

APPENDIX 4D

APPENDIX 4D – KOGAN.COM LIMITED

ABN 96 612 447 293

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 31 DECEMBER 2022

(Previous corresponding period: Half-year ended 31 December 2021)

	Half-year ended 31 December 2022 \$'000	Half-year ended 31 December 2021 \$'000	Change (decrease) \$'000	Change increase/ (decrease) %
Revenues from ordinary activities	275,558	419,543	(143,985)	(34.3%)
Loss before tax	(31,938)	(12,298)	(19,640)	159.7%
Loss after tax attributable to members	(23,824)	(11,870)	(11,954)	100.7%

ABBREVIATED EXPLANATION OF RESULTS

Revenue from ordinary activities for the six months ended 31 December 2022 was \$275.6 million. The decline on the prior corresponding period, of 34.3%, reflected subdued sales activity for the Company, whilst cycling a half in the prior year that was impacted by COVID-19 lockdown orders. Given that the Company invested heavily in inventory and operational capacity during the height of the pandemic, the reset in levels of online demand that followed resulted in the Company having excess inventory and a higher operating cost-base at the start of this period.

Despite this, the Company produced strong operational cash flow during the half. This allowed for the Tranche 3 payment of the Mighty Ape acquisition of \$14.2 million, repayment of \$25.0 million of loans & borrowings and the acquisition of Brosa¹ for \$1.5 million. The Company ended the period with a strong Balance Sheet, underpinned by net cash (after loans & borrowings) of \$74.0 million and substantially right-sized inventory levels. The period also saw the Company achieve growth in Kogan First Subscribers to 404,512 by 31 December 2022 (47.6% growth YoY), and Kogan Mobile Australia reached the most ever Active Customers in its history (4.2% growth YoY).

The Company recorded a statutory loss after tax of \$23.8 million in the six months ended 31 December 2022. Profitability during the half was significantly impacted by the sell-through of excess inventory in order to substantially right-size inventory levels, which impacted gross margin and marketing costs. The period also included the following:

- Non-cash equity-based compensation expense of \$14.2 million (1H FY22: \$13.6 million) 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. The strike price of these options is \$5.29².
- Provision of \$4.0 million for the likely payment of Tranche 4 of the Mighty Ape purchase price (1H FY22: \$10.4 million for Tranches 3 & 4). As part of the Sale Agreement, Tranche 4 is contingent on the Mighty Ape Founder & CFO remaining with the business until the delivery of the financial year 2023 results. In line with accounting standards, Tranche 4 payments will be considered as compensation for post-combination services for accounting purposes and, as such, treated as employee remuneration. These expenses will be proportionately accounted for until the Tranche 4 payment date.
- Realised and unrealised losses of \$0.2 million for Wonderfi shares, which were received as proceeds upon the sale of the bitbuy.com domain³.
- Unrealised losses of \$0.1 million in relation to open forward foreign exchange contracts held at 31 December 2022.

These items are not considered by the Company to be representative of the underlying performance of the Business, and as such consider the Adjusted Loss After Tax⁴ of \$9.6 million a useful metric of underlying performance.

1. For details on this transaction, please refer to the ASX announcement 'Kogan.com acquires Brosa' released on 22/12/2022.

2. The share price of Kogan.com Ltd at the close of 24.02.2023 was \$3.42.

3. Refer to the ASX announcement dated 14 December 2021 for details regarding the sale of the Bitbuy domain name.

4. Kogan.com believes that non-IFRS measures referred to in this document may provide useful information to recipients for measuring the underlying operating performance of the Business. Non-IFRS measures are not subject to audit.

APPENDIX 4D CONTINUED

Refer to the accompanying market release and the 1H FY23 Results Presentation dated 27 February 2023 for further commentary.

Net tangible assets per share	31 December 2022	31 December 2021
Net tangible assets backing per Ordinary Share	\$0.69	\$0.84

DIVIDENDS

While the trading results for January reflect some positive momentum, the Kogan.com Board is mindful that this reflects only one month of trading activity and has decided not to declare a FY23 Interim Dividend. The Board will continue to assess appropriate capital management practices over the remainder of 2H FY23, having regard to the trading performance of the Company and its capital requirements.

FOREIGN ENTITIES

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.

OTHER INFORMATION REQUIRED BY LISTING RULE 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the 31 December 2022 Financial Report.

Signed on behalf of Kogan.com Ltd, on the 27 February 2023.



Greg Ridder
Non-Executive Chairman

HALF-YEAR REPORT

2022/23

HIGHLIGHTS HALF-YEAR 2022/23

3,323,000
Group Active Customers

\$62.3_m

OPERATING CASH FLOWS
GENERATED

\$74.0_m

NET CASH AT
31 DECEMBER 2022



38.5%

INVENTORY REDUCTION SINCE
30 JUNE 2022, SUBSTANTIALLY
RIGHT-SIZING THE BUSINESS



47.6%

YoY GROWTH OF KOGAN
FIRST SUBSCRIBERS⁵
TO OVER 404,000



5. Kogan First Subscribers excludes Kogan First customers who are in a trial period, and includes only non-trial subscribers.

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DIRECTORS' REPORT

The Directors of Kogan.com Limited (Kogan.com) and its controlled entities ("the Group") present their report together with the consolidated financial report of the Group for the half-year ended 31 December 2022 and the review report thereon.

DIRECTORS

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

Greg Ridder – Independent, Non-Executive Chairman

Ruslan Kogan – Founder, Chief Executive Officer and Executive Director

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

Harry Debney – Independent, Non-Executive Director

Janine Allis – Independent, Non-Executive Director

James Spenceley – Independent, Non-Executive Director

PRINCIPAL ACTIVITIES

Kogan.com is a portfolio of retail and service 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, Mighty Ape and Brosa.

Kogan.com earns the majority of its Revenue and profit through the sale of goods and services to Australian and New Zealand consumers. Its offering comprises products released under Kogan.com's Exclusive Brands, such as Kogan, Ovela, Fortis, Certa 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 Revenue from seller fees from Kogan Marketplace and commission-based Revenue from the new verticals including Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Money, Kogan Cars, Kogan Energy and Kogan Travel ("Verticals"), and advertising fees for promotional activity. Kogan.com trades through a number of channels including the Kogan.com website and Apps, the Dick Smith website, the Matt Blatt website, the Mighty Ape group websites, the Brosa website and a number of other channels.

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.

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

REVIEW OF OPERATIONS

TRADING PERFORMANCE

The Group achieved Gross Sales in the half-year ended 31 December 2022 of \$471.1 million, down 32.5% on the prior corresponding period following subdued sales activity and the cycling of a period in the prior year impacted by COVID-19 lockdown orders.

The Group recorded an Adjusted EBITDA⁴ loss of \$4.4 million in 1H FY23, down 125.3% on the prior corresponding period. Profitability was impacted as the Company offered unprecedented discounting to customers in order to right-size inventory levels and lay the foundation for future operating efficiencies.

DIRECTORS' REPORT CONTINUED

The Group recorded a statutory loss after tax of \$23.8 million (1H FY22: loss of \$11.9 million). The loss after tax in the current period includes Equity-Based Compensation of \$14.2 million (1H FY22: \$13.6 million), unrealised & realised losses of \$0.2 million for Wonderfi shares which were received as proceeds from the sale of the bitbuy.com domain sale, \$0.1 million of unrealised losses on forward foreign exchange contracts held at 31 December 2022 and provisions for Mighty Ape Tranche 4 payment of \$4.0 million (1H FY22: \$10.4 million for Tranches 3 & 4). As part of the Sale Agreement, Tranche 4 is contingent on the Mighty Ape Founder & CFO remaining with the business until the delivery of the financial year 2023 results. In line with accounting standards, Tranche 4 payment will be considered as compensation for post-combination services for accounting purposes, and as such, treated as employee remuneration. The Group is proportionately accounting for this expense until the Tranche 4 payment date.

The key drivers of performance in the half-year to 31 December 2022 were:

- **Inventories:** a significant unwinding was achieved, with total inventories reducing to \$98.3 million as at 31 December 2022 compared with \$159.9 million as at 30 June 2022 and \$196.8 million at 31 December 2021.
- **Net Cash (after loans & borrowings):** strong operating cash flows of \$62.3 million helped to grow net cash to \$74.0 million as at 31 December 2022. The half included the funding of the Tranche 3 Mighty Ape acquisition payment of \$14.2 million, repayment of loans & borrowings of \$25.0 million (with a remaining balance of \$10.0 million at 31 December 2022) and payment of the Brosa acquisition purchase price of \$1.5 million.
- **Operating Costs:** as inventory levels were right-sized during the half, operational efficiencies continued to be achieved. Variable costs as a percentage of Gross Sales reduced to 7.6% in 1H FY23 from 8.5% in 1H FY22.
- **Verticals:** The Business continued to scale the Kogan First loyalty program, with total subscribers growing to 404,512, a 47.6% YoY increase. Additionally, Kogan Energy, Kogan Mobile Australia & New Zealand and Kogan Money all showed growth in the half.
- **Mighty Ape:** Mighty Ape contributed \$86.4 million of revenue and \$21.6 million of Gross profit in the half.
- **One-off operating costs:** The period included the following items:
 - \$14.2 million of equity-based compensation expenses driven by the award of options at the November 2020 AGM;
 - \$4.0 million accrual for Tranche 4 of the Mighty Ape purchase;
 - \$0.2 million of realised & unrealised losses for Wonderfi shares received as proceeds upon the sale of the bitbuy.com domain; and
 - \$0.1 million of unrealised losses for forward foreign exchange contracts held at 31 December 2022.

The effective tax rate in the 2023 half-year was 25% (1H FY22: 3%). The effective tax rate in the 2022 half-year was impacted by the difference in accounting versus tax treatment of the Mighty Ape Tranche 3 and 4 provisioning, compared to the 2023 half-year which was impacted by Mighty Ape Tranche 4 provisioning only. 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.

OUTLOOK

Kogan.com is a dynamic portfolio of businesses — there is always more that we can do and new ways we can delight our customers. During 2HFY23, we expect to enhance and develop Kogan Marketplace, gain further efficiencies in operating costs, launch additional verticals in New Zealand, grow Kogan Mobile and other Australian verticals, and further enhance Kogan First.

January 2023 unaudited management accounts demonstrate the expected return to underlying profitability in 2HFY23. Key items of the results include:

- Gross Sales of \$68.8M, down 33.2% year-on-year (reflecting the consolidation of product ranges);
- a Gross Margin of 32.9%, up 7.9pp year-on-year (reflecting the reduction of excess inventory sold with heavy discounting);
- operating costs reducing by 22.1% year-on-year; and
- a return to positive Adjusted EBITDA of \$1.5 million, compared to \$(0.6) million in January 2022.

SUBSEQUENT EVENTS

No matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

DIVIDENDS

While the trading results for January reflect some positive momentum, the Kogan.com Board is mindful that this reflects only one month of trading activity and has decided not to declare a FY23 Interim Dividend. The Board will continue to assess appropriate capital management practices over the remainder of 2HFY23, having regard to the trading performance of the Company and its capital requirements.

ROUNDING

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.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2022 can be found on page 5 of the financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors



Greg Ridder
Non-Executive Chairman
Melbourne, 27 February 2023

DIRECTORS' REPORT CONTINUED

NON-IFRS MEASURES

Throughout this report, Kogan.com has included certain non-IFRS financial information, including EBITDA, Adjusted EBITDA and Gross Sales. 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, or review.

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

EBITDA	Earnings before interest, tax, depreciation and amortisation
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation, unrealised FX gain/(loss), equity-based compensation and one-off non-recurring items
Adjusted NPAT	Net profit after tax and before unrealised FX gain/(loss), equity-based compensation and one-off non-recurring items.
Gross Sales	The gross transaction value, on a cash basis, of products and services sold, of Kogan Retail, Kogan Marketplace and the New Verticals.

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 review of Kogan.com Ltd for the half year ended 31 December 2022, there have been:

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

A handwritten signature in black ink that reads 'KPMG'.

KPMG

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

Simon Dubois

Partner

Melbourne

27 February 2023

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CONDENSED CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED GROUP			
	Note	31 December 2022 \$'000	31 December 2021 \$'000
Revenue	1.1	275,558	419,543
Cost of sales	1.2	(212,610)	(311,450)
Gross profit		62,948	108,093
Other Income ⁶		–	5,129
Selling and distribution expenses		(27,413)	(45,156)
Warehouse expenses		(8,444)	(14,200)
Administrative expenses ⁷		(56,936)	(62,828)
Other expenses		(684)	(1,532)
Results from operating activities		(30,529)	(10,494)
Finance income		339	1
Finance costs		(1,659)	(1,455)
Unrealised foreign exchange (loss)		(89)	(350)
Net finance (loss)		(1,409)	(1,804)
(Loss) before income tax		(31,938)	(12,298)
Tax benefit	1.3	8,114	428
(Loss) after income tax		(23,824)	(11,870)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange gain on translation of foreign operations		874	83
Other comprehensive income for the year		874	83
Total comprehensive (loss) for the year		(22,950)	(11,787)
Basic earnings per Share	3.4	(0.22)	(0.11)
Diluted earnings per Share	3.4	(0.22)	(0.11)

The accompanying notes form part of these condensed consolidated financial statements.

6. Other income 31 December 2021 relates to the profit on sale of the bitbuy.com domain. For full details of the transaction, refer to the ASX release 'Domain sale re Bitbuy' on 14 December 2021.

7. Administrative expenses include one-off Mighty Ape Tranches 3 and 4 related expenses.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	31 December 2022 \$'000	30 June 2022 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		85,026	66,230
Trade and other receivables		5,375	5,357
Inventories		98,345	159,898
Other financial assets		38	532
Prepayments and other current assets		4,185	2,785
Current tax assets		1,011	716
TOTAL CURRENT ASSETS		193,980	235,518
NON-CURRENT ASSETS			
Plant and equipment		25,406	24,642
Intangible assets	2.1	90,296	92,077
Deferred tax assets		22,050	8,073
TOTAL NON-CURRENT ASSETS		137,752	124,792
TOTAL ASSETS		331,732	360,310
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		90,417	83,021
Loans & borrowings ⁸	3.1	1,067	–
Acquisition payables		18,071	29,086
Lease liabilities		8,589	7,670
Employee benefits		1,768	1,929
Provisions		2,729	2,072
Deferred income		19,857	13,773
Other financial liabilities		105	–
TOTAL CURRENT LIABILITIES		142,603	137,551
NON-CURRENT LIABILITIES			
Lease liabilities		14,959	14,993
Employee benefits		415	261
Loans & borrowings ⁸	3.1	9,910	34,869
TOTAL NON-CURRENT LIABILITIES		25,284	50,123
TOTAL LIABILITIES		167,887	187,674
NET ASSETS		163,845	172,636
EQUITY			
Issued capital	3.3.1a	301,549	301,082
Merger reserve	3.3.1c	(131,816)	(131,816)
Other reserves		54,995	40,429
Accumulated losses		(60,883)	(37,059)
TOTAL EQUITY		163,845	172,636

The accompanying notes form part of these condensed consolidated financial statements.

8. Loans & Borrowings is net of amortising borrowing costs.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital \$'000	Retained earnings \$'000	Merger reserve \$'000	Trans- lation reserve \$'000	Perfor- mance rights reserve \$'000	Total Equity \$'000
Balance at 1 July 2021		299,186	(2,289)	(131,816)	(19)	15,667	180,729
Comprehensive income							
Loss for the half-year		–	(11,870)	–	–	–	(11,870)
Other comprehensive income		–	–	–	83	–	83
Total comprehensive (loss)/income for the half-year		–	(11,870)	–	83	–	(11,787)
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Ordinary Shares under performance plans, net of issue costs	3.3.1b	585	–	–	–	(585)	–
Tax deduction for difference between accounting expense and funds paid to issue incentive plans		932	–	–	–	–	932
Equity-settled share-based payments	5.1	–	–	–	–	13,643	13,643
Total transactions with owners and other transfers		1,517	–	–	–	13,058	14,575
Balance at 31 December 2021		300,703	(14,160)	(131,816)	64	28,725	183,516
Balance at 1 July 2022		301,082	(37,059)	(131,816)	(828)	41,257	172,636
Comprehensive income							
Loss for the half-year		–	(23,824)	–	–	–	(23,824)
Other comprehensive income		–	–	–	874	–	874
Total comprehensive (loss)/income for the half-year		–	(23,824)	–	874	–	(22,950)
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Ordinary Shares under performance plans, net of issue costs	3.3.1b	465	–	–	–	(465)	–
Tax deduction for difference between accounting expense and funds paid to issue incentive plans		2	–	–	–	–	2
Equity-settled share-based payments	5.1	–	–	–	–	14,157	14,157
Total transactions with owners and other transfers		467	–	–	–	13,692	14,159
Balance at 31 December 2022		301,549	(60,883)	(131,816)	46	54,949	163,845

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		CONSOLIDATED GROUP	
	Note	31 December 2022 \$'000	31 December 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		295,404	439,885
Payments to suppliers and employees		(225,971)	(369,104)
Interest received		339	1
Finance costs paid		(1,308)	(1,086)
Income tax paid		(6,143)	(7,177)
Net cash provided by operating activities		62,322	62,519
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(187)	(1,058)
Purchase of intangible assets	2.1	(2,045)	(1,645)
Disposal of intangible assets		6	2,090
Disposal of Financial Assets		304	–
Business Acquisition net of acquired cash ⁹		(14,243)	(29,891)
Net cash (used in) investing activities		(16,165)	(30,504)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans & borrowings		(25,000)	(49,018)
Draw down on debt facility		1,067	–
Transaction costs on draw down facility		–	(9)
Repayment of lease liabilities		(4,038)	(5,011)
Net cash (used in) financing activities		(27,971)	(54,038)
Net increase/(decrease) in cash held		18,185	(22,024)
Cash and cash equivalents at beginning of half-year		66,230	91,692
Effects of exchange rate changes on cash		610	72
Cash and cash equivalents at end of half-year		85,026	69,740

The accompanying notes form part of these condensed consolidated financial statements.

9. First half 2023 relates to the payment of Mighty Ape Tranche 3. First half 2022 relates to the payment of Mighty Ape Tranche 2.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

BASIS OF PREPARATION

The financial report of Kogan.com Ltd and its controlled entities (the Group; Kogan.com) for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 27 February 2023.

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 1.

These interim General Purpose Financial Statements have been prepared in accordance with the *Corporations Act 2001*, and with AASB 134 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements of Kogan.com Ltd and its subsidiaries as at and for the year ended 30 June 2022.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2022.

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

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

A. SEGMENT INFORMATION

(i) Basis for segmentation

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

The Board considers the Business primarily from an operating divisions perspective, and receives monthly reports that allow them to make strategic decisions about resource allocation to each. On this basis management has identified the operating divisions as the Group's two reporting segments. The Board monitors the performance of these two segments separately. The Group does not operate under any other operating division.

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

BASIS OF PREPARATION (continued)

A. SEGMENT INFORMATION (continued)

(ii) Segment information provided to the Board

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

REPORTABLE SEGMENT	KOGAN PARENT		MIGHTY APE		TOTAL
	(Australia) \$000's	(New Zealand) \$000's	(Australia) \$000's	(New Zealand) \$000's	\$000's
31 December 2022					
External revenue	170,811	18,305	10,381	76,061	275,558
Adjusted EBITDA	(10,078)	(1,080)	637	6,136	(4,385)
Interest income	320	–	–	19	339
Interest expense	(752)	–	–	(194)	(946)
Depreciation and amortisation	(5,781)	–	–	(2,564)	(8,345)
Total Segment assets	285,850	–	–	45,882	331,732
Capital expenditure	2,121	–	–	110	2,231
Total Segment liabilities	131,789	–	–	36,098	167,887

REPORTABLE SEGMENT	KOGAN PARENT		MIGHTY APE		TOTAL
	(Australia) \$000's	(New Zealand) \$000's	(Australia) \$000's	(New Zealand) \$000's	\$000's
31 December 2021					
External revenue	308,431	17,278	12,609	81,225	419,543
Adjusted EBITDA	9,672	542	1,139	6,004	17,357
Interest income	–	–	–	1	1
Interest expense	(818)	–	–	(249)	(1,067)
Depreciation and amortisation	(6,732)	–	–	(2,545)	(9,277)
Total Segment assets	359,653	–	–	46,275	405,928
Capital expenditure	1,154	–	–	700	1,854
Total Segment liabilities	181,938	–	–	40,475	222,413

B. USES OF JUDGEMENT AND ESTIMATES

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

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

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

- The provisions for warranties and sales returns 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 over this next year.
- The assessment of the carrying value of non-current assets, including intangible assets, 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 assessment for impairment of Goodwill associated with the Mighty Ape acquisition, reassessed in December 2022.

Key estimates and judgements have not changed from those disclosed in the Group financial report for the year ended 30 June 2022.

SECTION 1: BUSINESS PERFORMANCE

1.1 REVENUE

CONSOLIDATED GROUP		
	31 December 2022 \$'000	31 December 2021 \$'000
Revenue		
Sales revenue:		
• sale of goods	242,557	385,030
• rendering of services	31,298	31,523
	273,855	416,553
Other revenue:		
• marketing subsidies	888	2,551
• other revenue	815	439
	1,703	2,990
Total revenue	275,558	419,543

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 1: BUSINESS PERFORMANCE *(continued)*

1.2 EXPENSES

	31 December 2022 \$'000	31 December 2021 \$'000
Cost of sales	212,610	311,450
Employee benefit expense	39,086	45,601
Depreciation and amortisation expense	8,345	9,277

1.3 TAX BALANCES

Income tax benefit is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax losses of the interim reporting period.

The Group's consolidated effective tax rate for the six months ended 31 December 2022 was 25% (for the six months ended 31 December 2021: 3%). The effective tax rate in the 2022 half-year was impacted by the difference in accounting versus tax treatment of the Mighty Ape Tranche 3 and 4 provisioning, compared to the 2023 half-year which was impacted by Mighty Ape Tranche 4 provisioning only. 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.

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.1 INTANGIBLE ASSETS

The Group acquired a total amount of \$2,045,000 of intangible assets during the six months ended 31 December 2022 (\$1,645,000 was acquired during the six months ended 31 December 2021), which includes \$400,000 of intangible assets as part of the Brosa acquisition. Refer to the ASX announcement 'Kogan.com acquires Brosa' released on 22/12/2022.

SECTION 3: CAPITAL STRUCTURE AND FINANCING

3.1 LOANS AND BORROWINGS

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	31 December 2022 \$'000 AUD	30 June 2022 \$'000 AUD	Debt Facility	31 December 2022 \$'000 NZD	30 June 2022 \$'000 NZD
Multi-option facility	35,000	55,000	Overdraft facility	1,500	1,500
Additional debt facility	–	–	Trade finance facility	6,000	6,000
Total Debt Facility	35,000	55,000	Total Debt Facility	7,500	7,500

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 1.1 million at 31 December 2022 based on the AUD/NZD spot rate (30 June 2022: nil).

CONSOLIDATED GROUP		
Drawn down amount	31 December 2022 \$'000 AUD	30 June 2022 \$'000 AUD
Current		
Mighty Ape	1,067	–
Current loans & borrowings	1,067	–
Non-current		
Kogan	10,000	35,000
Amortisation of borrowing costs	(90)	(131)
Non-current loans & borrowings	9,910	34,869
Total drawn down amount	10,977	34,869

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

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

3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT

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

	CONSOLIDATED GROUP	
	31 December 2022 \$'000	30 June 2022 \$'000
Financial assets		
Cash and cash equivalents	85,026	66,230
Trade and other receivables	5,375	5,357
Other financial assets	38	532
Total financial assets	90,439	72,119
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	90,417	83,021
Loans & borrowings – current	1,067	–
Loans & borrowings – non current	9,910	34,869
Acquisition payables	18,071	29,086
Lease liabilities – current	8,589	7,670
Lease liabilities – non-current	14,959	14,993
Other financial liabilities	105	–
Total financial liabilities	143,118	169,639

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.

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.

CONSOLIDATED GROUP		
	31 December 2022 \$'000	30 June 2022 \$'000
Foreign exchange contracts	(105)	–
Shares investment in Bitbuy entity	38	532

b. Disclosed Fair Value Measurements

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 3: CAPITAL STRUCTURE AND FINANCING (continued)

3.3.1 ISSUED CAPITAL AND RESERVES

a. Ordinary Shares

CONSOLIDATED GROUP				
	31 December 2022 \$	30 June 2022 \$	31 December 2022 No. of shares	30 June 2022 No. of shares
Fully paid ordinary shares	301,549,342	301,081,639	107,044,988	106,927,603

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.

b. Movements in ordinary share capital

Details	Date	No. of shares	Issue price	\$
Balance	31 December 2020	105,708,527		292,951,661
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
Balance	31 December 2021	106,888,209		300,703,112
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
Shares issues to eligible employees under an incentive plan	23 August 2022	116,495	\$3.99	464,946
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	31 December 2022	–	–	2,757
Balance	31 December 2022	107,044,098		301,549,342

c. Merger reserve

The acquisition of Kogan Operations Holdings Pty Ltd by Kogan.com Ltd has been treated as a common control transaction at book value for accounting purposes, and no fair value adjustments have been made. Consequently, the difference between the fair value of issued capital and the book value of net assets acquired is recorded within a merger reserve of \$131,816,250 (30 June 2022: \$131,816,250).

d. Performance Rights reserve

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the Ordinary Shares at the date at which they are granted. The fair value is determined using a discounted cash flow valuation model, taking into account the terms and conditions upon which the equity instruments were granted, as discussed in Note 5.1.

3.3.2 DIVIDENDS

No dividends were paid during the six months to 31 December 2022 (1H FY22: \$nil).

3.4 EARNINGS PER SHARE

a. Net profit or loss for the reporting period used as the numerator

CONSOLIDATED GROUP		
	31 December 2022 \$'000	31 December 2021 \$'000
Net (loss) for the reporting period	(23,824)	(11,870)

b. Weighted average number of ordinary shares of the entity used as the denominator

CONSOLIDATED GROUP		
	31 December 2022 No.	31 December 2021 No.
Weighted average number of ordinary shares of the entity	107,009,909	106,792,346
Diluted weighted average number of ordinary shares of the entity	107,126,404	107,118,992

CONSOLIDATED GROUP		
	31 December 2022 \$	31 December 2021 \$
Basic earnings per Share	(0.22)	(0.11)
Diluted earnings per Share	(0.22)	(0.11)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 4: GROUP STRUCTURE

4.1 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 31 December 2022 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. There is no change to the Key Management Personnel identified in the Group's Annual Report for the year ended 30 June 2022.

(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 31 December 2022 (31 December 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	
	31 December 2022 \$	31 December 2021 \$
Services provided by eStore warehousing for the half ending	2,101,837	4,811,691
Amounts payable to eStore as at 31 December	332,664	389,758

The reduction in services year-on-year largely reflects the right-sizing of inventory levels. Amount payable to eStore at 31 December 2022 was \$332,664 (30 June 2022: \$488,813).

SECTION 5: TEAM MEMBER REWARD AND RECOGNITION

5.1 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 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
- equity based long-term incentives.

The Group has established the EIP, which is designed to align the interests of eligible team members more closely with the interests of Shareholders in the ASX 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.

Short-term incentives – Cash based

The following table outlines the significant aspects of the short-term incentive (STI):

Purpose of the STI plan	Provide a link between remuneration and both short-term Company and individual performance. Create sustainable shareholder value. Reward individuals for their contribution to the success of the Group. Actively encourage team members to take more ownership over the EBITDA.
Eligibility	Offers of cash incentives may be made to any team members of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of cash incentive under the STI.
Calculation & Target	The actual EBITDA of Kogan.com shall exceed the management forecast for the full financial year (after payment of the STI). 25% of the outperformance will be allocated to a 'bonus pool'. The 'bonus pool' will then be shared in cash bonuses among a number of team members in fixed proportions.
Maximum opportunity	The maximum payable is 25% of the outperformance and 35% of the team member's annual salary.
Performance conditions	Outperformance of the actual EBITDA. Continuation of employment.
Why were the performance conditions chosen	To achieve successful and sustainable financial business outcomes as well as any annual objections that drive short-term and long-term business success and sustainability.
Performance period	1 July 2022 to 30 June 2023.
Timing of assessment	August 2023, following the completion of the 30 June 2023 accounts.
Form of payment	Paid in cash.
Board discretion	Targets are reviewed annually and the Board has discretion to adapt appropriately to take into account exceptional items.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 5: TEAM MEMBER REWARD AND RECOGNITION *(continued)*

5.1 INCENTIVE PLANS *(continued)*

Long-term incentives – Equity Incentive Plan

The following table outlines the significant aspects of the current Equity Incentive Plan (EIP):

Consideration	Nil.
Eligibility	Offers of Incentive Securities may be made to an 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.
Amounts payable & Entitlement	No amount is payable upon the exercise of a Performance Right that has vested, with each Performance Right entitling the holder to one fully paid Ordinary Share on exercise.
Service condition on vesting	Individual must be employed by the Group at time of vesting and not be in their notice period.
Restriction on dealing	Shares allocated upon exercise of Performance Rights will rank equally with all existing Ordinary shares from the date of issue (subject only the requirements of Kogan.com's Securities Trading Policy). 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).
Lapse of Rights	A Right will lapse upon the earliest to occur of: • expiry date; • failure to meet vesting conditions; • employment termination; • the participant electing to surrender the Right; • where, in the opinion of the Board, a participant deals with a Right in contravention of any dealing restrictions under the EIP.

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

The following table outlines the significant aspects of the Executive (EIP):

The number and class of securities issued to the Directors	3,600,000 options granted to Mr Kogan and 2,400,000 granted to Mr Shafer under the EIP.
Details of the Retention Options	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 prospects of Mr Kogan and Mr Shafer contributing to the creation of significant future returns for Shareholders. 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. The Company obtained an independent valuation of the Retention Options from SLM Corporate dated 7 May 2020 to provide advice in relation to whether the proposed grant of the Retention Options was reasonable in the circumstances and by reference to industry standards. The valuation applied a number of assumptions and variables, including the following: • 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 for 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 5: TEAM MEMBER REWARD AND RECOGNITION *(continued)*

5.1 INCENTIVE PLANS *(continued)*

Executive Retention Options awarded at the 2020 AGM issued under the Group's EIP *(continued)*

Details of the Retention Options *(continued)*

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

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

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

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

The increase in the value of the Retention options 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 close of 24 February 2023	\$3.42

The following table details the total movement in performance rights issued by the Group during the period:

	LONG-TERM INCENTIVE PLANS PERFORMANCE RIGHTS	
	No. 2022	No. 2021
Six months to 31 December		
Outstanding at beginning of period	963,331	789,653
Granted during the period	266,840	117,921
Exercised during the period	(116,495)	(326,646)
Forfeited during the period	(6,989)	(60,262)
Outstanding at the end of the period	1,106,687	520,666
Exercisable at the end of the period	43,567	37,831

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	6 April 2018	20 August 2019	20 August 2019	18 February 2020
Number	18,013	30,711	36,550	3,906
Fair value at grant date	\$151,273	\$173,210	\$206,141	\$20,000
Share price at grant date	\$8.60	\$5.64	\$5.64	\$4.98
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 5 years	1 to 4 years	1 to 4 years	1 to 2 years
Vesting dates	31 Dec 2018	31 Dec 2019	30 Jun 2020	30 Jun 2022
	31 Dec 2019	31 Dec 2020	30 Jun 2021	30 Jun 2023
	31 Dec 2020	31 Dec 2021	30 Jun 2022	
	31 Dec 2021	31 Dec 2022	30 Jun 2023	
	31 Dec 2022			
Dividend yield	1.4%	1.3%	1.3%	1.5%

Grant Dates	17 August 2020	17 August 2020	19 October 2020	1 December 2020
Number	21,767	11,831	134	6,000,000
Fair value at grant date	\$369,979	\$174,744	\$1,973	\$68,876,559
Share price at grant date	\$17.00	\$14.77	\$14.77	\$16.40
Strike price	\$0.00	\$0.00	\$0.00	\$5.29
Rights life	1 to 4 years	1 to 5 years	1 to 3 years	3 years
Vesting dates	30 Jun 2021	31 Dec 2021	31 Dec 2021	30 Jun 2023
	30 Jun 2022	31 Dec 2022	31 Dec 2022	
	30 Jun 2023	31 Dec 2023	31 Dec 2023	
	30 Jun 2024	31 Dec 2024		
		31 Dec 2025		
Dividend yield	1.4%	1.4%	0.6%	1.4%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 5: TEAM MEMBER REWARD AND RECOGNITION (continued)

5.1 INCENTIVE PLANS (continued)

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

LONG-TERM INCENTIVE PLANS				
Grant Dates	3 December 2020	25 January 2021	25 January 2021	16 April 2021
Number	61,632	6,125	167,607	11,279
Fair value at grant date	\$571,945	\$118,825	\$3,251,576	\$180,013
Share price at grant date	\$19.00	\$19.40	\$19.40	\$15.95
Strike price	\$16.38	\$0.00	\$0.00	\$0.00
Rights life	3 years	1 to 3 years	1 to 4 years	1 to 3 years
Vesting dates	1 Apr 2023	31 Dec 2021	31 Dec 2021	31 Dec 2021
		31 Dec 2022	31 Dec 2022	31 Dec 2022
		31 Dec 2023	31 Dec 2023	31 Dec 2023
			31 Dec 2024	
Dividend yield	1.7%	0.9%	0.9%	1.2%

Grant Dates	16 April 2021	30 June 2021	30 June 2021	25 August 2021
Number	8,773	1,806	149,869	7,208
Fair value at grant date	\$140,017	\$20,000	\$1,652,050	\$81,500
Share price at grant date	\$15.95	\$11.07	\$11.07	\$11.30
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 3 years	1 to 2 years	1 to 3 years	1 to 2 years
Vesting dates	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%	0.0%	0.0%	0.0%

Grant Dates	25 August 2021	25 August 2021	25 August 2021	25 August 2021
Number	11,766	1,546	8,233	38,780
Fair value at grant date	\$200,022	\$29,992	\$91,139	\$438,214
Share price at grant date	\$17.00	\$19.40	\$11.07	\$11.30
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 2 years	1 to 2 years	1 year	1 to 4 years
Vesting dates	30 Jun 2023	30 Jun 2023	30 Jun 2024	30 Jun 2022
	30 Jun 2024	30 Jun 2024		30 Jun 2023
				30 Jun 2024
				30 Jun 2025
Dividend yield	0.0%	0.0%	0.0%	0.0%

LONG-TERM INCENTIVE PLANS

Grant Dates	7 October 2021	7 October 2021	7 October 2021	31 December 2021
Number	6,193	5,736	430,000	32,048
Fair value at grant date	\$69,981	\$64,071	\$4,248,400	\$299,969
Share price at grant date	\$11.30	\$11.17	\$9.88	\$9.36
Strike price	\$0.00	\$0.00	\$9.88	\$0.00
Rights life	1 to 4 years	1 to 3 years	3 years	1 to 2 years
Vesting dates	30 Jun 2022 30 Jun 2023 30 Jun 2024 30 Jun 2025	30 Jun 2022 30 Jun 2023 30 Jun 2024	25 Feb 2024	31 Dec 2022 31 Dec 2023
Dividend yield	0.0%	0.0%	0.0%	0.0%

Grant Dates	31 December 2021	6 April 2022	6 April 2022	6 April 2022
Number	6,411	8,763	3,982	33,997
Fair value at grant date	\$60,007	\$55,032	\$25,007	\$213,501
Share price at grant date	\$9.36	\$6.28	\$6.28	\$6.28
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	1 to 2 years	less than 1 year	less than 1 year	1 to 2 years
Vesting dates	30 Jun 2023 30 Jun 2024	31 Dec 2022	30 Jun 2022	30 Jun 2023 30 Jun 2024
Dividend yield	0.0%	0.0%	0.0%	0.0%

Grant Dates	6 April 2022	30 June 2022	30 June 2022	30 June 2022
Number	345,464	10,583	39,684	10,204
Fair value at grant date	\$1,951,872	\$40,004	\$150,006	\$30,000
Share price at grant date	\$5.65	\$3.78	\$3.78	\$2.94
Strike price	\$0.00	\$0.00	\$0.00	\$0.00
Rights life	2 to 3 years	less than 1 year	1 to 2 years	1 year
Vesting dates	30 Jun 2024 30 Jun 2025	31 Dec 2022	30 Jun 2023 30 Jun 2024	30 Jun 2023
Dividend yield	0.0%	0.0%	0.0%	0.0%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 5: TEAM MEMBER REWARD AND RECOGNITION (continued)

5.1 INCENTIVE PLANS (continued)

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

LONG-TERM INCENTIVE PLANS				
Grant Dates	30 June 2022	30 June 2022	30 June 2022	23 August 2022
Number	5,291	112,360	60,000	5,000
Fair value at grant date	\$20,000	\$400,002	\$226,800	\$17,750
Share price at grant date	\$3.78	\$3.56	\$3.78	\$3.55
Strike price	\$0.00	\$0.00	\$3.78	\$0.00
Rights life	1 year	2 to 4 years	2 to 5 years	1 to 2 years
Vesting dates	30 Jun 2023	30 Jun 2024 30 Jun 2025 30 Jun 2026	27 Feb 2024 27 Feb 2025 27 Feb 2026 27 Feb 2027	30 Jun 2023 30 Jun 2024
Dividend yield	0.0%	0.0%	0.0%	0.0%

Grant Dates	23 August 2022	3 October 2022	3 October 2022	3 October 2022
Number	17,200	18,919	225,721	95,747
Fair value at grant date	\$61,060	\$55,433	\$661,363	\$280,539
Share price at grant date	\$3.55	\$2.93	\$2.93	\$2.93
Strike price	\$0.00	\$0.00	\$0.00	\$3.68
Rights life	1 to 3 years	1 to 2 years	1 to 4 years	2 years
Vesting dates	30 Jun 2023 30 Jun 2024 30 Jun 2025	31 Dec 2022 31 Dec 2023 31 Dec 2024	30 Jun 2023 30 Jun 2024 30 Jun 2025 30 Jun 2026	1 Sep 2024
Dividend yield	0.0%	0.0%	0.0%	0.0%

Grant Dates	4 October 2022
Number	176,929
Fair value at grant date	\$541,403
Share price at grant date	\$3.06
Strike price	\$3.68
Rights life	2 years
Vesting dates	31 Dec 2024
Dividend yield	0.0%

During the period the Group recognised a share-based payment expense of \$14.2 million (1H FY22: \$13.6 million).

SECTION 6: OTHER

6.1 SUBSEQUENT EVENTS

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

6.2 CONTINGENT LIABILITIES

As at 31 December 2022, the Group had bank guarantees amounting to AUD \$1.2 million (30 June 2022: \$1.2 million) and NZD \$8.6 million (30 June 2022: NZD \$8.6 million) with Westpac Banking Corporation in relation to its ordinary course of business.

DIRECTORS' DECLARATION

- 1 In the opinion of the Directors of Kogan.com Ltd ('the Company'):
- (a) the consolidated interim financial statements and notes that are set out on pages 6 to 29 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 31 December 2022 and of its performance and its cash flows, for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional requirements; 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.

Signed in accordance with a resolution of the Directors:



David Shafer

Executive Director

Melbourne, 27 February 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOGAN.COM LTD AND CONTROLLED ENTITIES



Independent Auditor's Review Report

To the shareholders of Kogan.com Ltd

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Kogan.com Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe in the Interim Financial Report of Kogan.com Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the six months ended on that date; and
- complying with *Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2022
- Condensed consolidated income statement and consolidated statement of other comprehensive income, Condensed consolidated statement of changes in equity, and Condensed consolidated statement of cash flows for the six months ended on that date;
- Notes 1.1 to 6.2 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Kogan.com Ltd (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 the Code.

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Responsibilities of the Directors for the Interim Financial Report

The Directors are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Simon Dubois

Partner

Melbourne

27 February 2023

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CORPORATE DIRECTORY

COMPANY SECRETARY

Mark Licciardo, Acclime Australia

PRINCIPAL REGISTERED OFFICE

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LOCATION OF SHARE REGISTRY

COMPUTERSHARE

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STOCK EXCHANGE LISTING

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

AUDITORS

KPMG

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