

**ANNUAL REPORT**

**2022**

## HIGHLIGHTS 2022

**3,972,000**  
Group Active Customers<sup>1</sup>

**\$18.9<sub>m</sub>**

Adjusted EBITDA<sup>2</sup>

**\$1.180<sub>b</sub>**

GROSS SALES<sup>3</sup>

**209.7%**

YOY GROWTH  
OF KOGAN FIRST  
SUBSCRIBERS<sup>4</sup>  
TO 372,000



<sup>1</sup> The number of unique customers who have purchased on the Kogan.com or Mighty Ape platform in the past twelve months from 30 June 2022, rounded to the nearest thousand.

<sup>2</sup> Adjusted EBITDA, Adjusted EBIT, Adjusted NPAT and Adjusted EPS are measures of the underlying performance of the Business, they remove non-cash items including the unrealised gain/(loss), equity-based compensation and one-off non-recurring items. Refer to page 23 of this Annual Report for a detailed reconciliation of adjusting items.

<sup>3</sup> Non-IFRS measure.

<sup>4</sup> Kogan First Subscribers excludes Kogan First customers who are in a trial period, and includes only non-trial subscribers.



**\$61.8m**

**RETURN TO POSITIVE  
OPERATING ACTIVITIES  
CASH FLOWS**



**STRONG  
PERFORMANCE  
THROUGH  
KEY INITIATIVES:**

**KOGAN MARKETPLACE**

**KOGAN FIRST  
LOYALTY PROGRAM**

**MIGHTY APE**

**COST OF DOING  
BUSINESS**

**SIGNIFICANT PROGRESS  
MADE TO RECALIBRATE  
OPERATING COSTS AND  
DRIVE EFFICIENCIES**



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I am pleased to present the Kogan.com Ltd (Kogan.com) Annual Report for the financial year ended 30 June 2022 (FY22). This year the Business showed its true strength and resilience through the continued disruptions and volatility driven by the ongoing COVID-19 pandemic. The Business achieved its highest ever Gross Sales<sup>3</sup>, returned to positive operating cash flows and successfully met the needs of millions of shoppers in Australia and New Zealand, culminating in multiple awards. Through the challenges we have stayed true to our mission and values, and maintained focus on our long-term strategies.

## CHAIRMAN'S LETTER

Dear Kogan.com Shareholders,

**Our FY22 result demonstrates the strength of our Business and team. Throughout the year, we have been open and transparent about the operational difficulties we have faced. By implementing a clear and precise strategy guided by our core values, we unwound our excess inventory, achieved operational cost efficiencies and continued to grow key areas of the Business – Kogan Marketplace and our Kogan First loyalty Program. All of this has ensured that we continue to put the customer at the heart of the Business.**

It has been another exceptional year for our Kogan Marketplace, which continued to go from strength-to-strength. The number of Marketplace Sellers on our platform increased by 49.1% year-on-year as Marketplace Gross Sales<sup>3</sup> increased by 20.3% on FY21. We continued to drive innovation and improvements on our proprietary platform, being recognised during the year at a leading industry awards night as the Top Australian Marketplace 2022. We now offer millions of products to our customers in partnership with thousands of Kogan Marketplace Sellers, allowing the Business to deliver more choice to our customers without the need for additional capital investment.

Our Kogan First loyalty program grew rapidly in FY22 as more and more smart shoppers learn of the exceptional value being delivered. Our Kogan First Subscribers<sup>4</sup> more than tripled year-on-year, to over 372,000 at 30 June 2022. Revenues generated from Kogan First subscriptions increased by 73.4% year-on-year to \$15.5 million. As we keep our sights on our medium-term goal of one million Kogan First Subscribers<sup>4</sup>, we were also delighted to have achieved an improving renewal rate, of 84.7% in FY22.

We enjoyed our first full year with Mighty Ape as part of the Group. Mighty Ape achieved strong results in FY22 and delivered on some exciting projects, as we continued to work together to achieve synergies across the Group. As we look to the future with Mighty Ape, it was with great pleasure that we appointed Gracie MacKinlay to CEO – Mighty Ape, having been their Chief Marketing and Sales Officer for the past 10 years. Simon Barton, the Founder of Mighty Ape, will continue as Chief Financial Officer – Mighty Ape, as he assists with Gracie's transition.

In FY22 we operated with a majority independent Board, Audit & Risk Committee and Remuneration and Nomination Committee, following the appointments of Janine Allis and James Spenceley as Non-Executive Directors towards the end of FY21.

As always, we value robust governance practices and sound risk management at all levels of our Company and our new Directors have brought further insight and experience to our strategic leadership.

Our Corporate Governance Statement and other policies and charters are available on the Company's corporate website, [www.kogancorporate.com](http://www.kogancorporate.com).

### STRATEGIC OPPORTUNITIES

Our Company is always looking for ways to improve and operate more efficiently. We do this in order to deliver on our mission of making the most in-demand products and services more affordable and accessible for all.

We see significant opportunities in Kogan Marketplace and the Kogan First loyalty program. We anticipate a return to growth for our Exclusive Brands Division as we consolidate our product offerings in the Division. We also look forward to rolling out enhancements across our Verticals including Kogan Mobile, our largest Vertical.

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## OUR TEAM

Our team has been relentless in delivering on our strategy each and every day. On behalf of the Board, I would like to thank each and every one of our fantastic team members for their hard work throughout a very difficult year.

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## CASH BEING CONSERVED

Our Business has already started to see the results of cost efficiency endeavours and strategies beginning to materialise. During this period of consolidation, the Kogan.com Board has decided to not declare a FY22 Dividend. We look forward to returning to positive operating leverage in the coming periods, consistent with our historical performance.

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## LOOKING AHEAD

The Board is excited about the opportunities ahead and we look forward to continuing to deliver our long-term strategy for the benefit of our customers and shareholders into FY23 and beyond.



**Greg Ridder**  
Chairman





**I'm pleased to confirm that we returned to positive operating cash flow this year, by driving our growth initiatives in Kogan Marketplace, Kogan First and Mighty Ape, while also undertaking a number of initiatives to right-size our inventory levels and cost of doing business.**

**Whilst successfully rebalancing the Business, we have continued to remain focused on our primary goal of delivering unbeatable value for our customers.**

## FOUNDER & CEO'S REPORT

**Dear Kogan.com Shareholders,**

**The challenges our Company has faced throughout FY22 has proven many things – but one in particular – how resilient and robust our Business is. Through the many lockdowns, supply chain interruptions and logistics issues, we continued to deliver the most in-demand products and services at affordable prices, ensuring we were there when our millions of Australian and New Zealand customers needed us.**

In the year of our sweet 16th, we achieved our highest ever Gross Sales<sup>3</sup>, won our 5th consecutive Australia Post People's Choice Award, and were awarded the Top Australian Marketplace at a leading industry awards night. These achievements are a result of our loyal customers placing their trust in us, and turning to Kogan.com time-and-time again for the products they need at market leading prices.

Millions of customers are discovering the benefits of shopping from any device and location they choose. It's amazing to think that more Australians and New Zealanders will be online shoppers tomorrow than today – the opportunities for us are endless, and we're just getting started.

Our Kogan First Loyalty program delivers incredible value to so many of our customers. It rewards our most loyal customers by providing free shipping, exclusive deals, everyday discounts, Kogan First Rewards Credits and priority Customer Care. In FY22 our loyalty program delivered over \$20.5 million in subscriber benefits. Kogan First Subscribers<sup>4</sup> have stronger loyalty and repeat purchase behaviour because they get such great deals. As of September 2022, we now have over 380,000 Kogan First Subscribers<sup>4</sup> taking advantage of these amazing benefits.

We are working hard to continue delighting our Kogan First Subscribers<sup>4</sup> with the ongoing increase and evolution of subscriber benefits. Owing to this, along with inflationary pressures, the price of Kogan First is increasing to \$79.00/year. The price increase will allow Kogan.com to continue to deliver the best experience for Kogan First Subscribers<sup>4</sup> and offer even greater rewards to our loyal customers. These new benefits include the doubling of Kogan Reward Credits and expanding the reach of the program to the Dick Smith platform.

### BUILDING THE KOGAN.COM PORTFOLIO

At Kogan.com we are obsessed with delighting our millions of customers. We do this by delivering on our promise to make the most in-demand products and services more accessible and affordable. Kogan.com has become synonymous with value and trust, enabling us to leverage the brand to build a portfolio of products and services with market-leading offers. This diversification of income makes us a more resilient business, and allows us to always find new and exciting ways to delight our customers.

In the past 12 months to 30 June 2022, just under four million customers have transacted with our retail platform, and a significant amount of our traffic continues to come from owned & earned sources. The convenience and value we offer has our customers delighted and returning for more. With a huge range, great value and first class service, Kogan.com and Mighty Ape are well positioned to continue delighting customers in Australia and New Zealand.

As more of these savvy 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 membership.

Kogan Marketplace has gone from strength to strength, as we focused on growing and improving our proprietary marketplace platform. This included the expansion of the platform to New Zealand.

Kogan Marketplace Gross Sales<sup>3</sup> increased by 20.3% year-on-year, reflecting a CAGR<sup>5</sup> of 51.6% since FY20. Sellers on the platform also increased, by 49.1% this year, and there continues to be a strong pipeline of new sellers about to be onboarded.

There is still so much more to do, and our proposed improvements to the platform include the implementation of an advertising platform for marketplace sellers to gain further reach within the Kogan.com website. The growth of Kogan Marketplace means that customers have more choice than ever and the Company can become more efficient, without reliance on ongoing investment in inventory to drive sales.

The Mighty Ape team and operations are continuing to integrate into the Kogan Group. Trading in FY22 was strong, with Revenue of \$163.4 million<sup>6</sup>, Gross Profit of \$39.1 million<sup>6</sup>, Adjusted EBITDA<sup>2</sup> of \$12.3 million<sup>6</sup> and Adjusted EBIT of \$10.5 million<sup>6</sup>, respectively. Active Customers grew to 783,000 as at 30 June 2022, a 2.5% increase year-on-year.

The year also included the appointment of Gracie MacKinlay to Chief Executive Officer – Mighty Ape, following 10 successful years as their Chief Sales and Marketing Officer. As part of the transition, Simon Barton, Mighty Ape's Founder, is continuing as the Chief Financial Officer – Mighty Ape.

## PRODUCT OFFERING AND PERFORMANCE

This year we have navigated volatile market conditions and uncertainty. As the online retail industry now returns to a some-what steady state of growth, we are entering a period of consolidation.

Our Exclusive Brands Division offers the best value products available anywhere. This Division is one of the pillars of our Business as it is the most efficient way to get a product from a manufacturer to our customers – by cutting out all the middlemen usually associated with the retail supply chain. As part of our initiatives to reduce our cost of doing business, we are performing ongoing range reviews to ensure we are offering the most in-demand products at the most affordable prices. We continue to see a bright future for our Exclusive Brands division, as we control the entire supply chain which enables us to deliver customers incredible value across the most in-demand products.

The Group had \$159.9 million of inventory at the end of the period, representing a significant unwinding of excess inventory (30 June 2021: \$227.9 million). The Group continues to be focused on reducing inventory levels further over the coming period, while also offering a huge range of products in combination with our Kogan Marketplace.

The unwinding of excess inventory has resulted in lower operating costs, and a return to positive operating cash flows, of \$61.8 million in FY22. Our net cash position (total cash less loans & borrowings) increased to \$31.2 million from \$12.8 million at 30 June 2021.

Kogan Verticals also continue to be a key part of the Business. This year we worked with our partners to develop, improve and review our Kogan Verticals offerings. In doing so, we returned to growth in Active Customers for Kogan Mobile Australia, which is our largest Vertical. During the year we launched eSims and the trial of 5G on all Large and Extra-Large plans. Moving into FY23, we're extremely excited about the proposed integration with Telstra's rural towers, which will allow broader mobile connectivity throughout Australia. We also look forward to welcoming more international travellers, students and holiday makers back to our shores, many of whom will likely experience the great value of Kogan Mobile.

5 Compound Annual Growth Rate (CAGR) between FY20 and FY22 is an informative metric to consider the underlying growth of the Business, given the volatility over the COVID impacted period.

6 Values stated in AUD using the AUD/NZD average rate from 1 July 2021 to 30 June 2022.

## FOUNDER & CEO'S REPORT CONTINUED

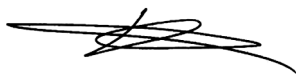
**“We are pioneers and leaders in a market that continues to grow. IBIS World has reported that the online retail market in Australia was worth \$52.7 billion in FY22, and it will grow to \$56.2 billion next year. It puts into perspective the opportunity we have in front of us, as more and more Aussies and Kiwis turn to the convenience of online shopping.”**

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### **FY23 & BEYOND**

As we now focus on FY23, we have many reasons to be excited. The Business has made great progress in driving operating efficiencies, with the key goal of returning to positive operating leverage. We expect our Business to be driven by the continued strong growth of Kogan First as we move towards our medium-term goal of one million subscribers. We will be rolling out further improvements to continue developing the Kogan Marketplace, including the implementation of a new advertising platform. We also expect strong contribution from our Exclusive Brands Division, continued growth of Mighty Ape and realisation of further synergies, and a roll out of enhancements to our Verticals.

Kogan.com is a diversified portfolio of businesses driven by our core values to delight and win customers for life. Our team is dedicated to this mission, and we look forward to delivering on this in FY23, and beyond.



**Ruslan Kogan**  
Founder & CEO



# 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

We have built a vertically integrated eCommerce business across Australia and New Zealand – providing incredible value to a loyal and large community of smart shoppers.

At 30 June 2022, we had 3,972,000 Group Active Customers<sup>7</sup>. Kogan.com had 3,189,000 Active Customers<sup>8</sup> as at 30 June 2022, representing a CAGR<sup>5</sup> of 20.9% since 30 June 2020. Mighty Ape Active Customers<sup>8</sup> grew by 2.5% year-on-year<sup>9</sup> to 783,000 at 30 June 2022.

kogan.com

kogan  
retail

kogan  
marketplace

### Kogan Retail & Kogan Marketplace

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

<sup>7</sup> Group Active Customers refers to unique customers who have purchased in the last twelve months from reference date on either the Kogan.com or Mighty Ape platforms, rounded to the nearest thousand.

<sup>8</sup> Active Customers refers to unique customers who have purchased in the last twelve months from reference date, rounded to the nearest thousand.

<sup>9</sup> Mighty Ape was purchased on 1 December 2020. As a result, the CAGR of Mighty Ape Active Customers is not applicable to the Kogan Group.

## OPERATING & FINANCIAL REVIEW CONTINUED



### Kogan First

Kogan First loyalty program was launched in the last quarter of FY19, and grew to over 372,000 subscribers at 30 June 2022, representing 209.7% growth year-on-year.

Kogan First Subscribers<sup>4</sup> are offered exclusive deals on top of everyday discounts on the platform, Kogan First Reward Credits, free shipping and priority Customer Care.



### Kogan Mobile

Kogan Mobile launched in October 2015 offering pre-paid mobile phone plans online. We partner with TPG to deliver this amazing vertical. The strong commercial relationship with TPG has translated into a return to growth in Active Customers for Kogan Mobile in FY22. The unique model means that TPG 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 Travel was particularly impacted by the COVID-19 pandemic. A relaunch of this Vertical with a new partner is planned for FY23.



### Kogan Insurance

Kogan Insurance launched in August 2017 to offer general insurance, covering home, contents, landlord, car and travel insurance, with a focus on value for money. In April 2022 a new agreement was entered into with QBE. QBE will underwrite our general insurance policies, with Kogan.com earning commission on the sale of all insurance policies. Similar to Kogan Mobile and Kogan Internet, Kogan.com provides branding, marketing and customer acquisition for all insurance offerings.



### Kogan Internet

Under an expanded partnership with part of TPG that was announced in June 2017, Kogan Internet launched in April 2018, providing fixed line NBN plans. NBN has an estimated market size of 8.7 million services in operations.



### 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 23.2 million Aussie superannuation accounts, which represent a combined total of more than \$3.4 trillion in assets<sup>10</sup>.

<sup>10</sup> Source: <https://www.finder.com.au/superannuation-statistics>



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### **Kogan Mobile New Zealand**

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



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### **Kogan Energy**

Kogan Energy offers competitive power and gas deals and was launched in September 2019 in partnership with part of Shell Energy Operations Pty Ltd.



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### **Kogan Money Credit Cards**

Kogan Credit Cards, in partnership with NAB, 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.



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### **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.



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### **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.



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### **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.

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## **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 16+ years' experience in Exclusive Brands, Third-Party Brands offering. We also use the strength of the Kogan platform to partner with thousands of Marketplace sellers and industry leaders across our many Kogan Verticals.

We are able to pass on savings to customers by streamlining and minimising 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.com 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.

### SIGNIFICANT MARKET CHALLENGES

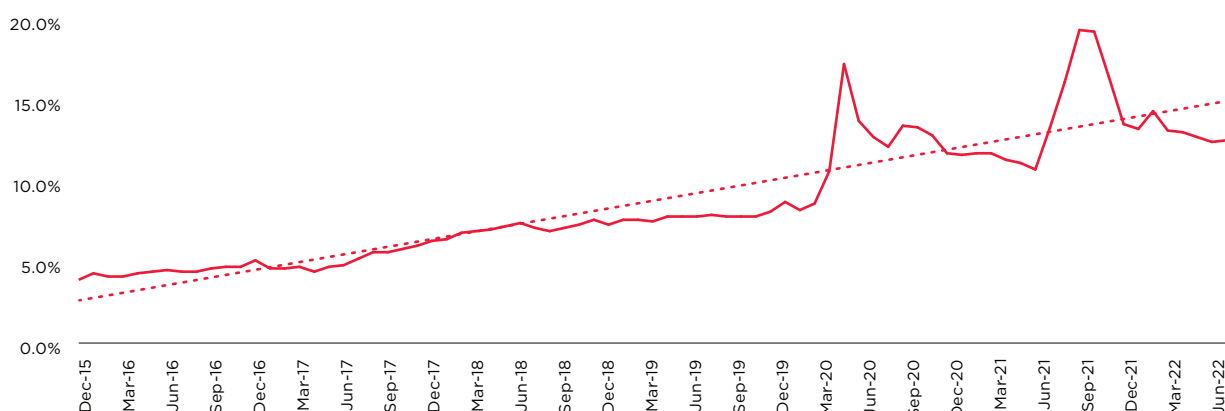
For more than 10 years, eCommerce grew in Australia at a consistent and stable rate. This enabled Kogan.com to plan for growth in a measured and precise way.

The consistency of this growth was rocked by the onset of the COVID-19 pandemic, when customers turned to online shopping, and we found that – almost overnight – our business started to double in sales.

This acceleration of sales continued for many months in the first year of the pandemic, and – like many others – we predicted that the trend was not going to stop, or slow. We increased both our range and volume of inventory, as well as our logistics footprint to match this expected level of growth.

As the true volatility of the situation settled in – caused by stay-at-home orders and lockdown ambiguity – eCommerce did not continue to grow as anticipated. This led to our holding excess inventory, and an associated increase in variable costs and marketing costs to sell through the inventory. As a result, profitability in FY22 was impacted.

*Figure 1.1 Non-Food Online Penetration (seasonally adjusted)<sup>11</sup>*



<sup>11</sup> Source: Australian Bureau of Statistics, Retail Trade, Australia April 2022

## BUILDING THE KOGAN.COM PLATFORM

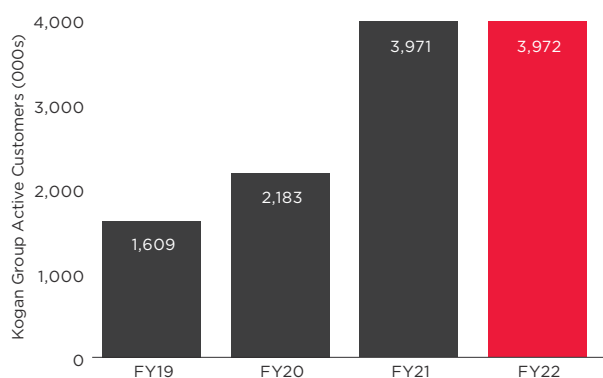
At 30 June 2022, we had 3,972,000 Group Active Customers. Kogan.com had 3,189,000 Active Customers as at 30 June 2022, representing a CAGR<sup>5</sup> of 20.9% since 30 June 2020. Mighty Ape Active Customers grew by 2.5% year-on-year to 783,000 at 30 June 2022.

We continued to strategically invest in marketing to reach new customers and unwind excess inventory. By increasing our marketing activity to address fluctuating customer demand throughout the year, our return on investment was impacted. As our inventory levels right-sized, marketing costs progressively reduced in the fourth quarter of FY22.

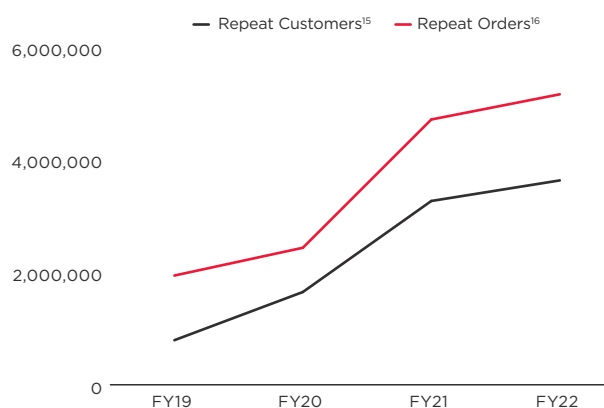
Despite this increase in marketing activity, our platform and loyal customer base continued to drive most of our traffic. Owned & Earned traffic sources<sup>12</sup> still represent the vast majority of the visits to our websites, which demonstrates that satisfied customers continue to return to Kogan.com. This is a key metric for the platform we have built.

The Company places great emphasis on customer experience. Data for Kogan.com (excluding Mighty Ape), shows that over 50% of orders are coming from customers who have previously shopped with us over the last 12 months. This is a strong endorsement of the value we provide to our customers.

*Figure 1.2 Group Active Customers<sup>13</sup>*



*Figure 1.3 Repeat buying activity<sup>14</sup>*



<sup>12</sup> Including direct website & app traffic, brand & other organic searches and email-based direct marketing.

<sup>13</sup> Active Customers of both Kogan.com and Mighty Ape. Mighty Ape was purchased on 1 December 2020, thus being incorporated into FY21 and FY22 figures.

<sup>14</sup> Chart reflects Kogan.com only (excludes Mighty Ape).

<sup>15</sup> Repeat Customers refers to customers who have purchased more than once with Kogan.com (excluding Mighty Ape).

<sup>16</sup> Repeat Orders refers to orders placed during the period by Kogan.com Active Customers (excluding Mighty Ape) who have previously transacted with the Business at the time of their order.

## OPERATING & FINANCIAL REVIEW CONTINUED

Figure 1.4 Traffic – Owned & earned vs paid marketing<sup>17</sup>

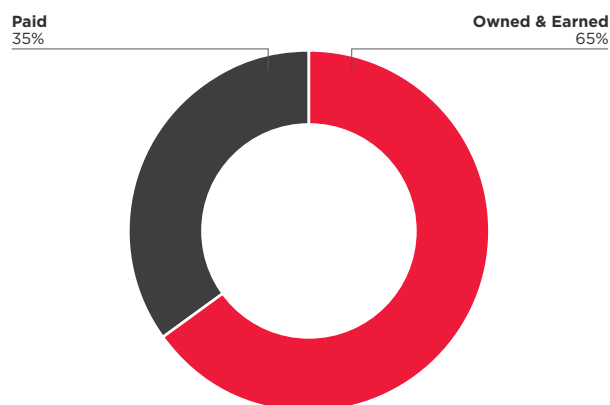
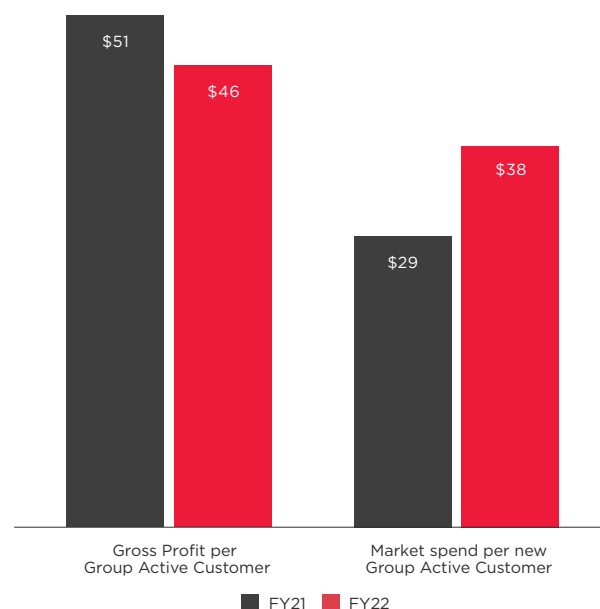


Figure 1.5 12 month return on investment in marketing<sup>18</sup>



## PERFORMANCE REVIEW & OUTLOOK

### RESULTS SUMMARY

Over the past year, the Company has worked hard to respond to changing levels of demand, while navigating a high starting inventory position, a large logistics network, and the ongoing integration of Mighty Ape.

Despite all the challenges of the pandemic, the effects of which are ongoing, we achieved our highest ever Gross Sales<sup>3</sup> of \$1.180 billion, and are proud to have exited the financial year with a strong trajectory of improving Adjusted EBITDA<sup>2</sup>.

The long-term health of the Business is evident, with the compound annual growth rate from FY20 to FY22 of Gross Sales<sup>3</sup> and Gross Profit being 23.6% and 20.7%, respectively.

<sup>17</sup> Chart reflects Kogan.com excluding Mighty Ape.

<sup>18</sup> 12 month Gross Profit/Active Customers; marketing costs/sum of new customers in FY22.



Table 1.1 FY22 Kogan Group Results compared to FY21 & FY20

\$m	FY20	FY21	FY22	FY20 vs FY22 CAGR <sup>5</sup> %	FY21 vs FY22 Mvmt %
<b>Gross Sales<sup>3</sup></b>	<b>772.3</b>	<b>1,179.0</b>	<b>1,180.0</b>	<b>23.6%</b>	<b>0.1%</b>
Revenue <sup>19</sup>	497.9	780.7	718.5	20.1%	(8.0%)
Cost of sales	(371.4)	(577.0)	(534.1)	19.9%	(7.4%)
<b>Gross Profit</b>	<b>126.5</b>	<b>203.7</b>	<b>184.4</b>	<b>20.7%</b>	<b>(9.5%)</b>
Gross margin	25.4%	26.1%	25.7%	0.3pp/0.5%	(0.4pp)/(1.6%)
Other income	0.0	0.0	5.1	100.0%	100.0%
Variable costs	(20.1)	(44.9)	(32.5)	27.2%	(27.6%)
Marketing costs	(27.6)	(58.7)	(71.2)	60.5%	21.4%
<b>Contribution profit</b>	<b>78.8</b>	<b>100.1</b>	<b>85.8</b>	<b>4.4%</b>	<b>(14.3%)</b>
Contribution margin	15.8%	12.8%	11.9%	(3.9pp)/(13.1%)	(0.9pp)/(6.9%)
People costs	(20.2)	(59.6)	(85.5)	105.9%	43.3%
Other costs	(10.6)	(19.4)	(19.9)	36.8%	2.5%
<b>Total operating costs</b>	<b>(78.6)</b>	<b>(182.7)</b>	<b>(204.0)</b>	<b>61.2%</b>	<b>11.7%</b>
Unrealised gain/(loss)	(1.4)	1.4	(2.2)	22.6%	(250.1%)
<b>EBITDA<sup>3,20</sup></b>	<b>46.5</b>	<b>22.5</b>	<b>(21.8)</b>		
EBITDA margin	9.3%	2.9%	(3.0%)		
Unrealised gain/(loss)	(1.4)	1.4	(2.2)		
Equity-based compensation	(1.0)	(15.6)	(26.6)		
Donations	(0.7)	(2.5)	0.0		
COVID-19 related stock provision	0.0	(2.2)	0.0		
COVID-19 related logistics costs	0.0	(7.7)	0.0		
Bitbuy.com domain sale	0.0	0.0	5.1		
Mighty Ape Tranche 3 & 4 and acquisition costs	0.0	(12.8)	(17.0)		
<b>Adjusted EBITDA<sup>2</sup></b>	<b>49.7</b>	<b>61.8</b>	<b>18.9</b>	<b>(38.3%)</b>	<b>(69.4%)</b>
Depreciation & amortisation	(7.4)	(10.9)	(19.2)	60.9%	75.5%
<b>EBIT</b>	<b>39.1</b>	<b>11.5</b>	<b>(41.0)</b>		
<b>Adjusted EBIT</b>	<b>42.3</b>	<b>50.9</b>	<b>(0.3)</b>	<b>n/a</b>	<b>(100.6%)</b>
Interest	(0.2)	(0.3)	(1.7)	163.3%	569.1%
<b>Profit/(Loss) before tax</b>	<b>38.9</b>	<b>11.3</b>	<b>(42.7)</b>	<b>n/a</b>	<b>(479.0%)</b>
Income tax expense	(12.0)	(7.7)	7.3	n/a	(193.8%)
<b>NPAT<sup>20</sup></b>	<b>26.8</b>	<b>3.5</b>	<b>(35.5)</b>		
<b>Adjusted NPAT<sup>2</sup></b>	<b>30.0</b>	<b>42.9</b>	<b>(2.9)</b>	<b>n/a</b>	<b>n/a</b>
EPS	0.29	0.03	(0.33)		
Adjusted EPS <sup>2</sup>	0.32	0.41	(0.03)	n/a	n/a

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

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

20 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.

## OPERATING & FINANCIAL REVIEW CONTINUED

In FY22, our Business achieved its highest ever Gross Sales<sup>3</sup> of \$1.180 billion despite operational disruptions caused by volatile customer demand.

Revenue<sup>19</sup> of \$718.5 million reflects the contribution of Mighty Ape, the expanding Kogan Marketplace, our Kogan First loyalty program, as well as Advertising Income, Kogan Money, Kogan Energy and Kogan Mobile New Zealand. Growth in these areas was partially offset by a decline in both our Exclusive Brands and Third-Party Brands product divisions which have cycled extreme growth in the prior year. As a result, Revenue declined by 17.6% and 35.0%, respectively. However, Exclusive Brands Revenue of \$311.6 million in FY22 had a CAGR<sup>5</sup> of 15.7% since FY20, reflecting the strong long-term growth trajectory of the division.

The Business has been performing extensive range reviews to ensure it is offering the most in-demand products at the most affordable prices, without investing in under-performing product categories. By focusing on in-demand products, and removing inefficiencies in the long-tail of the product range, the Business will offer a curated range of products at lower prices, driven by the efficiencies created.

Our Marketplace team has worked tirelessly this year to improve and grow the platform. This included the expansion of the platform to New Zealand.

Kogan Marketplace Gross Sales<sup>3</sup> increased by 20.3% year-on-year, with a CAGR<sup>5</sup> of 51.6% since FY20. Sellers on the platform increased by 49.1% this year, and there continues to be a strong pipeline of new sellers ready to be onboarded.

We are continuously improving our proprietary marketplace platform which enables the Company to achieve ongoing growth without further investment in inventory – these improvements include a current investment in implementing an advertising platform for marketplace sellers to gain further reach within the Kogan.com website. The growth of Kogan Marketplace means that customers have more choice than ever and the Business can become leaner, without the reliance on ongoing investment in inventory to drive sales.

The Kogan First loyalty program grew to over 372,000 subscribers as at 30 June 2022, with Revenue increasing to \$15.5 million, an increase of 73.4% on the prior year. Kogan First Subscribers<sup>4</sup> enjoy incredible value, with more than \$20.5m in benefits provided to members in FY22, in addition to special access to deals and priority customer service. Growth of the program was underpinned by increasing renewal rates, which was 84.7% in FY22 (FY21: 78.2%), demonstrating strong customer satisfaction with the program.

Mighty Ape recorded FY22 Revenue of \$163.4<sup>6</sup> million, Gross Profit of \$39.1<sup>6</sup> million, Adjusted EBITDA<sup>2</sup> of \$12.3<sup>6</sup> million and Adjusted EBIT<sup>2</sup> of \$10.5 million<sup>6</sup>. Active Customers were 783,000 as at 30 June 2022, increasing 2.5% year-on-year.

The year included the appointment of Gracie MacKinlay to Chief Executive Officer, following 10 successful years as their Chief Sales and Marketing Officer. As part of the transition, Simon Barton, Mighty Ape's founder, is continuing as Mighty Ape's Chief Financial Officer.

Variable costs consist of warehousing and selling costs. Costs have been elevated reflecting the levels of excess inventory and increased logistics costs relating to COVID interruptions. As excess inventory unwinds, associated costs are reducing and we expect that to continue into FY23.

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 YoY, as a result. FY22 included equity-based compensation expenses driven by the award 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.

Statutory NPAT of \$(35.5) million was significantly impacted by non-cash equity-based compensation and the continued provision for the likely payment of Mighty Ape Tranches 3 & 4 Acquisition Payables.

Adjusted EBITDA<sup>2</sup>, Adjusted EBIT<sup>2</sup> and Adjusted NPAT<sup>2</sup> which excludes unrealised gain/(loss), equity-based compensation and other one-off non-recurring items including the profit from sale of the bitbuy.com domain, was \$18.9 million, \$(0.3) million and \$(2.9) million, respectively. Refer to page 23 of this Annual Report for a detailed reconciliation of adjusting items.

## MIGHTY APE

FY22 represented the first full financial year of Mighty Ape<sup>21</sup>. The Business is entering a new era with the transition of a new CEO, whilst continuing to benefit from the ongoing implementation of synergies with Kogan.com.



Table 1.2 Mighty Ape financial highlights for FY22

\$m	FY22
<b>Gross Sales<sup>3</sup></b>	<b>164.2</b>
Revenue	163.4
Gross Profit	39.1
Gross Margin	23.9%
EBITDA <sup>3</sup>	12.3
EBITDA Margin	7.5%
<b>Adjusted EBITDA<sup>2</sup></b>	<b>12.3</b>
<b>Adjusted EBIT<sup>2</sup></b>	<b>10.5</b>
<b>Adjusted NPAT<sup>2</sup></b>	<b>7.3</b>

## PORTFOLIO BUSINESS MIX

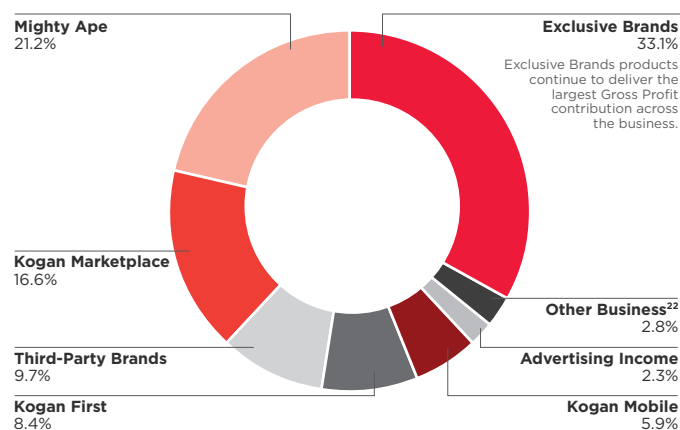
Exclusive Brands generated 33.1% of the Group's overall Gross Profit and continues to deliver the largest Gross Profit contribution across the Business.

Mighty Ape is now the Group's second largest contributor, accounting for 21.2% of the Group's Gross Profit. Kogan Marketplace, Third-Party Brands, Kogan First and Kogan Mobile are material contributors to overall Gross Profit.

Kogan First reflects subscription revenues. Despite only launching in late FY19, Kogan First is already contributing 8.4% of overall Gross Profit indicating the growth opportunity in Kogan First. We grew Active Customers within Kogan Mobile AU, our largest Vertical, and we have high hopes for this division over the coming year and beyond.

Advertising income contributed 2.3% of our Gross Profit in FY22. We anticipate significant growth of this Division as we launch an advertising platform as an extension of our Marketplace, which will allow us to continue providing great value back to our customers.

Figure 1.6 Kogan Group Gross Profit Product & Business Mix



<sup>21</sup> Mighty Ape was purchased in December 2020.

<sup>22</sup> Other Business includes Kogan Travel, Kogan Insurance, Kogan Internet, Kogan Money, Kogan Cars and Kogan Energy.

## OPERATING & FINANCIAL REVIEW CONTINUED

### KOGAN FIRST

Kogan First reflects subscription revenues. In just its third full year since it was launched in late FY19 – it is contributing 8.4% of overall Gross Profit indicating the growth opportunity in Kogan First.



Figure 1.7 Kogan First Subscribers<sup>4</sup>

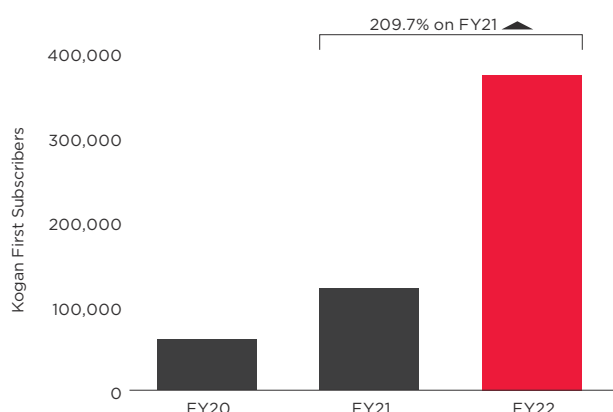
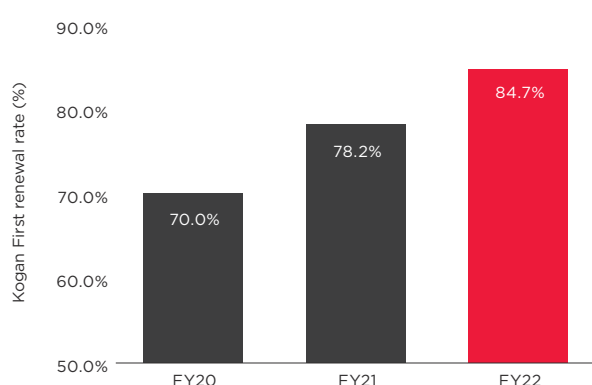


Figure 1.8 Kogan First renewal rates<sup>23</sup>



The Kogan First loyalty program grew to over 372,000 subscribers as at 30 June 2022, with Kogan First Subscribers<sup>4</sup> demonstrating stronger loyalty and repeat purchase behaviour than non-members. The benefits provided are being recognised by our customers, as demonstrated by the increasing renewal rate of Kogan First subscriptions.

In FY22, the loyalty program has delivered over \$20.5 million in subscription benefits. In addition to these benefits, Kogan First Subscribers<sup>4</sup> also received early access and priority customer service.

With the ongoing increase and evolution of subscriber benefits as well as the impacts of inflation, the price of Kogan First has been increased in FY22. Monthly subscriptions have increased from \$6.99/month to \$8.99/month, and yearly subscriptions have increased from \$59.00/year to \$79.00/year.

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

<sup>23</sup> Kogan First renewal rate is calculated as the number of Kogan First subscriptions resubscribed as a proportion of total subscriptions due for renewal during the relevant period.

## STATEMENT OF FINANCIAL POSITION

Table 1.3 Summary of Kogan Group Net Assets at 30 June 2022 and 30 June 2021.

\$m	30-Jun-22	30-Jun-21
Current assets	235.5	329.2
Non-current assets	124.8	112.8
<b>Total assets</b>	<b>360.3</b>	<b>442.0</b>
Current liabilities	(137.6)	(163.1)
Non-current liabilities	(50.1)	(98.2)
<b>Total liabilities</b>	<b>(187.7)</b>	<b>(261.3)</b>
<b>Net assets</b>	<b>172.6</b>	<b>180.7</b>

The Group had a strong capital position, with net cash (total cash less loans & borrowings) of \$31.2 million, after having funded the Tranche 2 payment in respect of the Mighty Ape acquisition of A\$29.9 million during the year and loans & borrowings repayments of \$49.0 million.

Inventory in-warehouse has reduced by \$53.9 million over the past 12-months, and the Group continues to be focussed on reducing inventory levels over the coming periods.

The acquisition of Mighty Ape in December 2020 resulted in the recognition of Goodwill, as well as significant Right-of-Use Assets, Lease liabilities and intangibles which continue to be reflected in the Group's Net Assets. An assessment of impairment to Goodwill was performed on 30 June 2022 with no adjustments required. The increase in Goodwill reflects the movement in foreign exchange at time of the payment of Tranche 2, reflected through the Balance Sheet as per accounting standards.

## CASH FLOWS

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

\$m	FY22	FY21
Receipts from customers	745.0	885.5
Payments to suppliers and employees	(678.5)	(926.3)
Interest received	0.0	0.0
Finance costs paid	(1.7)	(0.6)
Income tax paid	(3.0)	(21.7)
<b>Net cash provided by/(used in) operating activities</b>	<b>61.8</b>	<b>(63.0)</b>

The Group returned to positive operating cash flows, of \$61.8 million, following the continued unwinding of inventory and initiatives to reduce costs, as mentioned earlier in this report.

The Group finished the period with a cash balance of \$66.2 million.

## OPERATING & FINANCIAL REVIEW CONTINUED

### OUTLOOK

We're excited for what FY23 and beyond will look like as we navigate the changing online retail environment and continue to create a leaner, stronger and more profitable Group.

In FY23, we expect:

- Continued expansion of Kogan Marketplace and the anticipated launch of an advertising platform
- Continued growth of Mighty Ape
- Further growth in Kogan First heading toward medium-term goal of 1 million subscribers
- Continued strong contribution from Exclusive Brands
- The roll-out of enhancements across a number of Kogan Verticals
- 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, EBIT, Adjusted EBIT, 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*

<b>Gross Sales</b>	The gross transaction value, on a cash basis, of products and services sold, of Kogan Retail, Kogan Marketplace and the Kogan Verticals.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation.
<b>EBIT</b>	Earnings before interest and tax.
<b>Adjusted EBITDA</b>	Earnings before interest, tax, depreciation, amortisation, unrealised gain/(loss), equity-based compensation and one-off non-recurring items. Refer to page 23 of this Annual Report for a detailed reconciliation of adjusting items.
<b>Adjusted EBIT</b>	Earnings before interest, tax, unrealised gain/(loss), equity-based compensation and one-off non-recurring items. Refer to page 23 of this Annual Report for a detailed reconciliation of adjusting items.
<b>Adjusted NPAT</b>	Net profit after tax and before unrealised gain/(loss), equity-based compensation and one-off non-recurring items. Refer to page 23 of this Annual Report for a detailed reconciliation of adjusting items.
<b>Adjusted EPS</b>	Earnings per share before unrealised gain/(loss), equity-based compensation and one-off non-recurring items. Refer to page 23 of this Annual Report for a detailed reconciliation of adjusting items.

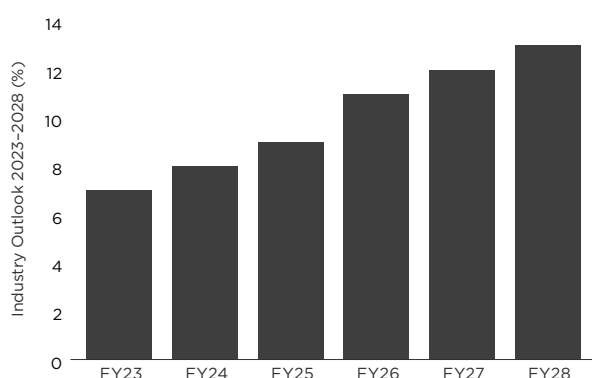


## STRATEGY, RISK AND OPPORTUNITIES

### STRATEGY

Online retail is in its infancy in Australia. According to IBIS World, the online shopping industry was worth \$52.7 billion in FY22, and is set to grow at an annualised rate of 10.4% over the next five years through to FY28, to \$92.1 billion.

Figure 1.9 Online Shopping industry growth forecast (Source: IBIS World<sup>24</sup>).



Kogan.com's strategy involves a number of initiatives aimed at sustaining long-term growth, which will be driven by our Kogan First loyalty program, Kogan Marketplace, Exclusive Brands Division and Kogan Verticals.

kogan.com

kogan  
retail

kogan  
travel

kogan  
mobile

kogan  
moblenz

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internet

kogan  
insurance

kogan  
life insurance

kogan  
pet insurance

kogan  
home loans

kogan  
cars

kogan  
marketplace

kogan  
energy

kogan  
money

kogan  
super

kogan  
credit cards

dick smith  
.com.au

dick smith  
.co.nz

MATT BLATT

MIGHTYape

24 Source: IBISWorld X0004 Online Shopping in Australia Industry Report Aug 2022.

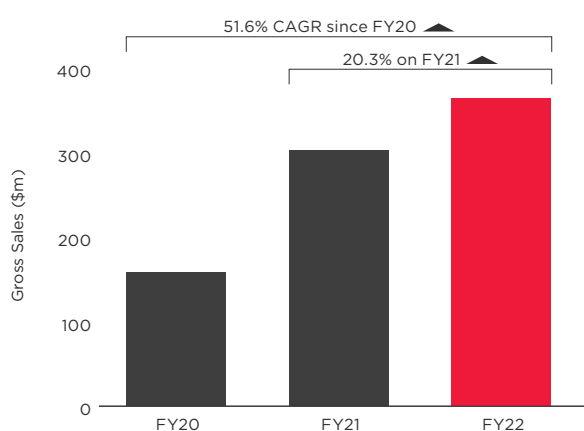
## OPERATING & FINANCIAL REVIEW CONTINUED

### KOGAN MARKETPLACE

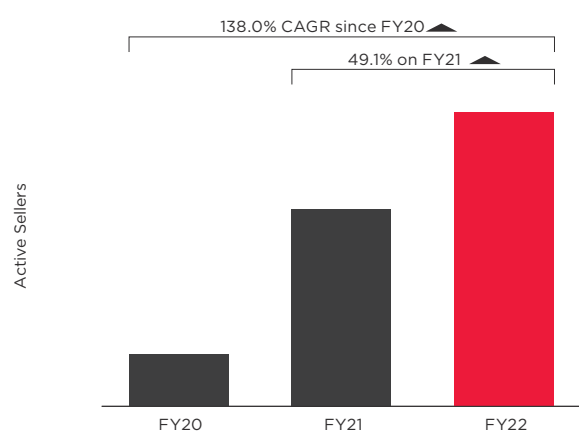
Kogan Marketplace continues to rapidly grow. We achieved another year of record Gross Sales<sup>3</sup> for the Division and we continue to onboard more and more sellers.

The Kogan Marketplace delivers incredible range and choice for our customers without the need to invest capital. This enables us to scale infinitely into the future without corresponding capital requirements for warehousing and stock. It also enables thousands of small and medium sized businesses to access millions of customers and grow their business.

*Figure 1.10 Kogan Marketplace Gross Sales growth*



*Figure 1.11 Kogan Marketplace Active Sellers*



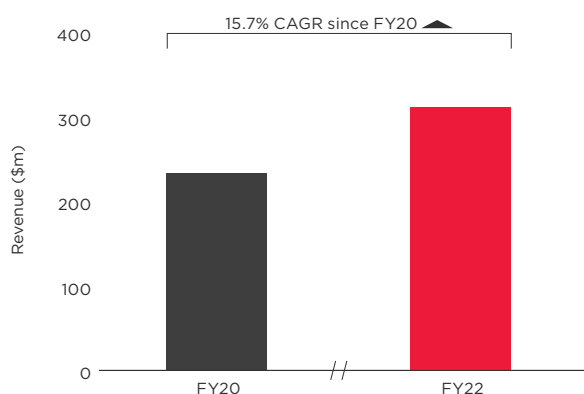
We are always looking to enhance the Marketplace platform, and in FY23, we are excited to be launching a new advertising platform for marketplace sellers to gain further reach within the Kogan.com website and improve the customer experience.

## EXCLUSIVE BRANDS STRATEGY

Kogan.com has 20 Exclusive Brands in its stable, offering the best value products available anywhere. This division is one of the pillars of our Business as it is the most efficient way to get a product from a manufacturer to the customer and results in incredible value. Our Exclusive Brands Division is the largest contributor to Gross Profit in our business, and is a highlight of our customer offering.

As part of the initiatives to reduce our cost of doing business, we are performing ongoing range reviews to ensure we are offering the most in-demand products at the most affordable prices. We continue to see a bright future for our Exclusive Brands division, as we control the entire supply chain which enables us to deliver customers incredible value across the most in-demand products.

Figure 1.12 Exclusive Brands Revenue growth



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
- 16+ years' experience



## 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.

<b>Australian retail environment and general economic conditions may worsen</b>	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.
<b>Competition may increase and change</b>	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.
<b>COVID-19</b>	<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>
<b>Inventory management</b>	In order to operate its business successfully, Kogan.com must maintain sufficient inventory and also avoid the accumulation of excess inventory.
<b>Key supplier, service provider and counterparty factors</b>	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.
<b>Manufacturing and product quality</b>	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.
<b>Marketplace operations</b>	As the Kogan Marketplace continues to grow, Kogan.com must maintain the integrity of the platform by ensuring the quality of sellers and products being offered. Additionally, processes are in place to ensure fair competition on the website amongst all sellers.
<b>Performance and reliability of Kogan.com's websites, databases and operating systems</b>	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.
<b>Reputational product sourcing factors</b>	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.

<b>Exposure to litigation</b>	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.
<b>Changes in GST and other equivalent taxes</b>	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.
<b>Retention of key team members</b>	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.
<b>Reliance on third-party payment providers</b>	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, ADJUSTED EBIT AND ADJUSTED NPAT

Table 1.5 Reconciliation to Adjusted EBITDA, Adjusted EBIT and Adjusted NPAT

	Unadjusted	Unrealised gain/(loss)	Equity-based compensation	Mighty Ape purchase - Tranches 3&4	Bitbuy.com domain sale	Adjusted
Revenue	718.5					718.5
Cost of sales	(534.1)					(534.1)
<b>Gross Profit</b>	<b>184.4</b>					<b>184.4</b>
Gross margin	25.7%					25.7%
Other income	5.1				(5.1)	0.0
Variable costs	(32.5)					(32.5)
Marketing costs	(71.2)					(71.2)
People costs	(85.5)		26.6	17.0		(41.8)
Other costs	(19.9)					(19.9)
<b>Total operating costs</b>	<b>(204.0)</b>					<b>(165.5)</b>
Unrealised gain/(loss)	(2.2)	2.2				0.0
<b>EBITDA</b>	<b>(21.8)</b>					<b>18.9</b>
EBITDA margin	(3.0%)					2.6%
Depreciation & amortisation	(19.2)					(19.2)
<b>EBIT</b>	<b>(41.0)</b>					<b>(0.3)</b>
Interest	(1.7)					(1.7)
<b>Loss before tax</b>	<b>(42.7)</b>					<b>(2.0)</b>
Income tax benefit/(expense)	7.3	(0.6)	(8.0)		0.5	(0.8)
<b>NPAT</b>	<b>(35.5)</b>					<b>(2.9)</b>
EPS	(0.33)					(0.03)

## OPERATING & FINANCIAL REVIEW CONTINUED

**Adjusted EBITDA, Adjusted EBIT, Adjusted NPAT and Adjusted EPS:** are measures of the underlying performance of the Business, they remove non-cash items including the unrealised gain/(loss), equity-based compensation and one-off non-recurring items. In respect of FY22 the below items have been adjusted:

- **Unrealised gain/(loss):** unrealised loss at year end related to shares still held and open forward foreign exchange contracts.
- **Equity-based compensation:** significant equity-based compensation expenses driven largely by the award of options after the Company's AGM in November 2020. These options were granted to Ruslan Kogan, CEO, and David Shafer, CFO & COO, with a strike price of \$5.29.
- **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 & CFO remaining with the Business until the delivery of the financial year 2022 and 2023 results, respectively. In line with accounting standards, Tranches 3 and 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 it being probable that the temporary difference will not reverse in the foreseeable future.
- **Bitbuy.com domain sale:** relates to the profit on the sale of the domain name bitbuy.com. For full details of the transaction, refer to the ASX release 'Domain sale re Bitbuy' on 14 December 2021.



# 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 2022 and the audit report thereon.

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## 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

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

**Harry Debney** – Independent, Non-Executive Director

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

**Ruslan Kogan** – Founder, Chief Executive Officer and Executive Director

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

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## COMPANY SECRETARY

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

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## 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 2022.

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 Verticals including Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Money, Kogan Cars, Kogan Energy and Kogan Travel ("Kogan Verticals").

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.

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 24 of this report.

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

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## EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no subsequent events post reporting date 30 June 2022.

## 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

As the Business works through a period of consolidation, the Kogan.com Board has decided to not declare a FY22 Dividend.

Noting a pause on Dividends during FY22, 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 2022:

	\$
Tax advisory and compliance	5,121
	<b>5,121</b>

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the financial year ended 30 June 2022 can be found on page 51 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) (ceased March 2022)

### **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 until April 2021 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. On 26 September 2022, Harry was appointed Interim CEO of Costa Group, as they transition to a new CEO.

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 and Chairman at Swoop Telecom.

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 at Think Childcare (ceased October 2021)

#### **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.

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### **Mark Licciardo (Acclime Australia Pty Ltd)**

(B Bus (Acc), GradDip CSP, FGIA, GAICD)

*Company Secretary*

Mr Licciardo is the founder of Mertons Corporate Services, now part of Acclime Australia, and is responsible for Acclime Australia's Listed Services Division.

He is also an ASX-experienced director and chair of public and private companies, with expertise in the listed investment, infrastructure, bio-technology and digital sectors. He currently serves as a director on a number of Australian company boards as well as foreign controlled entities and private companies.

During his executive career, Mr Licciardo held roles in banking and finance, funds management, investment and infrastructure development businesses, including being the Company Secretary for ASX 100 companies Transurban Group and Australian Foundation Investment Company Limited.

Mr Licciardo holds a Bachelor of Business degree in accounting, a Graduate Diploma in Governance and is a Fellow of the Chartered Governance Institute, the Governance Institute of Australia and the Australian Institute of Company Directors.

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## DIRECTORS' REPORT CONTINUED

### MEETINGS OF DIRECTORS

Directors' meetings held between 1 July 2021 and 30 June 2022:

	BOARD		AUDIT AND RISK		REMUNERATION AND NOMINATION <sup>C</sup>	
	A	B	A	B	A	B
Greg Ridder	11	11	3	3	-	-
Janine Allis	11	11	3	3	-	-
David Shafer	11	11	3	3 <sup>1</sup>	-	-
Harry Debney	11	11	3	2	-	-
James Spenceley	11	11	3	3	-	-
Ruslan Kogan	11	11	3	2 <sup>1</sup>	-	-

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

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.

C Remuneration & Nomination committee discussions were concurrently with Board Meetings throughout the year.

### 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](http://www.kogancorporate.com).

### ENVIRONMENTAL REGULATIONS

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



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## DIRECTORS INTERESTS

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

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	Ordinary Shares
Ruslan Kogan	15,853,321
David Shafer	5,225,642
Greg Ridder	158,000
Harry Debney	98,099
Janine Allis	4,761
James Spenceley	0

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## SHARE RIGHTS

### Unissued Shares under Rights

At 30 June 2022 the Group had 963,331 unissued shares under Right which are expected to vest up until 30 June 2026, all unissued shares under Right are Ordinary Shares of the Company.

### Shares Issued on Exercise of Rights

During the financial year, the Group issued 364,477 Ordinary Shares as a result of the Rights vesting.

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## RETENTION OPTIONS

### Unissued Shares under Options

At 30 June 2022 the Group had 6,401,632 unissued shares under Options which are expected to vest up until 31 December 2027, all unissued shares under Options are Ordinary Shares of the Company.

# REMUNERATION REPORT

## INTRODUCTION

The Directors are pleased to present the FY22 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 2021 Annual General Meeting (AGM), held on 25 November 2021, the majority of shareholder votes cast (57.08%) were in favour of adopting the 2021 Remuneration Report. However 41.69% of the votes cast were against the 2021 Remuneration Report, constituting a second strike under the *Corporations Act 2001*. We have since consulted with proxy advisors, investors and other stakeholders to understand the concerns. In response to the feedback provided, the Board has actioned their feedback where immediately possible as we continue to evolve our remuneration framework going forward. During the last 12 months, no new long term incentive plans were issued to key executives, Founder and CEO of Kogan.com, Mr. Kogan, and the Company's CFO and COO, Mr. Shafer, nor did they receive any short term incentive variable remuneration for the year ended 30 June 2022.

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 FY22 Annual Report), with their fair value determined at their date of grant (30 November 2020) 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. It is important to note that, while the Strike Price of the Retention Options is \$5.29 (and the Options are out-of-the-money as at the date of this Report), the accounting treatment in accordance with AASB 2 *Share-Based Payments*, requires that the value as at the date of grant is expensed over the vesting period.

We continue to engage with Shareholders and look forward to receiving further feedback on our 2022 Remuneration Report.

The audited Remuneration Report covers the following matters:

1. 2022 outcomes at a glance;
2. Details of Key Management Personnel;
3. Remuneration governance;
4. Remuneration policy;
5. Company performance;
6. Details of realised remuneration;
7. Details of statutory remuneration;
8. Equity instruments;
9. Executive Directors and Other KMP Service Agreements; and
10. Key Management Personnel transactions.

## 2022 KEY OUTCOMES AT A GLANCE

Chief Executive Officer (CEO) remuneration	Chief Financial Officer (CFO) remuneration
For FY22, our CEO:	For FY22, our CFO:
<ul style="list-style-type: none"> <li>Had no increase to fixed remuneration</li> <li>Was not awarded any additional variable remuneration</li> <li>Received total realised remuneration of \$447,068</li> <li>Had total statutory remuneration of \$15,222,128</li> <li>Has outstanding Options with a value of \$3,548,101<sup>25</sup>. The associated strike price is \$5.29 (currently out-of-the-money) and will vest in August 2023 if service conditions are met.</li> </ul>	<ul style="list-style-type: none"> <li>Had no increase to fixed remuneration</li> <li>Was not awarded any additional variable remuneration</li> <li>Received total realised remuneration of \$386,568</li> <li>Had total statutory remuneration of \$10,244,160</li> <li>Has outstanding Options with a value of \$2,365,401<sup>25</sup>. The associated strike price is \$5.29 (currently out-of-the-money) and will vest in August 2023 if service conditions are met.</li> </ul>
<b>Non-Executive Directors (NED) fees</b>	
No increases to NED fees (the Chairman and other NED base fees remained unchanged).	

## 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
<b>Independent Non-Executive Directors</b>		
Greg Ridder	Chairman, Independent Non-Executive Director	Full year
Janine Allis	Independent Non-Executive Director	Full year
Harry Debney	Independent Non-Executive Director	Full year
James Spenceley	Independent Non-Executive Director	Full year
<b>Executive Directors</b>		
David Shafer	Chief Financial Officer, Chief Operating Officer & Executive Director	Full year
Ruslan Kogan	Chief Executive Officer and Executive Director	Full year
<b>Other KMP</b>		
Gracie MacKinlay	Mighty Ape, Chief Executive Officer (from 6 June 2022)	Part year
Simon Barton	Mighty Ape, Chief Financial Officer <sup>26</sup>	Full year

<sup>25</sup> Based on a valuation performed by SLM Corporate at 23rd August 2022.

<sup>26</sup> Simon Barton was determined a KMP upon the acquisition of Mighty Ape on 1 December 2020. Simon Barton, Founder of Mighty Ape, was CEO of Mighty Ape until 6 June 2022. He continues in the capacity of Mighty Ape CFO.

# REMUNERATION REPORT CONTINUED

## 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 composed 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.

A full Charter outlining the Committee’s responsibilities and the Process for Evaluation of Performance are available at [www.kogancorporate.com](http://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 consists of the base salary and team member benefits which include superannuation, leave entitlements and other benefits.

Executive KMP's did not receive an adjustment to fixed remuneration in the 2022 financial year.

Statutory values	Year	Cash Salary \$	Super- annuation \$	Annual & Long Service Leave \$
<b>Executive KMP</b>				
R. Kogan	2022	423,500	23,568	39,645
D. Shafer	2022	363,000	23,568	33,982
<b>Other KMP</b>				
G. MacKinlay <sup>27</sup>	2022	15,481	464	1,060
S. Barton <sup>28</sup>	2022	279,104	-	19,001
<b>Total</b>		<b>1,081,085</b>	<b>47,600</b>	<b>93,688</b>
<b>Executive KMP</b>				
R. Kogan	2021	423,500	21,694	39,645
D. Shafer	2021	363,000	21,694	33,982
<b>Other KMP</b>				
S. Barton <sup>28</sup>	2021	163,371	-	15,704
<b>Total</b>		<b>949,871</b>	<b>43,388</b>	<b>89,331</b>

<sup>27</sup> Gracie MacKinlay is deemed a KMP following her appointment to CEO of Mighty Ape on 6 June 2022. Values have been disclosed in AUD using an average exchange rate of 0.9041.

<sup>28</sup> Values for Simon Barton have been disclosed in AUD using an average exchange rate of 0.9376 for 2022 and 0.9315 for 2021.

## REMUNERATION REPORT CONTINUED

### Short-term incentives (STI) – Cash based

The following table outlines the significant aspects of the STI.

<b>Purpose of STI plan</b>	<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 EBITDA<sup>3</sup>.</p>
<b>Eligibility</b>	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.
<b>Calculation &amp; Target</b>	<p>The EBITDA<sup>3</sup> 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>
<b>Maximum opportunity</b>	The maximum payable is 25% of the outperformance and 35% of the team member's annual salary.
<b>Performance conditions</b>	<p>Outperformance of the EBITDA<sup>3</sup>.</p> <p>Continuation of employment.</p>
<b>Why were the performance conditions chosen</b>	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.
<b>Performance period</b>	1 July 2021 to 30 June 2022.
<b>Timing of assessment</b>	August 2022, following the completion of the 30 June 2022 accounts.
<b>Form of payment</b>	Paid in cash.
<b>Board discretion</b>	Targets are reviewed annually and the Board has discretion to adapt appropriately to take into account exceptional items.

KMP's did not receive a payment under the STI plan in the 2022 financial year (FY21: \$0).

## 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.

<b>Purpose of LTI plan</b>	Support the strategy and business plan of the Group.  Align the interests of team members more closely with the interests of Shareholders.  Reward individuals for their contribution to the success of the Group over the long-term.
<b>Eligibility</b>	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.
<b>Service condition on vesting</b>	Individuals must be employed by the Group at time of vesting and not be in their notice period.
<b>Form of award and payment</b>	Performance Rights or Options.
<b>Board discretion</b>	The Board has the absolute discretion to determine the terms and conditions applicable to an offer under the EIP.
<b>Consideration</b>	Nil.
<b>Rights</b>	Each Right confers on its holder an entitlement to a Share, subject to the satisfaction of applicable conditions.
<b>Restrictions on dealing</b>	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).  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).
<b>Lapse of Rights</b>	A Right will lapse upon the earliest to occur of: <ul style="list-style-type: none"><li>• expiry date;</li><li>• failure to meet vesting conditions;</li><li>• employment termination;</li><li>• the participant electing to surrender the Right;</li><li>• where, in the opinion of the Board, a participant deals with a Right in contravention of any dealing restrictions under the EIP.</li></ul>

## REMUNERATION REPORT CONTINUED

### Performance Rights awarded to KMPs:

The Statutory Values below represent the expenses incurred through the Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income Statement in accordance with AASB 2 *Share-Based Payments*.

	STATUTORY VALUE			
	Year	Value	Year	Value
<b>Executive KMP</b>				
R. Kogan	2022	-	2021	-
D. Shafer	2022	-	2021	-
<b>Other KMP</b>				
G. MacKinlay	2022	393	2021	-
S. Barton	2022	-	2021	-
<b>Total</b>		<b>393</b>		<b>-</b>

### Options awarded to KMPs:

The Statutory Values below represent the expenses incurred through the Consolidated Income Statement and Consolidated statement of Other Comprehensive Income Statement in accordance with AASB 2 *Share-Based Payments*.

	STATUTORY VALUE			
	Year	Value	Year	Value
<b>Executive KMP</b>				
R. Kogan	2022	14,735,415	2021	8,495,007
D. Shafer	2022	9,823,610	2021	5,663,338
<b>Other KMP</b>				
S. Barton	2022	31,439	2021	16,703
<b>Total</b>		<b>24,590,464</b>		<b>14,175,048</b>



To better understand the underlying remuneration potentially being delivered to the KMPs, the Committee re-engaged SLM Corporate to perform an updated valuation as of 23 August 2022 (release date of the FY22 Appendix 4E) and 23 August 2021 for comparative purposes. The results are as follows:

Options	Date	Value	Date	Value
<b>Executive KMP</b>				
R. Kogan	23/08/2022	3,548,101	23/08/2021	26,866,641
D. Shafer	23/08/2022	2,365,401	23/08/2021	17,911,094
<b>Other KMP</b>				
S. Barton	23/08/2022	4,418	23/08/2021	76,597
<b>Total</b>		<b>5,917,920</b>		<b>44,854,332</b>

Mr. Barton did not receive any Options during FY22. As at 30 June 2022, 17,443 Options remained unvested.

At the date of grant for Mr. Kogan and Mr. Shafer, being 30 November 2020, the value of their options were worth \$41,325,935 and \$27,550,623, respectively. At the date of grant for Mr. Barton, being 3 December 2020, his options were worth \$161,871.

As part of Mrs. MacKinlay's appointment to CEO, she was granted 112,360 Performance Rights which have both a service condition and performance hurdle attached. As at 30 June 2022, all Performance Rights remained unvested.

Performance Rights	Date	Value	Date	Value
<b>Other KMP</b>				
G. MacKinlay	23/08/2022	398,878	23/08/2021	n/a
<b>Total</b>		<b>398,878</b>		<b>n/a</b>

At the time of grant, these performance rights were worth \$400,000.

The below relates to the Options awarded to Mr. Kogan and Mr. Shafer following the FY20 Annual General Meeting. During FY22, no new Retention Options were granted. As at 30 June 2022, all Retention Options remained unvested.

<b>The number and class of securities issued to the Directors</b>	3,600,000 options granted to Mr Kogan and 2,400,000 granted to Mr Shafer under the EIP.
<b>Details of the Retention Options</b>	<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 FY22 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.</p>

## REMUNERATION REPORT CONTINUED

### Details of the Retention Options *(continued)*

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:

- 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 reflected 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 28 September 2022	\$2.99

## 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 \$800,000 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 of the Board and Remuneration & Nomination Committee), Harry Debney (as Chairman of the Audit & Risk Committee), Janine Allis and James Spenceley for FY22 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.

Independent Non-Executive Directors' did not receive an adjustment to Directors' fees in the 2022 financial year.

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## 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- 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.

## REMUNERATION REPORT CONTINUED

### Shareholder wealth

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

	FY18	FY19	FY20	FY21	FY22
Revenue (in \$'m)	412.3	438.7	497.9	780.7	718.5
Net profit after income tax (NPAT)	14.1	17.2	26.8	3.5	(35.5)
Adjusted NPAT <sup>2</sup>	15.2	18.6	30.0	42.9	(2.9)
Earnings per share (EPS)	0.15	0.18	0.29	0.03	(0.33)
Adjusted EPS <sup>2</sup>	0.16	0.20	0.32	0.41	(0.03)
EBITDA <sup>3,29</sup> (in \$'m)	26.0	30.1	46.5	22.5	(21.8)
Adjusted EBITDA <sup>2</sup> (in \$'m)	27.1	31.5	49.7	61.8	18.9
Dividends paid (in \$'m)	10.0	11.4	14.8	31.3	0.0
Share Price at 30 June	6.82	4.75	14.72	11.58	2.78

Profit amounts have been calculated in accordance with Australian Accounting Standards (AASB). EBITDA<sup>3</sup> is calculated based on the operating profit before interest, tax, depreciation and amortisation.

### DETAILS OF REALISED REMUNERATION

#### KMP realised remuneration

The table below is a voluntary non-statutory disclosure that details realised remuneration that the KMPs received for the period in FY22 and FY21. It includes cash salary, superannuation contributions, STI earned and LTI that vested during the period, including Mighty Ape – acquisition related remuneration that vested during the period. This information differs from the statutory remuneration table found on the following page, which also includes the expense for vested & unvested awards, along with other long term benefits, in accordance with Australian Accounting Standards.

Executive KMP	Year	Fixed Remuneration <sup>30</sup>	STI	LTI	Total realised remuneration
R. Kogan	2022	447,068	-	-	447,068
D. Shafer	2022	386,568	-	-	386,568
<b>Other KMP</b>					
G. MacKinlay <sup>27</sup>	2022	15,945	-	-	15,945
S. Barton	2022	279,104	-	-	279,104
<b>Total</b>		<b>1,128,685</b>	<b>-</b>	<b>-</b>	<b>1,128,685</b>
R. Kogan	2021	445,194	-	-	445,194
D. Shafer	2021	384,694	-	-	384,694
<b>Other KMP</b>					
S. Barton <sup>26</sup>	2021	163,371	-	-	163,371
<b>Total</b>		<b>993,259</b>	<b>-</b>	<b>-</b>	<b>993,259</b>

29 Earnings Before Interest, Tax, Depreciation & Amortisation.

30 Includes cash salary and superannuation consistent with the statutory remuneration table in the next section, excluding accrued annual leave entitlements.

## DETAILS OF STATUTORY REMUNERATION

### KMP statutory remuneration

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

Year	Cash Salary \$	Short-Term Incentives \$	Super- annuation \$	Annual & long service leave \$	Share-Based Payments <sup>31</sup> \$	EQUITY-BASED COMPEN- SATION		OTHER LONG TERM BENEFITS	
						Short-Term	Long-Term	Mighty Ape - acquisition - related remuneration \$	Total \$
<b>Executive KMP</b>									
R. Kogan	423,500	-	23,568	39,645	14,735,415			-	15,222,128
D. Shafer	363,000	-	23,568	33,982	9,823,610			-	10,244,160
<b>Other KMP</b>									
G. MacKinlay <sup>27</sup>	15,481	-	464	1,060	393			-	17,398
S. Barton	279,104	-	-	19,001	31,439			17,047,089	17,376,633
<b>Total</b>	<b>1,081,085</b>	<b>-</b>	<b>47,600</b>	<b>93,688</b>	<b>24,590,857</b>	<b>25,813,230</b>	<b>17,047,089</b>	<b>42,860,319</b>	
<b>Executive KMP</b>									
R. Kogan	423,500	-	21,694	39,645	8,495,007			-	8,979,846
D. Shafer	363,000	-	21,694	33,982	5,663,338			-	6,082,014
<b>Other KMP</b>									
S. Barton	163,371	-	-	15,704	16,703			12,038,718	12,234,496
<b>Total</b>	<b>949,871</b>	<b>-</b>	<b>43,388</b>	<b>89,331</b>	<b>14,175,048</b>	<b>15,257,638</b>	<b>12,038,718</b>	<b>27,296,356</b>	

<sup>31</sup> Share-based payments shown relate to the expense incurred in accordance with accounting standards for unvested Options/Performance Rights awarded to the CEO & CFO/COO and other Non-Executive KMP. Share-based payments for Mrs. MacKinlay relate to unvested Performance Rights, which were worth \$398,878 at 23 August 2022. Share-Based Options at 23rd August 2022, as valued by SLM Corporate, were worth \$3,548,101 for Mr. Kogan, \$2,365,401 for Mr. Shafer and \$4,418 for Mr. Barton, respectively.

## REMUNERATION REPORT CONTINUED

### 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 2022 a total of \$29,085,807 has been provided for in relation to Tranche 3 & 4.

### Non-Executive Directors' remuneration

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

		SHORT-TERM BENEFITS	POST-EMPLOY- MENT BENEFITS	
	Year	Total fees \$	Super- annuation \$	Total \$
Greg Ridder	2022	185,000	-	185,000
Harry Debney	2022	110,000	-	110,000
Janine Allis	2022	95,000	-	95,000
James Spenceley	2022	95,000	-	95,000
<b>Total</b>		<b>485,000</b>	<b>-</b>	<b>485,000</b>
Greg Ridder	2021	185,000	-	185,000
Harry Debney	2021	110,000	-	110,000
Janine Allis	2021	24,457	-	24,457
James Spenceley	2021	31,667	-	31,667
<b>Total</b>		<b>351,124</b>	<b>-</b>	<b>351,124</b>

### 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 2022	% Ownership 2022	No. shares held 2021	% Ownership 2021
Ruslan Kogan	15,853,321	14.83%	15,853,321	14.88%
David Shafer	5,075,642	4.75%	6,075,642	5.70%
Greg Ridder	158,000	0.15%	158,000	0.15%
Harry Debney	98,099	0.09%	98,099	0.09%
Janine Allis	4,761	0.00%	4,761	0.00%
Gracie MacKinlay <sup>27</sup>	500	0.00%	-	-%
James Spenceley	-	-%	-	-%
Simon Barton <sup>26</sup>	-	-%	-	-%

## 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
<b>Executive KMP</b>			
CEO	12 months	12 months	12 months
CFO, COO	6 months	6 months	6 months
<b>Other KMP</b>			
CEO – Mighty Ape	6 months	6 months	6 months
CFO – 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 to be a KMP from the acquisition date of Mighty Ape Limited, 1 December 2020. Mr Barton entered into a new agreement for his role as Chief Financial Officer – Mighty Ape on 6 June 2022.

Gracie MacKinlay has been determined to be a KMP following her promotion to Chief Executive Officer – Mighty Ape on 6 June 2022.

### 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.

## REMUNERATION REPORT CONTINUED

### 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

Mrs MacKinlay is employed in the position of Chief Executive Officer of Mighty Ape.

Kogan.com has entered into an employment contract with Mrs MacKinlay to govern her employment with Mighty Ape.

Mrs MacKinlay or Mighty Ape may terminate Mrs MacKinlay's employment by giving 6 months' notice. Mighty Ape may elect to make payment in lieu of notice. Mighty Ape may terminate Mrs MacKinlay's employment without notice in circumstances warranting summary dismissal.

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

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

### Chief Financial Officer – Mighty Ape

Mr Barton is employed in the position of Chief Financial Officer of Mighty Ape as of 6 June 2022. Prior to this, Mr Barton was 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 an arm's length terms.

CONSOLIDATED GROUP			
KMP	Transaction type	2022 \$000	2021 \$000
Ruslan Kogan	Services provided by eStore warehousing	7,829	11,986

As at 30 June 2022, the total liability to eStore Logistics Pty Ltd was \$488,813 (30 June 2021: \$556,156).

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 2022

# 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 & Risk Committee and Remuneration & Nomination Committee. The Audit & Risk Committee is required to meet at least twice per annum and the Remuneration & 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 Company's Continuous Disclosure Policy. Information is communicated to shareholders through the lodgement of all relevant financial, continuous disclosure announcements and other information with the ASX and is also 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 is committed to the ongoing review and improvement of its contribution and impact on human rights.

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 on Kogan.com's Corporate Website. The Statement outlines the measures taken annually 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 great emphasis on working solely with ethical suppliers and expects 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). Suppliers are required to update and provide evidence of internationally recognised accreditation (e.g. BSCI) for their production facilities.

The Company applies a risk-based approach to 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 in to reduce the risk of modern slavery.

Kogan.com opposes modern slavery in all its forms.

## THE KOGAN.COM TEAM

The Kogan.com team thrives 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 outperform the expectations of shareholders and customers.

The team's 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 members. 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.

Kogan.com continues to recognise the importance of gender and cultural diversity with a commitment to ensuring all representatives have equal opportunity through a merit based approach. The team are provided with a learning and development budget, to further enhance their skill sets in their chosen fields.

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

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## **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

### 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 Directors 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 2022 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.

KPMG

KPMG

A handwritten signature in black ink, appearing to be 'SD' followed by a flourish.

Simon Dubois

Partner

Melbourne

29 September 2022

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# CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

CONSOLIDATED GROUP			
	Note	2022 \$000's	2021 \$000's
Revenue	1.1	718,504	780,742
Cost of sales	1.2a	(534,076)	(577,037)
<b>Gross profit</b>		<b>184,428</b>	<b>203,705</b>
Other Income		5,129	-
Selling and distribution expenses		(79,217)	(68,865)
Warehouse expenses		(24,553)	(34,735)
Administrative expenses		(121,702)	(86,403)
Other expenses		(2,204)	(2,967)
<b>Results from operating activities</b>		<b>(38,119)</b>	<b>10,735</b>
Finance income		48	25
Finance costs	1.2b	(2,467)	(938)
Unrealised gain/(loss)		(2,170)	1,446
<b>Net finance (cost)/income</b>		<b>(4,589)</b>	<b>533</b>
<b>(Loss)/Profit before income tax</b>		<b>(42,708)</b>	<b>11,268</b>
Tax Benefit/(expense)	1.3	7,251	(7,731)
<b>(Loss)/Profit after income tax</b>		<b>(35,457)</b>	<b>3,537</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange (loss)/gain on translation of foreign operations		(809)	272
<b>Other comprehensive (loss)/income for the year</b>		<b>(809)</b>	<b>272</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(36,266)</b>	<b>3,809</b>
Basic earnings per Share	3.4a	(0.33)	0.03
Diluted earnings per Share	3.4b	(0.33)	0.03

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		CONSOLIDATED GROUP	
	Note	2022 \$000's	2021 \$000's
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		66,230	91,691
Trade and other receivables	2.1.2a	5,357	5,810
Inventories	2.1.1	159,898	227,873
Other financial assets		532	205
Prepayments and other assets	2.1.2b	2,785	1,981
Current tax assets	1.3	716	1,689
<b>TOTAL CURRENT ASSETS</b>		<b>235,518</b>	<b>329,249</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	2.3	24,642	17,668
Intangible assets	2.2	92,077	95,098
Deferred tax assets	1.3	8,073	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>124,792</b>	<b>112,766</b>
<b>TOTAL ASSETS</b>		<b>360,310</b>	<b>442,015</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2.1.3a	83,021	104,317
Acquisition payables	2.1.3a	29,086	36,290
Lease liabilities	2.1.3b	7,670	5,554
Employee benefits		1,929	1,638
Provisions		2,072	3,480
Deferred income	2.1.3c	13,773	11,777
<b>TOTAL CURRENT LIABILITIES</b>		<b>137,551</b>	<b>163,056</b>
<b>NON-CURRENT LIABILITIES</b>			
Acquisition payables		-	5,247
Loans & borrowings	3.1	34,869	78,699
Lease liabilities	2.1.3b	14,993	10,279
Employee benefits		261	173
Deferred income	2.1.3c	-	86
Deferred tax liabilities	1.3	-	3,746
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>50,123</b>	<b>98,230</b>
<b>TOTAL LIABILITIES</b>		<b>187,674</b>	<b>261,286</b>
<b>NET ASSETS</b>		<b>172,636</b>	<b>180,729</b>
<b>EQUITY</b>			
Share capital	3.3.1a	301,082	299,186
Merger reserve	3.3.1c	(131,816)	(131,816)
Other reserves		40,429	15,648
Accumulated losses		(37,059)	(2,289)
<b>TOTAL EQUITY</b>		<b>172,636</b>	<b>180,729</b>

The accompanying notes form part of the financial statements



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

## CONSOLIDATED GROUP

	Note	Share Capital \$000	Retained earnings \$000	Merger reserve \$000	Trans- lation reserve \$000	Share- based pay- ments reserve	Total Equity \$000
<b>Balance at 1 July 2020</b>		269,033	25,456	(131,816)	(291)	1,643	164,025
<b>Comprehensive income</b>							
Net profit after tax		-	3,537	-	-	-	3,537
Other comprehensive income		-	-	-	272	-	272
<b>Total net profit and other comprehensive income for the year</b>		-	3,537	-	272	-	3,809
<b>Transactions with owners, in their capacity as owners</b>							
Issue of Ordinary Shares under performance plans	3.3.1b	1,537	-	-	-	(1,537)	-
Tax deduction for difference between accounting expense and funds paid to issue incentive 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)
<b>Total transactions with owners and other transfers</b>		30,153	(31,282)	-	-	14,024	12,895
<b>Balance at 30 June 2021</b>		299,186	(2,289)	(131,816)	(19)	15,667	180,729
<b>Balance at 1 July 2021</b>		299,186	(2,289)	(131,816)	(19)	15,667	180,729
<b>Comprehensive income</b>							
Net loss after tax		-	(35,457)	-	-	-	(35,457)
Retained earnings relates to prior financial years		-	687	-	-	-	687
Other comprehensive expense		-	-	-	(809)	-	(809)
<b>Total net loss and other comprehensive expense for the year</b>		-	(34,770)	-	(809)	-	(35,579)
<b>Transactions with owners, in their capacity as owners</b>							
Issue of Ordinary Shares under performance plans	3.3.1b	1,021	-	-	-	(1,021)	-
Tax deduction for difference between accounting expense and funds paid to issue incentive plans		875	-	-	-	-	875
Equity-settled share-based payments	5.2c	-	-	-	-	26,611	26,611
<b>Total transactions with owners and other transfers</b>		1,896	-	-	-	25,590	27,486
<b>Balance at 30 June 2022</b>		301,082	(37,059)	(131,816)	(828)	41,257	172,636

The accompanying notes form part of the financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

		CONSOLIDATED GROUP	
	Note	2022 \$000's	2021 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		744,950	885,495
Payments to suppliers and employees		(678,455)	(926,285)
Interest received		48	25
Finance costs paid		(1,733)	(596)
Income tax paid		(2,971)	(21,671)
<b>Net cash provided by/(used in) operating activities</b>	<b>1.4</b>	<b>61,839</b>	<b>(63,032)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,505)	(810)
Purchase of intangible assets		(4,054)	(3,919)
Disposal of intangible assets		2,672	-
Business acquisition net of acquired cash <sup>32</sup>		(29,891)	(50,960)
<b>Net cash (used in) investing activities</b>		<b>(32,778)</b>	<b>(55,689)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	20,001
Transaction costs related to the issue of shares		-	(250)
Dividends paid net of dividend reinvestment plan		-	(27,229)
Repayment of loans & borrowings		(48,980)	(20,002)
Draw down on debt facility		5,000	94,749
Transaction costs on draw down facility		(9)	(234)
Repayment of lease liabilities		(10,252)	(3,276)
<b>Net cash (used in)/provided by financing activities</b>		<b>(54,241)</b>	<b>63,759</b>
Net (decrease) in cash held		(25,180)	(54,962)
Cash and cash equivalents at beginning of financial year		91,691	146,726
Effects of exchange rate changes on cash		(281)	(73)
<b>Cash and cash equivalents at end of financial year</b>	<b>3.2</b>	<b>66,230</b>	<b>91,691</b>

The accompanying notes form part of the financial statements

32 There were no acquisitions during this financial year. FY21 relates to the payment of Mighty Ape Tranche 1 net of cash acquired at the time of purchase. FY22 relates to the payment of Mighty Ape Tranche 2.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## BASIS OF PREPARATION

The financial report of Kogan.com Ltd and its controlled entities ("the Group"; "Kogan.com") for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 29 September 2022.

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 Directors' Report on page 25.

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 2021.

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 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 it's 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.

### 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 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 2022/23
- 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 Goodwill based on value in use calculations.

Key estimates and judgements have not changed from those disclosed in the Group financial report for the year ended 30 June 2021. The goodwill recognised as at 30 June 2021 in relation to the acquisition of Mighty Ape was final.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## **BASIS OF PREPARATION** *(continued)*

### **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 Parent'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.

**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 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (effective 1 January 2023)
- (viii) AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a single transaction (effective 1 January 2023)

## 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,
Mighty Ape	Online specialist retailer of gaming and entertainment products.

### b. Segment information provided to the Board

Information related to each reportable segment, split by primary geographical market, is set out below. Segment Adjusted EBITDA<sup>2</sup> 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.

REPORTABLE SEGMENT	KOGAN PARENT		MIGHTY APE	TOTAL
	(Australia) \$000's	(New Zealand) \$000's	(New Zealand) \$000's	\$000's
<b>30 June 2022</b>				
<b>Segment revenue</b>	<b>523,020</b>	<b>32,054</b>	<b>163,430</b>	<b>718,504</b>
Adjusted EBITDA <sup>2</sup>	6,197	380	12,331	18,908
Interest income	45	-	3	48
Interest expense	(1,310)	-	(461)	(1,771)
Depreciation and amortisation	(14,040)	-	(5,163)	(19,203)
<b>Total Segment assets</b>	<b>329,034</b>	<b>-</b>	<b>31,275</b>	<b>360,309</b>
Capital expenditure	4,585	-	974	5,559
<b>Total Segment liabilities</b>	<b>162,773</b>	<b>-</b>	<b>24,901</b>	<b>187,674</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## SEGMENT INFORMATION *(continued)*

### b. Segment information provided to the Board *(continued)*

REPORTABLE SEGMENT	KOGAN PARENT		MIGHTY APE	TOTAL
	(Australia) \$000's	(New Zealand) \$000's	(New Zealand) \$000's	\$000's
<b>30 June 2021</b>				
Segment revenue	672,949	27,588	80,205	780,742
Adjusted EBITDA <sup>2</sup>	52,771	2,163	6,899	61,833
Interest income	22	-	3	25
Interest expense	675	-	263	938
Depreciation and amortisation	10,015	-	925	10,940
<b>Total Segment assets</b>	<b>390,192</b>	<b>-</b>	<b>49,650</b>	<b>439,842</b>
Capital expenditure	3,758	-	971	4,729
<b>Total Segment liabilities</b>	<b>219,638</b>	<b>-</b>	<b>39,475</b>	<b>259,113</b>

## 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.

The majority of sales undertaken by Kogan.com are through the website, where payment is received upfront.

Kogan.com is an online-only retailer. Each sale represents a separate identified contract with a customer for which generally two performance obligations are expected: sales of goods and delivery revenue.

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

Revenue is 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.

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.

CONSOLIDATED GROUP		
	2022 \$000	2021 \$000
<b>Revenue</b>		
Sales revenue:		
Sale of goods <sup>33</sup>	651,561	729,927
Rendering of services	61,814	45,466
	713,375	775,393
Other revenue:		
Marketing subsidies	4,223	4,000
Other revenue	906	1,349
	5,129	5,349
<b>Total revenue</b>	<b>718,504</b>	<b>780,742</b>

## 1.2a Operating activities

### Expenses

	2022 \$000	2021 \$000
Cost of sales	534,076	577,037
Employee benefit expense	85,475	59,641
Depreciation and amortisation expense	19,203	10,940

## 1.2b Finance costs

	2022 \$000	2021 \$000
Realised foreign exchange losses	396	120
Finance costs on debt facilities	990	88
Interest Expense	781	194
Bank Fees	300	535
<b>Total finance costs</b>	<b>2,467</b>	<b>938</b>

33 Includes associated delivery fee income.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## SECTION 1: BUSINESS PERFORMANCE *(continued)*

### 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.

	CONSOLIDATED GROUP	
	2022 \$000	2021 \$000
<b>a. The components of tax (benefit)/expense comprise:</b>		
Current Tax	4,694	13,231
Deferred Tax	(11,855)	(5,335)
Over provision in respect of prior year	(90)	(165)
Income tax (benefit)/expense attributable to the Group	(7,251)	7,731
<b>b. The prima facie tax on (loss)/profit from ordinary activities before income tax is reconciled to income tax as follows:</b>		
Prima facie tax on (loss)/profit from ordinary activities before income tax at 30% (2021: 30%):		
• Consolidated Group	(12,812)	3,380
• Effect of expenses that are not deductible in determining taxable profit	961	381
• Effect of other deductibles in determining taxable profit	(454)	104
• Effect of other non-allowable items (Mighty Ape Tranche 3 & 4)	5,114	3,914
• Other	(60)	(48)
Income tax (benefit)/expense attributable to the Group	(7,251)	7,731
The applicable weighted average effective tax rates are as follows:	17%	69%



The Group's consolidated effective tax rate for the 12 months ended 30 June was 17% (for the 12 months ended 30 June 2021: 69%). The effective tax rate is impacted by the difference in accounting versus tax treatment of the Mighty Ape Tranche 3 and 4 payments. 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 it being probable that the temporary difference will not reverse in the foreseeable future.

Effective tax is impacted by the differences between when an amount of revenue or expense is recognised for accounting purposes and when income and deductions are recognised under the tax laws.

	CONSOLIDATED GROUP	
	2022 \$000	2021 \$000
Current and deferred tax balances		
<b>Assets</b>		
CURRENT		
Current tax asset	716	1,689
Deferred tax asset	8,073	-
Total	8,789	1,689
<b>Liabilities</b>		
CURRENT		
Current tax liabilities	-	-
Deferred tax liabilities	-	3,746
Total	-	3,746

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## SECTION 1: BUSINESS PERFORMANCE (continued)

### 1.3 Tax Balances (continued)

#### Movements in deferred tax balances

2022	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	De-ferred tax assets	De-ferred tax liabilities
Property, plant & equipment	(1,855)	-	(3,401)	-	-	-	-	(5,256)	-	(5,256)
Intangible assets	(13,696)	-	2,864	-	-	-	-	(10,832)	-	(10,832)
Financial assets	(76)	-	76	-	-	-	-	-	-	-
Employee benefits	619	-	209	-	-	-	-	828	828	-
Provisions	2,182	-	819	-	-	-	-	3,001	3,001	-
Deferred Income	172	-	(86)	-	-	-	-	86	198	(112)
Lease Liability	2,963	-	1,456	-	-	-	-	4,419	4,419	-
Other items	1,079	-	(254)	-	-	-	-	825	825	-
Share-based payments reserve	4,700	-	7,677	-	-	-	-	12,377	12,377	-
Tax losses carried forward	166	-	2,754	-	(295)	-	-	2,625	2,625	-
<b>Net tax assets (liabilities)</b>	<b>(3,746)</b>	<b>-</b>	<b>12,114</b>	<b>-</b>	<b>(295)</b>	<b>-</b>	<b>-</b>	<b>8,073</b>	<b>24,273</b>	<b>(16,200)</b>

2021	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	De-ferred tax assets	De-ferred tax liabilities
Property, plant & equipment	(671)	28	(777)	-	-	(434)	-	(1,855)	-	(1,855)
Intangible assets	(899)	-	1,343	-	-	(14,140)	-	(13,696)	1,106	(14,802)
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	-	(258)	-	-	2,489	-	2,963	2,963	-
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	-
<b>Net tax assets (liabilities)</b>	<b>2,387</b>	<b>28</b>	<b>5,475</b>	<b>-</b>	<b>-</b>	<b>(11,635)</b>	<b>-</b>	<b>(3,746)</b>	<b>13,391</b>	<b>(17,137)</b>

## 1.4 Notes to the Cash Flow Statement

	CONSOLIDATED GROUP	
	2022 \$000	2021 \$000
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
(Loss)/Profit after income tax	(35,457)	3,537
Non-cash flows in profit:		
• depreciation & amortisation	19,203	10,940
• provision for aged and slow-moving stock	4,934	2,366
• Mighty Ape Tranche 3 & 4 Accrual	17,047	12,039
• issue of Performance Rights and Shares	26,611	20,373
• Unrealised loss/(gain) on financial instruments	2,170	(1,508)
• Income tax (benefit)/expense	(7,251)	7,731
• Other	(71)	-
Changes in assets and liabilities:		
• (increase)/decrease in trade and term receivables	(5,138)	670
• (increase) in prepayments and other assets	(483)	(640)
• decrease/(increase) in inventories	62,108	(89,829)
• (decrease)/increase in trade payables and accruals	(19,783)	1,596
• increase/(decrease) in deferred income	1,925	(10,591)
• (decrease)/increase in provisions	(1,005)	1,954
• tax paid	(2,971)	(21,669)
<b>Cash flows from operating activities</b>	<b>61,839</b>	<b>(63,032)</b>

## 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	
	2022 \$000	2021 \$000
CURRENT		
Inventory in transit	21,982	36,102
Inventory on hand	137,916	191,771
	159,898	227,873

In 2022, inventories of \$534 million (2021: \$577 million) were recognised as an expense during the year and included in 'cost of sales'.

In addition, inventories have been reduced by \$7.5 million (2021: \$3.0 million) as a result of the write-down to net realisable value. This write-down was recognised as an expense during the year.

# 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

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	
	2022 \$000	2021 \$000
CURRENT		
Trade receivables	4,434	4,925
Other receivables	923	885
	5,357	5,810

#### 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:

	CONSOLIDATED GROUP	
AUD	2022 \$000	2021 \$000
Australia	4,941	5,259
New Zealand	416	551
	5,357	5,810

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.

		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
2022						
Trade and term receivables	4,434	-	4,311	53	23	47
Other	923	-	923	-	-	-
Total	5,357	-	5,234	53	23	47
2021						
Trade and term receivables	4,925	-	3,765	813	91	256
Other	885	-	885	-	-	-
Total	5,810	-	4,650	813	91	256

#### 2.1.2b Prepayments and Other Current Assets

		CONSOLIDATED GROUP	
		2022 \$000	2021 \$000
CURRENT			
Prepayments		2,538	1,954
Rental bond		247	27
		2,785	1,981

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 2.1 Working Capital *(continued)*

#### 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	
	2022 \$000	2021 \$000
CURRENT		
Trade payables	59,643	65,351
Other payables	23,378	38,966
<b>Total Trade and other payables</b>	<b>83,021</b>	<b>104,317</b>
CURRENT		
Mighty Ape Tranche 2	-	29,500
Mighty Ape Tranche 3	14,804	6,790
Mighty Ape Tranche 4	14,282	-
<b>Total Acquisition payables</b>	<b>29,086</b>	<b>36,290</b>
NON-CURRENT		
Mighty Ape Tranche 4	-	5,247
<b>Total Acquisition payables</b>	<b>-</b>	<b>5,247</b>

#### Mighty Ape - acquisition-related remuneration

Mighty Ape acquisition related remuneration, 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 & CFO, 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.

### 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 determining 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.

#### 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.

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 separately in the statement of financial position. As at 30 June 2022, the net carrying amount of the right-of-use asset is \$22.1 million (2021: \$15.7 million), please refer to note 2.3.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 2.1 Working Capital *(continued)*

#### 2.1.3b Lease liability *(continued)*

The lease liability as of 30 June 2022 is presented below:

#### Lease liability – Maturity analysis

	2022 \$000	2021 \$000
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	8,795	6,349
One to five years	14,252	8,313
More than five years	942	2,522
<b>Total undiscounted lease liabilities as at 30 June</b>	<b>23,989</b>	<b>17,184</b>
Lease liabilities included in the statement of financial position as at 30 June	22,663	15,833
Current	7,670	5,554
Non-current	14,993	10,279

#### 2.1.3c Deferred Income

Deferred Income relates to receipts from the sale of the goods which have not been dispatched, unfulfilled services to be performed under the Group's Kogan First loyalty program and advertising fees received upfront with the obligation to be fulfilled in a future period as per the agreement.

	2022 \$000	2021 \$000
<b>CURRENT</b>		
Deferred Income	13,773	11,777
	13,773	11,777
<b>NON CURRENT</b>		
Deferred Income	-	86
<b>Total Deferred Income</b>	<b>13,773</b>	<b>11,863</b>

## 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
Brand Names	10.0 – 15.0 years

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

### (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 only if Goodwill has been fully impaired. 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.

### (vi) Impairment testing for Goodwill

Goodwill arising on the acquisition of Mighty Ape in New Zealand of \$46.3M, has been allocated to the Mighty Ape Cash generating unit ("CGU") based on their expected earnings contribution to the Group arising from the acquisition.

The recoverable amount of each CGU (or group of CGUs) has been determined based on value in use calculations which use cash flow projections from financial budgets approved by management covering a five-year period, using a post-tax discount rate of 11.2% for Mighty Ape. The cash flow beyond the budget period have been extrapolated using a steady 2% long term growth rate assumption which is consistent with the projected long term average growth rate for the industry in New Zealand.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 2.2 Intangible Assets *(continued)*

#### *(vi) Impairment testing for Goodwill (continued)*

The key assumptions used in the value in use calculations includes sales growth, operating costs and the discount rate. The assumptions regarding sales growth and operating costs are based on experience and the Group's forecasted operating and financial performance for Mighty Ape. The discount rate is derived from Mighty Ape's weighted average cost of capital (WACC).

Sensitivity analysis indicates that no reasonably possible change in key assumptions would result in an impairment loss. Accordingly, the Group has concluded that no impairment is required based on current market economic conditions and expected future performance.

	CONSOLIDATED GROUP	
	2022 \$000	2021 \$000
<b>Patents and trademarks:</b>		
Cost	45,522	45,617
Accumulated amortisation	(6,331)	(3,004)
Net carrying amount	39,191	42,613
<b>Website development costs:</b>		
Cost	13,792	11,101
Accumulated amortisation	(8,791)	(6,624)
Net carrying amount	5,001	4,477
<b>Software costs:</b>		
Cost	1,284	1,154
Accumulated amortisation	(1,096)	(940)
Net carrying amount	188	214
<b>Intellectual property:</b>		
Cost	23,233	21,928
Accumulated amortisation	(21,847)	(20,054)
Net carrying amount	1,386	1,874
<b>Goodwill:</b>		
Cost	46,311	45,920
Accumulated amortisation	-	-
Net carrying amount	46,311	45,920
<b>Total intangibles</b>	<b>92,077</b>	<b>95,098</b>

	Patents and trademarks \$000	Website develop- ment costs \$000	Software costs \$000	Intellectual property \$000	Goodwill \$000	Total \$000
<b>Consolidated Group:</b>						
<b>Year ended 30 June 2021</b>						
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	(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
<b>Year ended 30 June 2022</b>						
Balance at the beginning of the year	42,613	4,477	214	1,874	45,920	95,098
Additions	200	2,691	130	1,305	391	4,717
Disposals	(294)	-	-	-	-	(294)
Amortisation	(3,320)	(2,168)	(156)	(1,793)	-	(7,436)
Foreign Currency exchange differences	(8)	-	-	-	-	(8)
Closing value at 30 June 2022	39,191	5,001	188	1,386	46,311	92,077

## 2.3 Property, Plant and Equipment

### Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost 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 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 Rates
Computer equipment (straight-line basis)	67%
Office equipment (straight-line basis)	20%
Leasehold improvements (straight-line basis)	20%

Class of Fixed Asset	Lease Term
Right of use asset	2-7 years

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	
	2022 \$000	2021 \$000
<b>Equipment &amp; Vehicles:</b>		
Cost	4,961	3,611
Accumulated depreciation	(2,410)	(1,669)
Net carrying amount	2,551	1,942
<b>Leasehold improvements:</b>		
Cost	40	39
Accumulated amortisation	(36)	(32)
Net carrying amount	4	7
<b>Right-of-use asset:</b>		
Cost	39,416	21,822
Accumulated amortisation	(17,329)	(6,103)
Net carrying amount	22,087	15,719
<b>Total property, plant and equipment</b>	<b>24,642</b>	<b>17,668</b>

### 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 improve- ments \$000	Right-of-use asset \$000	Total \$000
<b>Consolidated Group:</b>				
<b>Year ended 30 June 2021</b>				
Balance at the beginning of the year	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)
Closing value at 30 June 2021	1,942	7	15,719	17,668
<b>Year ended 30 June 2022</b>				
Balance at the beginning of the year	1,942	7	15,719	17,668
Additions	1,350	-	17,594	18,944
Depreciation Expense	(665)	(3)	(11,016)	(11,684)
Foreign Currency exchange differences	(76)	-	(210)	(286)
Closing value at 30 June 2022	2,551	4	22,087	24,642

## SECTION 3: CAPITAL STRUCTURE AND FINANCING

### 3.1 Loans and Borrowings

	CONSOLIDATED GROUP	
	2022 \$000	2021 \$000
NON-CURRENT		
Trade Advance	35,000	78,902
Amortised borrowing costs	(131)	(203)
<b>Net carrying amount</b>	<b>34,869</b>	<b>78,699</b>

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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 3.1 Loans and Borrowings (continued)

#### Debt Facilities

The group has multiple debt facilities, referring to loans and borrowings in the balance sheet. The tables below set out the various structures of the debt facilities between Kogan.com and Mighty Ape as at balance dates.

KOGAN			MIGHTY APE		
Debt Facility	2022 \$000 AUD	2021 \$000 AUD	Debt Facility	2022 \$000 NZD	2021 \$000 NZD
Multi-option facility	55,000	75,000	Overdraft facility	1,500	1,500
Additional debt facility	-	10,000	Trade finance facility	6,000	6,000
<b>Total Debt Facility</b>	<b>55,000</b>	<b>85,000</b>	<b>Total Debt Facility</b>	<b>7,500</b>	<b>7,500</b>

For details relating to the amounts drawn down against these facilities, please refer to the table below. Mighty Ape drawn down amount has been converted to AUD from NZD 4.0 million for the financial year ended 30 June 2021 based on the AUD/NZD spot rate (FY22: Nil).

CONSOLIDATED GROUP		
Drawn down amount	2022 \$000 AUD	2021 \$000 AUD
Kogan	35,000	75,200
Mighty Ape	-	3,702
<b>Total Drawn down amount</b>	<b>35,000</b>	<b>78,902</b>

### 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 \$66.2 million as at 30 June 2022 and \$91.7 million as at the end of 30 June 2021. 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 FY22 (FY21: Nil).

### 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 3.2 Capital and Financial Risk Management *(continued)*

#### Financial liability and financial asset maturity analysis

		WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
Consolidated Group	Note	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Financial liabilities due for payment									
Trade and other payables	2.1.3a	(83,021)	(104,317)	-	-	-	-	(83,021)	(104,317)
Acquisition payables		(29,086)	(36,290)	-	(5,247)	-	-	(29,086)	(41,537)
Lease liabilities	2.1.3b	(7,670)	(5,554)	(13,804)	(7,568)	(1,189)	(2,711)	(22,663)	(15,833)
Loan & borrowings	3.1	-	-	(34,869)	(78,699)	-	-	(34,869)	(78,699)
Financial liabilities		-	-	-	-	-	-	-	-
Total Expected outflows		(119,777)	(146,161)	(48,673)	(91,514)	(1,189)	(2,711)	(169,639)	(240,386)
Financial assets – cash flows realisable									
Cash and cash equivalents		66,230	91,691	-	-	-	-	66,230	91,691
Trade, term and loan receivables	2.1.2a	5,357	5,810	-	-	-	-	5,357	5,810
Other financial assets		532	205	-	-	-	-	532	205
Total anticipated inflows		72,119	97,706	-	-	-	-	72,119	97,706
Net (Outflow)/inflow on financial instruments		(47,658)	(48,455)	(48,673)	(91,514)	(1,189)	(2,711)	(97,520)	(142,680)

#### 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	
Consolidated Group		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Buy USD/sell AUD					
Settlement	- less than 6 months	0	30,430	0.69	0.75
	- 6 months to 1 year	-	-	-	-

The fair value of foreign exchange contracts at 30 June 2022 totalled \$170.29 (2021: (\$204,798)).

### 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 2022		
+/-10bps in foreign exchange rates	0	0
Year ended 30 June 2021		
+/-10bps in foreign exchange rates	3,043	3,043

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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 3.2 Capital and Financial Risk Management *(continued)*

#### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 3.2 Capital and Financial Risk Management (continued)

#### 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.

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

CONSOLIDATED GROUP			
	Note	2022 \$000	2021 \$000
<b>Financial assets</b>			
Cash and cash equivalents		66,230	91,691
Trade and other receivables		5,357	5,810
Foreign exchange forward contracts		532	205
<b>Total financial assets</b>		72,119	97,706
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
Trade and other payables		83,021	104,317
Loans & borrowings		34,869	78,699
Acquisitions payable – current		29,086	36,290
Acquisitions payable – non-current		-	5,247
Lease liability – current		7,670	5,554
Lease liability – non-current		14,993	10,279
Financial liabilities		-	-
<b>Total financial liabilities</b>		169,639	240,386

#### 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;
- foreign exchange forward contracts; and
- shares investment in Bitbuy entity

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 & cash equivalents and Shares 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 table below sets out the fair value of foreign exchange contracts and the shares as at 30 June 2022. This represented the amount 'in/out of the money' on financial instruments as at the reporting dates.

Fair Value	CONSOLIDATED GROUP	
	2022 \$000	2021 \$000
Foreign exchange contracts	-	205
Shares investment in Bitbuy entity	532	-

#### 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			
	2022 \$	2021 \$	2022 No	2021 No
Fully paid ordinary shares	301,081,639	299,185,901	106,927,603	106,561,563

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. Movement in Ordinary Shares

Details	Date	Shares No.	Issue price	\$
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 issues 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 issues 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
Shares issues to eligible employees under an incentive plan	24 August 2021	326,646	\$1.79	585,544
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	31 December 2021	-	-	931,667
Shares issues to eligible employees under an incentive plan	25 February 2022	37,831	\$11.26	425,934
Shares issues to eligible employees under an incentive plan	25 February 2022	678	\$6.04	4,096
Shares issues to eligible employees under an incentive plan	6 April 2022	885	\$5.65	5,000
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	30 June 2022	-	-	(56,503)
Balance	30 June 2022	106,927,603		301,081,639

#### 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 was recorded within a merger reserve of \$131,816,250.

#### d. Share-based payments 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		
	2022 \$000	2021 \$000
Dividends paid during the year	-	31,282
Dividend reinvestment plan	-	(4,053)
	-	27,229

#### 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 2022 dividend declared and therefore is not reflected in the consolidated financial statements for the year ended 30 June 2022.

Dividends	2022 Final	2022 Interim	2021 Final	2021 Interim
Dividends per Share (in cents)	-	-	-	16.0
Franking percentage	-	-	-	100%
Payment date	-	-	-	31 May 2021
Dividend record date	-	-	-	9 March 2021

#### b. Franking credits

The franking account balance as at 30 June 2022 is 9,591,844 (2021: \$8,657,001).

# 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	
	2022	2021
Net profit for the reporting period	(35,456,513)	3,536,756
Net profit for the reporting period used in calculating EPS	(35,456,513)	3,536,756
Weighted average number of ordinary shares of the entity	106,852,382	105,803,451
<b>Basic Earnings per Share</b>	<b>(0.33)</b>	<b>0.03</b>

#### b. Diluted earnings per share

	CONSOLIDATED GROUP	
	2022	2021
Net profit for the reporting period	(35,456,513)	3,536,756
Weighted average number of ordinary shares of the entity on issue	106,852,382	105,803,451
Adjustments to reflect potential dilution for Performance Rights	365,155	3,029,857
Diluted weighted average number of Ordinary Shares of the entity	107,217,537	108,833,308
<b>Diluted Earnings per Share</b>	<b>(0.33)</b>	<b>0.03</b>



## 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 equals 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	
		2022 %	2021 %
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	100
Mighty Ape Australia Pty Ltd	Australia	100	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 FY22 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 (Kogan.com Ltd) and has been prepared in accordance with Australian Accounting Standards.

	2022 \$000	2021 \$000
<b>Statement of Financial Position</b>		
<b>ASSETS</b>		
Current assets	202,979	191,707
<b>TOTAL ASSETS</b>	<b>202,979</b>	<b>191,707</b>
<b>LIABILITIES</b>		
Current liabilities	684	1,330
<b>TOTAL LIABILITIES</b>	<b>684</b>	<b>1,330</b>
<b>NET ASSETS</b>	<b>202,295</b>	<b>190,377</b>
<b>EQUITY</b>		
Issued capital	169,266	167,370
Performance Rights reserve	41,257	15,667
Dividends	-	(31,282)
Retained earnings	(8,228)	38,622
<b>TOTAL EQUITY</b>	<b>202,295</b>	<b>190,377</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total profit	(15,567)	3,551
Total comprehensive income	(15,567)	3,551

### 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 (2021: 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		
	2022 \$	2021 \$
Services provided by eStore warehousing	7,829,196	11,985,662
Amounts payable to eStore as at 30 June	488,813	556,156

## 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.

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

CONSOLIDATED GROUP		
	2022 \$	2021 \$
Cash Salary	1,081,085	949,871
Short-term incentives	-	-
Post-employment	47,600	43,388
Long-term benefits	93,688	89,331
Equity-based compensation	24,590,857	14,175,048
Other long-term benefits	17,047,089	12,038,718
	42,860,319	27,296,356

# 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 2021	Received on exercise of rights	Shares purchased	Shares Sold	Held at 30 June 2022
Ruslan Kogan	15,853,321	-	-	-	15,853,321
David Shafer	6,075,642	-	-	(1,000,000)	5,075,642

#### Other Non-Executive KMP

	Held at 1 July 2021	Received on exercise of rights	Shares purchased	Shares Sold	Held at 30 June 2022
Gracie MacKinlay	-	-	500	-	500
Simon Barton	-	-	-	-	-

#### Non-Executive Directors

	Held at 1 July 2021	Received on exercise of rights	Shares purchased	Shares Sold	Held at 30 June 2022
Greg Ridder	158,000	-	-	-	158,000
Harry Debney	98,099	-	-	-	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.

<b>Purpose of STI plan</b>	<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 EBITDA<sup>3</sup>.</p>
<b>Eligibility</b>	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.
<b>Calculation &amp; Target</b>	<p>The actual EBITDA<sup>3</sup> 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>
<b>Maximum opportunity</b>	The maximum payable is 25% of the outperformance and 35% of the team member's annual salary.
<b>Performance conditions</b>	<p>Outperformance of the actual EBITDA<sup>3</sup>.</p> <p>Continuation of employment.</p>
<b>Why were the performance condition chosen</b>	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.
<b>Performance period</b>	1 July 2021 to 30 June 2022.
<b>Timing of assessment</b>	August 2022, following the completion of the 30 June 2022 accounts.
<b>Form of payment</b>	Paid in cash.
<b>Board discretion</b>	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.

<b>Consideration</b>	Nil.
<b>Eligibility</b>	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.
<b>Amount payable &amp; Entitlement</b>	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.
<b>Service condition on vesting</b>	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)*

<b>Restrictions on dealing</b>	<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>
<b>Lapse of Rights</b>	<p>A Right will lapse upon the earliest to occur of:</p> <ul style="list-style-type: none"> <li>• expiry date;</li> <li>• failure to meet vesting conditions;</li> <li>• employment termination;</li> <li>• the participant electing to surrender the Right;</li> <li>• where, in the opinion of the Board, a participant deals with a Right in contravention of any dealing restrictions under the EIP.</li> </ul>

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

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

<b>The number and class of securities issued to the Directors</b>	3,600,000 options granted to Mr Kogan and 2,400,000 granted to Mr Shafer under the EIP.
<b>Details of the Retention Options</b>	<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. 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.</p>

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**Details of the Retention Options** *(continued)*

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:

- 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.

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<b>Strike price</b>	\$5.29
<b>Share price at grant date</b>	\$16.40

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# 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 \$26.6 million (2021: \$15.6 million) which relates to Performance Rights and Options granted during the year or in previous years.

The Group has recognised no expense in relation to cash based short term incentives in 2022 (2021: nil).



## 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%	1.4%	1.8%

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	36,550
Fair value at grant date	\$42,908	\$23,837	\$173,210	\$206,141
Share price at grant date	\$4.09	\$4.09	\$5.64	\$5.64
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	\$5.12	\$4.98	\$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 2020	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	4.2%	1.5%	1.4%	1.4%

#### 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 2020	31 Dec 2021 31 Dec 2022 31 Dec 2023
Dividend yield	1.4%	0.6%	0.6%	0.6%

#### 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	31 Dec 2021 31 Dec 2022 31 Dec 2023 31 Dec 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)*

LONG-TERM INCENTIVE PLANS				
Grant Dates	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
	31 Dec 2023	30 Jun 2024		30 Jun 2024
Dividend yield	1.2%	1.2%	0.0%	0.0%

LONG-TERM INCENTIVE PLANS				
Grant Dates	25 August 2021	25 August 2021	25 August 2021	25 August 2021
Number	7,208	11,766	1,546	8,233
Fair value at grant date	\$81,500	\$200,022	\$29,992	\$91,139
Share price at grant date	\$11.30	\$17.00	\$19.40	\$11.07
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 2 years	1 to 2 years	1 to 2 years	3 years
Vesting dates	31 Dec 2022	30 Jun 2023	30 Jun 2023	30 Jun 2024
	31 Dec 2023	30 Jun 2024	30 Jun 2024	
Dividend yield	0.0%	0.0%	0.0%	0.0%

LONG-TERM INCENTIVE PLANS				
Grant Dates	25 August 2021	7 October 2021	7 October 2021	7 October 2021
Number	38,780	6,193	5,736	430,000
Fair value at grant date	\$438,214	\$69,981	\$64,071	\$4,248,400
Share price at grant date	\$11.30	\$11.30	\$11.17	\$9.88
Strike price	\$0.00	\$0.00	\$0.00	\$9.88
Rights life	1 to 4 years	1 to 4 years	1 to 3 years	3 years
Vesting dates	30 Jun 2022	30 Jun 2022	30 Jun 2022	25 Feb 2024
	30 Jun 2023	30 Jun 2023	30 Jun 2023	
	30 Jun 2024	30 Jun 2024	30 Jun 2024	
	30 Jun 2025	30 Jun 2025		
Dividend yield	0.0%	0.0%	0.0%	0.0%

LONG-TERM INCENTIVE PLANS

Grant Dates	31 December 2021	31 December 2021	6 April 2022	6 April 2022
Number	32,048	6,411	8,763	3,982
Fair value at grant date	\$299,969	\$60,007	\$55,032	\$25,007
Share price at grant date	\$9.36	\$9.36	\$6.28	\$6.28
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 2 years	1 to 2 years	less than 1 year	less than 1 year
Vesting dates	31 Dec 2022 31 Dec 2023	30 Jun 2023 30 Jun 2024	31 Dec 2022	30 Jun 2022
Dividend yield	0.0%	0.0%	0.0%	0.0%

LONG-TERM INCENTIVE PLANS

Grant Dates	6 April 2022	6 April 2022	30 June 2022	30 June 2022
Number	33,997	345,464	10,583	39,684
Fair value at grant date	\$213,501	\$1,951,872	\$40,004	\$150,006
Share price at grant date	\$6.28	\$5.65	\$3.78	\$3.78
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 2 years	2 to 3 years	less than 1 year	1 to 2 years
Vesting dates	30 Jun 2023 30 Jun 2024	30 Jun 2024 30 Jun 2025	31 Dec 2022	30 Jun 2023 30 Jun 2024
Dividend yield	0.0%	0.0%	0.0%	0.0%

LONG-TERM INCENTIVE PLANS

Grant Dates	30 June 2022	30 June 2022	30 June 2022	30 June 2022
Number	10,204	5,291	112,360	60,000
Fair value at grant date	\$30,000	\$20,000	\$400,002	\$226,800
Share price at grant date	\$2.94	\$3.78	\$3.56	\$3.78
Strike price	\$0.00	\$0.00	\$0.00	\$3.78
Rights life	1 year	1 year	2 to 4 years	2 to 5 years
Vesting dates	30 Jun 2023	30 Jun 2023	30 Jun 2024 30 Jun 2025 30 Jun 2026	27 Feb 2024 27 Feb 2025 27 Feb 2026 27 Feb 2027
Dividend yield	0.0%	0.0%	0.0%	0.0%

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 5.2 Incentive Plans *(continued)*

#### 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. 2022	No. 2021
Outstanding at beginning of period	789,348	1,514,138
Granted during the period	700,182	390,316
Exercised during the period	364,477	(1,025,894)
Forfeited during the period	(161,722)	(89,212)
Expired during the period	-	-
Outstanding at the end of the period	963,331	789,348
Exercisable at the end of the period	116,495	326,646

## SECTION 6: OTHER

### 6.1 Subsequent Events

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

### 6.2 Remuneration of Auditors

	CONSOLIDATED GROUP	
	2022 \$	2021 \$
Remuneration of the auditors for:		
Auditing or reviewing the financial statements	413,330	429,458
Due diligence	-	235,000
Tax advisory and compliance	5,121	17,830
	418,450	682,288

### **6.3 Contingent Liabilities**

As at 30 June 2022 the Group had bank guarantees of A\$1.2 million (30 June 2021: A\$1.2 million) and NZ\$8.6 million (30 June 2021: 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

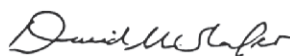
139 Gladstone Street

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 53 to 101 and the Remuneration report on pages 32 to 47 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 2022 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 2022.

Signed in accordance with a resolution of the Directors:



**David Shafer**  
Executive Director

Melbourne, 29 September 2022





## 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).

In our opinion, the accompanying Financial Report of the Company 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 2022 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 2022
- 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
- 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 these requirements.

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# INDEPENDENT AUDITOR'S REPORT CONTINUED



## Key Audit Matters

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

- Revenue recognition from sale of goods
- 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.

## Revenue recognition from sale of goods (AUD \$652m)

Refer to Note 1.1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition from sale of goods is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>- relative size of sale of goods revenue (being 91% of total revenue) within the Group's consolidated income statement;</li> <li>- significant audit effort to test the high volume of sale of goods transactions recorded as revenue by the Group;</li> <li>- the Group has specific processes and controls they perform at year end to check revenue is recognised in the right period. This increases the risk of bias and our audit effort to perform specific testing of revenue transactions in the last week of the reporting period.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• evaluating the appropriateness of the Group's revenue recognition policies against the requirements of the accounting standard.</li> <li>• testing key controls related to the sale of goods, including management review of the exceptions to 3-way-match exception report.</li> <li>• for a sample of sale of goods revenue recognised by the Group throughout the year, we checked the amount of revenue recorded by the Group to the amount of the customer sales invoice and cash receipts obtained from the Group's bank statements. We checked the date revenue was recognized by the Group to the underlying shipping documentation and against the terms of sale of goods.</li> <li>• selecting a sample of revenue transactions before and after the year end due to the increased risk of potential bias. For each sample selected we: <ul style="list-style-type: none"> <li>◦ checked the amount of revenue recorded by the Group to the amount of the sales invoice to the customer and cash receipts from the Group's bank statements; and</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>o checked the date the revenue was recognised to shipping documents.</li> <li>• assessing the disclosures in the Group's financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul>
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#### Valuation of inventory-on-hand (AUD \$138m)

Refer to Basis of preparation Note b and Note 2.1.1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Valuation of inventory is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>• Relative size of inventories (being 44% of total assets) within the Group's consolidated statement of financial position.</li> <li>• Judgement applied by us to assess the Group's provisioning of slow moving and obsolete inventory and consideration of market and consumer factors impacting the Group's ability to sell certain inventory items at profitable margins, such as seasonality of demand and changing consumer preferences.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• evaluating the appropriateness of the Group's inventory valuation policies against the requirements of the accounting standards.</li> <li>• attending a sample of inventory counts across the Group's warehouse locations, to observe the condition of a sample of products held.</li> <li>• analysing the level of inventory by ageing categories for each product type per the inventory ageing report, including movements in ageing categories compared to prior periods, in order to highlight products or categories at higher risk of impairment.</li> <li>• checking the integrity of the Group's inventory ageing report at 30 June 2022, as a key input used in the slow moving and obsolete inventory provisioning, by comparing on a sample basis the inventory age and inventory cost per the ageing report to purchase invoices.</li> <li>• comparing product unit cost to most recent sales price information (as proxy for net realizable value) for a sample of products recorded by the Group at year-end in order to identify inventory at risk of selling below cost.</li> <li>• challenging the Group's judgements within their obsolete inventory provisioning, particularly the extent to which aged and seasonal inventory can be sold, taking into</li> </ul>

# INDEPENDENT AUDITOR'S REPORT CONTINUED



	<p>account our knowledge of the industry, seasonality of demand, consumer preferences and past Group performance.</p> <ul style="list-style-type: none"> <li>• assessing the historical accuracy of the Group's inventory provisioning against actual outcomes, to inform our evaluation of the current year provisioning and key judgements.</li> <li>• assessing the disclosures in the Group's financial report using our understanding obtained from our testing against the requirements of accounting standards.</li> </ul>
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## 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 Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do 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
- assessing the Group and 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](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 2022, 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 32 and 47 of the Directors' report for the year ended 30 June 2022.

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

KPMG

Simon Dubois

Partner

Melbourne

29 September 2022

## SHAREHOLDER INFORMATION

The Shareholder information set out below was applicable as at 14 September 2022.

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

107,044,098 fully paid ordinary shares are held by 44,718 individual shareholders.

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

#### Performance Rights

864,260 performance rights are held by 85 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	33,966	10
1,001 – 5,000	8,632	49
5,001 – 10,000	1,282	11
10,001 – 100,000	797	14
100,001 and over	41	1
	44,718	85
Holdings less than a marketable parcel	12,886	-

## C. EQUITY SECURITY HOLDERS

### Twenty largest quoted equity security holders

Name	Units	% units
KOGAN MANAGEMENT PTY LTD <THE RUSLAN TECH A/C>	15,515,701	14.49%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,004,386	7.48%
CITICORP NOMINEES PTY LIMITED	6,431,714	6.01%
SHAHER CORPORATION PTY LTD <THE SHAHER FAMILY A/C>	5,075,642	4.74%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,070,259	2.87%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,152,008	1.08%
BNP PARIBAS NOMS PTY LTD <DRP>	1,056,451	0.99%
NATIONAL NOMINEES LIMITED	733,550	0.69%
SBL POSITIONS <UBS NOMINEES A/C>	676,939	0.63%
MR GORAN STEFKOVSKI	669,336	0.63%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	504,853	0.47%
SUPERHERO SECURITIES LIMITED <CLIENT A/C>	408,723	0.38%
BNP PARIBAS NOMS (NZ) LTD <DRP>	398,404	0.37%
BUTTONWOOD NOMINEES PTY LTD	350,001	0.33%
MR JOHN STEVEN LUNDGREN	350,000	0.33%
MATTHEW WONG INVESTMENTS (AUS) PTY LTD <MATTHEW WONG INV (AUS) F A/C>	337,080	0.31%
DR BERYL LIN	336,448	0.31%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	295,514	0.28%
ABICHANDANI & ASSOCIATES PTY LTD	275,000	0.26%
SNOWY MOUNTAIN PTY LTD <MOUNTAIN LODGE SUPER A/C>	250,000	0.23%
<b>Total</b>	<b>45,892,009</b>	<b>42.87%</b>
<b>Total Remaining Holders Balance</b>	<b>61,152,089</b>	<b>57.13%</b>

## 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 2022:

Disclosed Holder	Number of Shares held at time of notice	% of Issued Capital disclosed at time of notice
JPMorgan Chase & Co. and its affiliates	5,364,769	5.02%
Shafer Corporation Pty Ltd ATF the Shafer Family Trust	5,225,642	4.88%

## SHAREHOLDER INFORMATION CONTINUED

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### 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.

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### 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.

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### G. UNQUOTED SECURITIES

864,260 performance rights held by 85 holders.

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### H. SECURITIES SUBJECT TO VOLUNTARY ESCROW

There are no securities subject to voluntary escrow.

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### I. ON MARKET BUY-BACK

There is currently no on market buy-back.



# CORPORATE DIRECTORY

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## COMPANY SECRETARY

Mark Licciardo, Acclime Australia

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## PRINCIPAL REGISTERED OFFICE

### KOGAN.COM LTD

C/- Acclime Australia  
7/330 Collins Street  
Melbourne VIC 3000  
+61 3 8689 9997

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## PRINCIPAL PLACE OF BUSINESS

### KOGAN.COM LTD

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

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## LOCATION OF SHARE REGISTRY

### COMPUTERSHARE

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

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## STOCK EXCHANGE LISTING

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

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## AUDITORS

### KPMG

Tower Two, Collins Square  
727 Collins Street  
Dockland VIC 3008

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