



## ASX Announcement

18 October 2023

### Executive Management Contract Amendment

Kogan.com Limited (the Company; the Business; Kogan.com; ASX: KGN) is pleased to announce that the terms of the employment contract for both the Founder and Chief Executive Officer, Ruslan Kogan, and Chief Financial Officer & Chief Operating Officer, David Shafer have been amended (together referred to as *Executive Management*).

As disclosed in the Company's 2023 Annual Report, the Board of Kogan.com has adopted a new Remuneration Framework for implementation in FY24, which aligns with well-regarded practices and Shareholder expectations, while still having strong links to the strategy of the Business.

The Remuneration Framework that the Board has adopted includes the following components:

- Fixed remuneration - comprising base salary, superannuation contributions and other benefits, having regard to comparable market benchmarks.
- Short-Term Incentive (STI) program - an 'at risk' component of remuneration where, if Adjusted EBITDA of the Company exceeds at least 95% of Board established forecast estimates for the full financial year. The amount of STI payable to Executive Management may range between 37.5% of base remuneration (if the Company achieves at least 95% of forecast estimates) and up to a maximum of 112.5% of base remuneration (if the Company achieves at least 110% of forecast estimates).
- Long-Term Incentive (LTI) program - an 'at risk' component of remuneration whereby *Executive Management* will be awarded Performance Rights which are subject to vesting conditions determined by the Board, in order to support the long-term growth of the Company.

The Performance Rights will be awarded based on achieving relative Total Shareholder Return (TSR) and is paid if Kogan.com's TSR outperforms the 50th percentile and 75th percentile as compared to the Peer Group TSR. The LTI is pro-rata between the two hurdles and is paid as 2% additional LTI per 1% of percentile achieved against the Peer Group. There is no Long-Term Incentive payment if the Kogan.com TSR is below the 50th percentile of the Peer Group TSR.

Measurement of the TSR is the comparison of the Peer Group's total return against the Company's total return for the period.

The Peer Group will be fixed as a group of more than 100 consumer companies listed on the ASX at 1st July 2023 and remain static for the measurement period.

The conversion of Long-Term Incentive dollar value into number of shares is performed using the 20-day VWAP of trading in Kogan.com shares for the period starting the day after the FY23 financial results were released to market, being 22 August 2023.

The performance test period is from 1st July to 30th June for the test period (being 2 and 3 years) with vesting (if appropriate) to be confirmed at the appropriate next Board meeting after presentation of the audit results of the performance test. The LTI is split into two equal tranches. Tranche 1 has a two-year measurement (and vesting) period and Tranche 2 has a three-year measurement period.

If Shareholder approval is not received for the grant of Performance Rights, then the performance and results of the Performance Rights will be cash-settled.

For further details on the above items, refer to Appendix 1 and Appendix 2.

The Board believes that this new Remuneration Framework will ensure that the remuneration outcomes of *Executive Management* link to the Company's performance and the long-term interests of its Shareholders.

## Appendix 1

Summary of Key Terms of Founder and CEO Employment Agreement, for Ruslan Kogan.

|                                |   |
|--------------------------------|---|
| Effective date                 | 1 July 2023   |
| Term                           | No fixed term   |
| Total Fixed Remuneration (TFR) | Annual TFR of \$800,000.00 consisting of base salary, superannuation and other benefits.  |
| Short-Term Incentive (STI)     | <p>Mr Kogan's remuneration includes an annual cash-settled STI. This STI is payable if Adjusted EBITDA of the Company exceeds at least 95% of Board established forecast estimates for the full financial year. The amount of STI payable may range between \$300,000.00 (if the Company achieves at least 95% of forecast estimates) and up to a maximum of \$900,000.00 (if the Company achieves at least 110% of forecast estimates).</p> <p>A payment of \$600,000.00 will be made if the target is achieved.</p> <p>The below pro-rata scale applies should performance be between 95% and 110% of forecasted estimates:</p> <ul style="list-style-type: none"><li>• Performance from 95% to 100% - one percentage point = 10% of STI Target value of the \$600,000.00</li><li>• Performance from 100% to 110% - one percentage point = 5% of STI Target value of the \$600,000.00</li></ul> |
| Long-Term Incentive (LTI)      | Subject to Shareholder approval at the 2023 AGM and vesting conditions as determined by the Board, Mr Kogan will be awarded an LTI in the form of Performance Rights up to a maximum of 303,504 (to acquire up to 303,504 Shares upon vesting), under the Company's Equity Incentive Plan.  |
| Other terms                    | Other terms and conditions in the employment agreement are considered standard for an agreement of its nature, including confidentiality and retention of intellectual property.  |

## Appendix 2

Summary of Key Terms of Chief Financial Officer & Chief Operating Officer Employment Agreement, for David Shafer.

|                                |  |
|--------------------------------|--|
| Effective date                 | 1 July 2023  |
| Term                           | No fixed term  |
| Total Fixed Remuneration (TFR) | Annual TFR of \$576,000.00 consisting of base salary, superannuation and other benefits.   |
| Short-Term Incentive (STI)     | <p>Mr Shafer's remuneration includes an annual cash-settled STI. This STI is payable if Adjusted EBITDA of the Company exceeds at least 95% of Board established forecast estimates for the full financial year. The amount of STI payable may range between \$216,000.00 (if the Company achieves at least 95% of forecast estimates) and up to a maximum of \$648,000.00 (if the Company achieves at least 110% of forecast estimates).</p> <p>A payment of \$432,000.00 will be made if the target is achieved.</p> <p>The below pro-rata scale applies should performance be between 95% and 110% of forecasted estimates:</p> <ul style="list-style-type: none"><li>• Performance from 95% to 100% - one percentage point = 10% of STI Target value of the \$432,000.00</li><li>• Performance from 100% to 110% - one percentage point = 5% of STI Target value of the \$432,000.00</li></ul> |
| Long-Term Incentive (LTI)      | Subject to Shareholder approval at the 2023 AGM and vesting conditions as determined by the Board, Mr Shafer will be awarded an LTI in the form of Performance Rights up to a maximum of 218,523 (to acquire up to 218,523 Shares upon vesting), under the Company's Equity Incentive Plan.  |
| Other terms                    | Other terms and conditions in the employment agreement are considered standard for an agreement of its nature, including confidentiality and retention of intellectual property.   |

**Authorised for release by the Board of Kogan.com Limited.**

ENDS

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