins Street
Docklands VIC 3008

