

APPENDIX 4D

APPENDIX 4D – KOGAN.COM LIMITED

ABN 96 612 447 293

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 31 DECEMBER 2021

(Previous corresponding period: Half-year ended 31 December 2020)

| | Half-year ended 31 December 2021 \$'000 | Half-year ended 31 December 2020 ¹ \$'000 | Change increase/ (decrease) \$'000 | Change increase/ (decrease) % |
|-----------------------------------|---|--|---|--|
| Revenues from ordinary activities | 419,543 | 414,009 | 5,534 | 1.3% |
| (Loss)/Profit before tax | (12,298) | 35,134 | (47,432) | (135.0%) |
| (Loss)/Profit after tax | (11,870) | 23,592 | (35,462) | (150.3%) |

Abbreviated explanation of results

Revenue from ordinary activities grew \$5.5 million (1.3%) from \$414.0 million to \$419.5 million in the six months ended 31 December 2021, compared to the prior corresponding period. Revenue growth was driven by Mighty Ape, Kogan Marketplace and Kogan First. Kogan Marketplace revenue reflects only the commissions received on sales, and not the Gross Sales.

Profit before tax was down by \$47.4 million compared to the prior period. The half was significantly impacted by COVID related interruptions and associated fluctuations in demand, experienced across the entire retail industry, resulting in increased logistics and other operating costs. Revenue growth was tempered during the half, following the significant growth experienced during the prior period. The Company invested in marketing to grow Kogan First Subscribers, which the Company believes will form a foundation for long-term benefits to customers and shareholders alike. The half also included the following:

- Equity-based compensation expense of \$13.6 million (1HFY21: \$2.6 million) driven by the award of options after the Company's AGM in November 2020.
- Provisions of \$10.4 million for the likely payment of Tranches 3 and 4 of the Mighty Ape purchase price (1HFY21: \$1.8 million). As part of the Sale Agreement, Tranche 3 and 4 are contingent on the Mighty Ape Founder & CEO remaining with the business until the delivery of the financial year 2023 results. In line with accounting standards, Tranches 3 and 4 payments will be considered as compensation for post-combination services for accounting purposes, and as such, treated as employee remuneration. The Group will proportionately account for these expenses until the respective payment dates.
- Profit on sale of the bitbuy.com domain of \$5.1 million. For full details of the transaction, refer to the ASX release 'Domain sale re Bitbuy' on 14 December 2021.

These items are not considered by the Company to be representative of the underlying performance of the business, and as such consider the Adjusted Profit After Tax of \$4.8 million a useful metric of underlying performance.

Refer to the accompanying market release and the 1HFY22 Results Presentation dated 25 February 2022 for further commentary.

1. Results include 1 month contribution from Mighty Ape Limited.

APPENDIX 4D CONTINUED

Net tangible assets per share

| | 31 December 2021 | 31 December 2020 |
|--|---------------------|---------------------|
| Net tangible assets backing per Ordinary Share | \$0.84 | \$1.10 |

Dividends

| | Amount per Share (cents) | Franked Amount per share at 30% of Tax (cents) |
|---------------------------------|--------------------------------|--|
| Ordinary shares: | | |
| 2021 interim – paid 31 May 2021 | 16.0 | 16.0 |

Current period

To support the Company with its growth plans, the Board has decided to conserve cash for business investment and growth purposes and has paused dividends – having not declared an 1H FY22 interim dividend.

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 2021 Financial Report.

Signed on behalf of Kogan.com Ltd, on the 25 February 2022.



Greg Ridder
Non-Executive Chairman

HALF-YEAR REPORT

2021/22

HIGHLIGHTS HALF-YEAR 2021/22

\$698.0_m

Gross Sales up 9.4% YoY

\$221.1_m

Marketplace Gross Sales –
more than \$200.0 million
in a half for the first time ever.

176.4%

YoY increase in
Kogan First subscribers

\$17.4_m

Adjusted EBITDA¹



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

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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 2021 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

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

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 and Mighty Ape.

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, 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 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 ("New 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, 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 Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB).

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

REVIEW OF OPERATIONS

TRADING PERFORMANCE

Kogan.com delivered its highest Gross Sales result in the half-year ended 31 December 2021 with Gross Sales up \$59.8 million (9.4%¹) on the prior corresponding period, and a CAGR of 46.9% on the half-year ended 31 December 2019.

The Group achieved an Adjusted EBITDA² of \$17.4 million in 1HFY22.

1. Gross Sales percentage growth is based on the absolute value, not rounded figures as disclosed in this report.
2. Kogan believes that non-IFRS measures referred to in this document provide useful information to recipients for measuring the underlying operating performance of the business. Non-IFRS measures are not subject to audit.

DIRECTORS' REPORT CONTINUED

Kogan.com recorded a statutory loss after tax of \$11.9 million (1HFY21: profit of \$23.6 million). Loss after tax in the current period includes Equity-Based Compensation of \$13.6 million (1HFY21: \$2.6 million) and provisions for Mighty Ape Tranche 3 and 4 payments of \$10.4 million (1HF21: \$1.8 million). As part of the Sale Agreement, Tranche 3 and 4 are contingent on the Mighty Ape Founder & CEO remaining with the business until the delivery of the financial year 2023 results. In line with accounting standards, Tranches 3 and 4 payments will be considered as compensation for post-combination services for accounting purposes, and as such, treated as employee remuneration. The Group will proportionately account for these expenses until the respective payment dates.

The key drivers of performance in the half-year to 31 December 2021 were:

- **Brand growth:** in the twelve months to December 2021, the Company's Group Active Customers grew to over 4,000,000, with more than 10% growth YoY in Kogan.com Active Customers to 3,314,000, and Mighty Ape had 757,000 Active Customers as at 31 December 2021.
- **Inventories:** total inventories reduced from \$225.3 million as at 31 December 2020 to \$196.8 million as at 31 December 2021.
- **Kogan Marketplace:** 1HFY22 saw the continued expansion of Kogan Marketplace, achieving \$221.1 million in Gross Sales in a half for the first time ever. Resulting seller fees were \$18.2 million during the half, growth of 37.5% on the prior corresponding period.
- **New Verticals & advertising revenue:** The business continues to scale the Kogan First loyalty program, with total subscriptions growing to 274,000, a 176% YoY increase. Additionally, Kogan Energy, Kogan Mobile New Zealand and Kogan Money all showed strong growth in the half.

Kogan.com continued to expand its advertising income stream, signing new agreements with OpyPro, Paypal and Humm New Zealand.

- **Other Income:** Kogan.com executed an agreement with Bitbuy, one of Canada's largest crypto trading platforms, whereby the parent company of Bitbuy, First Ledger, acquires the domain name bitbuy.com from Kogan.com.

At 31 December 2021 the business had received the USD\$1.5 million cash payment and recorded a receivable of A\$3.0 million in relation to the warrant¹.

- **Mighty Ape:** Mighty Ape contributed \$93.8 million of revenue and \$21.6 million of Gross profit in the half.
- **Operating costs:** The Group's operating costs continued to be impacted by the challenging COVID environment, particularly across logistics. Additionally, one-off operating costs included;
 - a \$13.6 million of equity-based compensation expenses driven by the recent awards of options
 - a \$10.4 million accrual for Tranches 3 & 4 of the Mighty Ape purchase²
- **The effective tax rate** in the 2022 half-year was 3% (2021 half-year: 33%). The effective tax rate is impacted by the difference in accounting versus tax treatment of the Mighty Ape Tranche 3 and 4 provisioning. For Australian income tax purposes, amounts provisioned for the acquisition of Mighty Ape shares are considered as capital in nature and are therefore non-deductible, rather increasing the tax cost base of the shares. No deferred tax asset is recognised due to Kogan.com being able to control the timing of the reversal of the temporary difference and it being probable that the temporary difference will not reverse in the foreseeable future.

1. The warrant contracted at a value of CAD\$2.8 million has been converted to AUD using the FX rate on 13 December 2021 and discounted to present value.

2. As part of the Sale Agreement, tranche 3 and 4 are only payable provided Simon Barton, Mighty Ape CEO, is not a 'Bad Leaver' until 31 March 2023. Per IFRS 3.B55(a), tranches 3 and 4 payments will be considered as compensation for post-combination services, and as such, treated as employee remuneration. The Group will proportionately account for these expenses up until the respective payment dates.

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.

January 2022 unaudited management accounts show Gross Sales growth of 11.9% above January 2021 and a CAGR of 27.4% since January 2020.

In 2H FY22 we expect growth in Kogan First subscribers heading toward the FY26 goal of 1 million subscriptions, continued growth in Kogan Marketplace, continued strong contribution from Exclusive Brands, further integration of the Mighty Ape Team and operations, continued growth of Mighty Ape and improved operating leverage, consistent with the Company's long-term track record.

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

With multiple attractive growth opportunities available, the Kogan.com Board has decided to not declare an interim FY22 Dividend to retain cash for business investment and growth purposes.

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 Director's 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 2021 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, 25 February 2022

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, nor 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, Mighty Ape, 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 2021, 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 stylized, handwritten signature of Simon Dubois, appearing as 'SD' followed by a horizontal line.

KPMG

Simon Dubois

Partner

Melbourne

25 February 2022

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INTERIM FINANCIAL STATEMENTS

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CONDENSED CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| CONSOLIDATED GROUP | | | |
|--|------|-------------------------------|-------------------------------|
| | Note | 31 December 2021 \$'000 | 31 December 2020 \$'000 |
| Revenue | 1.1 | 419,543 | 414,009 |
| Cost of sales | 1.2 | (311,450) | (296,442) |
| Gross profit | | 108,093 | 117,567 |
| Other Income ¹ | | 5,129 | - |
| Selling and distribution expenses | | (45,156) | (35,937) |
| Warehouse expenses | | (14,200) | (13,001) |
| Administrative expenses ² | | (62,828) | (28,918) |
| Other expenses | | (1,532) | (1,081) |
| Results from operating activities | | (10,494) | 38,630 |
| Finance income | | 1 | - |
| Finance costs | | (1,455) | (238) |
| Unrealised foreign exchange (loss)/gain | | (350) | (3,258) |
| Net finance (loss)/income | | (1,804) | (3,496) |
| (Loss)/Profit before income tax | | (12,298) | 35,134 |
| Tax benefit/(expense) | | 428 | (11,542) |
| (Loss)/Profit after income tax | | (11,870) | 23,592 |
| Foreign operations – foreign currency translation differences | | 83 | 12 |
| Total comprehensive (loss)/income for the period attributable to the members of the Company | | (11,787) | 23,604 |
| | | | |
| Basic earnings per Share | 3.4 | (0.11) | 0.22 |
| Diluted earnings per Share | 3.4 | (0.11) | 0.22 |

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

1. Other income 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.
2. Administrative expenses includes one-off Mighty Ape Tranches 3 & 4 related expenses.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Note | 31 December 2021 \$'000 | 30 June 2021 \$'000 |
|--------------------------------------|-------|-------------------------------|---------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 69,740 | 91,691 |
| Trade and other receivables | | 9,614 | 5,810 |
| Inventories | | 196,778 | 227,873 |
| Other financial assets | | - | 205 |
| Prepayments and other current assets | | 3,535 | 1,981 |
| Current tax assets | | 3,804 | 1,689 |
| TOTAL CURRENT ASSETS | | 283,471 | 329,249 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 27,275 | 17,668 |
| Intangible assets | | 93,473 | 95,098 |
| Deferred tax assets | | 1,711 | - |
| TOTAL NON-CURRENT ASSETS | | 122,459 | 112,766 |
| TOTAL ASSETS | | 405,930 | 442,015 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 120,157 | 104,316 |
| Acquisition payables | | 12,686 | 36,291 |
| Lease liabilities | | 8,129 | 5,554 |
| Employee benefits | | 1,908 | 1,638 |
| Provisions | | 2,445 | 3,480 |
| Deferred income | | 20,381 | 11,777 |
| Other financial liabilities | | 86 | - |
| TOTAL CURRENT LIABILITIES | | 165,792 | 163,056 |
| NON-CURRENT LIABILITIES | | | |
| Acquisition payables | | 9,802 | 5,247 |
| Lease liabilities | | 16,763 | 10,279 |
| Employee benefits | | 215 | 173 |
| Deferred income | | 14 | 86 |
| Deferred tax liabilities | | - | 3,746 |
| Loans & borrowings ¹ | | 29,828 | 78,699 |
| TOTAL NON-CURRENT LIABILITIES | | 56,622 | 98,230 |
| TOTAL LIABILITIES | | 222,414 | 261,286 |
| NET ASSETS | | 183,516 | 180,729 |
| EQUITY | | | |
| Issued capital | 3.3.1 | 300,703 | 299,186 |
| Merger reserve | | (131,816) | (131,816) |
| Other reserves | | 28,789 | 15,648 |
| Retained earnings | | (14,160) | (2,289) |
| TOTAL EQUITY | | 183,516 | 180,729 |

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

1. Loans & Borrowings is net of amortised borrowing costs.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | 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 2020 | | 269,033 | 25,455 | (131,816) | (291) | 1,643 | 164,024 |
| Comprehensive income | | | | | | | |
| Profit for the half-year | | - | 23,592 | - | - | - | 23,592 |
| Other comprehensive income | | - | - | - | 12 | - | 12 |
| Total comprehensive income for the half-year | | - | 23,592 | - | 12 | - | 23,604 |
| 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 | 577 | - | - | - | (577) | - |
| Tax deduction for difference between accounting expense and funds paid to issue performance plans | | 1,756 | - | - | - | - | 1,756 |
| Share purchase plan net of transaction costs | | 19,750 | - | - | - | - | 19,750 |
| Dividend reinvestment plan | | 1,836 | (1,836) | - | - | - | - |
| Dividends paid | 3.3.2 | - | (12,423) | - | - | - | (12,423) |
| Equity-settled share-based payments | 5.1 | - | - | - | - | 2,609 | 2,609 |
| Transactions with owners, in their capacity as owners, and other transfers | | 23,919 | (14,259) | - | - | 2,032 | 11,692 |
| Balance at 31 December 2020 | | 292,952 | 34,788 | (131,816) | (279) | 3,675 | 199,320 |
| 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 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 performance plans | | 932 | - | - | - | - | 932 |
| Dividends paid | 3.3.2 | - | - | - | - | - | - |
| Equity-settled share-based payments | 5.1 | - | - | - | - | 13,643 | 13,643 |
| Transactions with owners, in their capacity as 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 |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | | CONSOLIDATED GROUP | |
|---|-------|-------------------------------|-------------------------------|
| | Note | 31 December 2021 \$'000 | 31 December 2020 \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 439,885 | 433,831 |
| Payments to suppliers and employees | | (369,954) | (444,206) |
| Interest received | | 1 | 20 |
| Finance costs paid | | (1,086) | (112) |
| Income tax paid | | (7,177) | (12,940) |
| Net cash provided by/(used in) operating activities | | 61,669 | (23,407) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (1,058) | (96) |
| Purchase of intangible assets | 2.1 | (795) | (887) |
| Disposal of intangible Assets | | 2,090 | - |
| Business acquisition net of acquired cash | | (29,891) | (47,830) |
| Net cash (used in) investing activities | | (29,654) | (48,813) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid | 3.3.2 | - | (12,423) |
| Net proceeds from issue of shares | | - | 20,001 |
| Transaction costs related to the issue of shares | | - | (250) |
| Transaction costs on draw down facility | | (9) | - |
| Repayment of lease liabilities | | (5,011) | (1,075) |
| Repayment of debt facility | | (49,018) | (1,809) |
| Net cash (used in)/provided by financing activities | | (54,038) | 4,444 |
| Net (decrease) in cash held | | (22,024) | (67,776) |
| Cash and cash equivalents at beginning of half-year | | 91,692 | 146,726 |
| Effects of exchange rate changes on cash | | 72 | 0 |
| Cash and cash equivalents at end of half-year | | 69,740 | 78,950 |

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 2021 was authorised for issue in accordance with a resolution of the Directors on 25 February 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 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 2021.

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 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 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.

| 31 December 2021 | Kogan.com \$'000 | Mighty Ape \$'000 |
|-------------------------------|---------------------|----------------------|
| External revenues | 325,709 | 93,834 |
| Segment revenue | 325,709 | 93,834 |
| Adjusted EBITDA | 10,214 | 7,143 |
| Interest income | - | 1 |
| Interest expense | (818) | (249) |
| Depreciation and amortisation | (6,732) | (2,545) |
| Segment assets | 359,653 | 46,275 |
| Capital expenditure | 1,154 | 700 |
| Segment liabilities | 181,938 | 40,475 |

b. Uses of Judgement and Estimates

In preparing these interim financial statements management have 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 in December 2021.

Key estimates and judgements have not changed from those disclosed in the Group financial report for the year ended 30 June 2021.

SECTION 1: BUSINESS PERFORMANCE

1.1 Revenue

Seasonality of operations:

The Group experiences certain seasonality impacts due to the Christmas trading period. However, management expects the benefits of investments in marketing and inventory to continue to drive growth in the business.

| CONSOLIDATED GROUP | | |
|-------------------------|-------------------------------|-------------------------------|
| | 31 December 2021 \$'000 | 31 December 2020 \$'000 |
| Revenue | | |
| Sales revenue: | | |
| • sale of goods | 385,030 | 387,755 |
| • rendering of services | 31,523 | 23,278 |
| | 416,553 | 411,033 |
| Other revenue: | | |
| • marketing subsidies | 2,551 | 2,108 |
| • other revenue | 439 | 868 |
| | 2,990 | 2,976 |
| Total revenue | 419,543 | 414,009 |

1.2 Expenses

| | 31 December 2021 \$'000 | 31 December 2020 \$'000 |
|---------------------------------------|-------------------------------|-------------------------------|
| Cost of sales | 311,450 | 296,442 |
| Total cost of sales | 311,450 | 296,442 |
| Employee benefit expense | 45,601 | 18,168 |
| Depreciation and amortisation expense | 9,277 | 3,722 |

1.3 Tax Balances

Tax expense 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 income of the interim reporting period.

The Group's consolidated effective tax rate for the six months ended 31 December 2021 was 3% (for the six months ended 31 December 2020: 33%). The effective tax rate is impacted by 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 Kogan.com being able to control the timing of the reversal of the temporary difference and it being probable that the temporary difference will not reverse in the foreseeable future.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.1 Intangible Assets

The Group acquired a total amount of \$795,000 of intangible assets during the six months ended 31 December 2021. A total of \$887,000 was acquired during the six months ended 31 December 2020.

There was one disposal, being for the bitbuy.com domain. The domain was sold on 13 December 2021. For full details of the transaction, refer to the ASX release 'Domain sale re Bitbuy' on 14 December 2021. On 31 December 2021 a receivable of \$3.0 million remained on the Balance Sheet.

SECTION 3: CAPITAL STRUCTURE AND FINANCING

3.1 Loan and Borrowings

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

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

There was \$30.0 million drawn down under the facility at 31 December 2021 (30 June 2021: \$75.2 million).

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

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

Both Mighty Ape facilities were undrawn at 31 December 2021 (30 June 2021: undrawn on the Overdraft Facility and NZ\$4.0 million on the Trade Finance facility).

3.2 Capital and Financial Risk Management

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

| | CONSOLIDATED GROUP | |
|---|-------------------------------|---------------------------|
| | 31 December 2021 \$'000 | 30 June 2021 \$'000 |
| Note | | |
| Financial assets | | |
| Cash and cash equivalents | 69,740 | 91,691 |
| Trade and other receivables | 9,614 | 5,810 |
| Other financial assets | - | 205 |
| Total financial assets | 79,354 | 97,706 |
| Financial liabilities | | |
| Financial liabilities at amortised cost: | | |
| • Trade and other payables | 120,157 | 104,316 |
| • Acquisitions payable - Mighty Ape Tranche 2 | - | 29,500 |
| • Mighty Ape Tranche 3 | 12,686 | 6,791 |
| • Mighty Ape Tranche 4 | 9,802 | 5,247 |
| • Loans & borrowings | 29,828 | 78,699 |
| • Lease liabilities - current | 8,129 | 5,554 |
| • Lease liabilities - non-current | 16,763 | 10,279 |
| • Other financial liabilities | 86 | - |
| Total financial liabilities | 197,451 | 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; and
- foreign exchange forward contracts.

a. Fair Value Hierarchy

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

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

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

The fair value of foreign exchange contracts at 31 December 2021 totalled a liability of \$85,733 (30 Jun 2021: \$204,798 asset). This represented the fair value of forward contracts as at 31 December 2021, being the difference between the spot rate and strike rate.

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.

3.3.1 Issued Capital and Reserves

a. Ordinary Shares

| | 31 December 2021 \$'000 | 30 June 2021 \$'000 | 31 December 2021 No. ¹ | 30 June 2021 No. ¹ |
|----------------------------|-------------------------------|---------------------------|---|-------------------------------------|
| Fully paid ordinary shares | 300,703 | 299,186 | 106,888,209 | 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.

1. These values are absolute and not rounded.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 3: CAPITAL STRUCTURE AND FINANCING (continued)

3.3.1 Issued Capital and Reserves (continued)

b. Movements in ordinary share capital

| Details | Date | Shares No. | Issue price | \$ |
|---|------------------|-------------|-------------|-------------|
| Balance | 1 January 2020 | 93,959,212 | | 168,201,958 |
| Shares issues to eligible employees under an incentive plan | 18 February 2020 | 657,677 | \$1.27 | 833,421 |
| Shares issues to eligible employees under an incentive plan | 18 February 2020 | 977 | \$5.12 | 5,002 |
| Dividend reinvestment plan | 10 March 2020 | 180,215 | \$4.46 | 803,657 |
| Shares issued at Institutional Placement | 17 June 2020 | 8,733,625 | \$11.45 | 100,000,006 |
| Transaction cost incurred during institutional placement net of tax | 17 June 2020 | - | - | (1,852,134) |
| Tax deduction for difference between accounting expense and funds paid to issue incentive plans | 30 June 2020 | - | - | 1,041,585 |
| Balance | 30 June 2020 | 103,531,706 | | 269,033,496 |
| Share purchase plan | 10 July 2020 | 1,746,733 | \$11.45 | 20,000,854 |
| Transaction costs incurred during Share purchase plan net of tax | 10 July 2020 | - | - | (250,239) |
| 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 |
| Balance | 31 December 2020 | 105,708,527 | | 292,951,661 |
| Shares issued to eligible employees under an incentive plan | 26 February 2021 | 682,454 | \$1.14 | 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 issued to eligible employees under an incentive plan | 24 August 2021 | 326,646 | \$1.79 | 585,545 |
| 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 | | 300,703,113 |

c. Merger reserve

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

d. Performance Rights reserve

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

3.3.2 Dividends

| CONSOLIDATED GROUP | | |
|---|-------------------------------|-------------------------------|
| | 31 December 2021 \$'000 | 31 December 2020 \$'000 |
| Dividends declared during the half-year | - | 14,259 |
| Dividend Reinvestment Plan during the half-year | - | (1,836) |
| Dividends paid during the half-year | - | 12,423 |

3.4 Earnings per Share

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

| CONSOLIDATED GROUP | | |
|--|-------------------------------|-------------------------------|
| | 31 December 2021 \$'000 | 31 December 2020 \$'000 |
| Net (loss)/profit for the reporting period | (11,870) | 23,592 |

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

| CONSOLIDATED GROUP | | |
|--|----------------------------|----------------------------|
| | 31 December 2021 No. | 31 December 2020 No. |
| Weighted average number of ordinary shares of the entity | 106,792,346 | 105,581,820 |
| Diluted weighted average number of ordinary shares of the entity | 107,118,992 | 1,277,835 |

| CONSOLIDATED GROUP | | |
|----------------------------|---------------------------|---------------------------|
| | 31 December 2021 \$ | 31 December 2020 \$ |
| Basic earnings per Share | (0.11) | 0.22 |
| Diluted earnings per Share | (0.11) | 0.22 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

SECTION 4: GROUP STRUCTURE

4.1 Related Parties

There have been no material changes to the Group's related party arrangements during the period, which are detailed in the Group's financial report for the year ended 30 June 2021.

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 | <p>Provide a link between remuneration and both short-term Company and individual performance.</p> <p>Create sustainable shareholder value.</p> <p>Reward individuals for their contribution to the success of the Group.</p> <p>Actively encourage team members to take more ownership over the EBITDA¹.</p> |
| Eligibility | <p>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.</p> |
| Calculation & Target | <p>The actual EBITDA¹ of Kogan.com shall exceed the management forecast for the full financial year (after payment of the STI).</p> <p>25% of the outperformance will be allocated to a 'bonus pool'.</p> <p>The 'bonus pool' will then be shared in cash bonuses among a number of team members in fixed proportions.</p> |
| Maximum opportunity | <p>The maximum payable is 25% of the outperformance and 35% of the team member's annual salary.</p> |
| Performance conditions | <p>Outperformance of the actual EBITDA¹.</p> <p>Continuation of employment.</p> |

| | |
|---|---|
| Why were the performance conditions chosen | To achieve successful and sustainable financial business outcomes as well as any annual objections that drive short-term and long-term business success and sustainability. |
| Performance period | 1 July 2021 to 30 June 2022. |
| Timing of assessment | August 2022, following the completion of the 30 June 2022 account. |
| Form of payment | Paid in cash. |
| Board discretion | Targets are reviewed annually and the Board has discretion to adapt appropriately to take into account exceptional items. |

1. Non-IFRS measure.

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

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

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

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

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.

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

| | |
|---|---------|
| Strike price | \$5.29 |
| Share price at grant date | \$16.40 |
| Share price at close of 24 February 2022 | \$5.61 |

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 | 789,653 | 1,514,138 |
| Granted during the period | 117,921 | 44,857 |
| Exercised during the period | (326,646) | (343,440) |
| Forfeited during the period | (60,262) | (2,996) |
| Outstanding at the end of the period | 520,666 | 1,212,559 |
| Exercisable at the end of the period | 37,831 | 682,148 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

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

5.1 Incentive Plans *(continued)*

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 to 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 |
| Number | 436,365 | 12,121 | 212,121 |
| Fair value at grant date | \$617,699 | \$17,667 | \$290,244 |
| Share price at grant date | \$1.70 | \$1.70 | \$1.70 |
| Strike price | \$0.00 | \$0.00 | \$0.00 |
| Rights life | 1 to 5 years | 1 to 4 years | 3 to 4 years |
| Vesting dates | 30 June 2018 | 30 June 2018 | 30 June 2020 |
| | 30 June 2019 | 30 June 2019 | 30 June 2021 |
| | 30 June 2020 | 30 June 2020 | |
| | 30 June 2021 | 30 June 2021 | |
| | 30 June 2022 | | |
| Dividend yield | 6.3% | 6.3% | 6.3% |

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% |

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

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% |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

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

5.1 Incentive Plans *(continued)*

| LONG-TERM INCENTIVE PLANS | | | | | | |
|---------------------------|------------------|----------------------------|--|---|----------------|----------------------------|
| Grant Dates | 18 February 2020 | 18 February 2020 | 17 August 2020 | 17 August 2020 | 17 August 2020 | 19 October 2020 |
| Number | 9,766 | 3,906 | 21,767 | 11,831 | 9,077 | 1,536 |
| Fair value at grant date | \$50,000 | \$20,000 | \$369,979 | \$174,744 | \$154,309 | \$30,000 |
| Share price at grant date | \$5.12 | \$4.98 | \$17.00 | \$14.77 | \$17.00 | \$19.53 |
| Strike price | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Rights life | 1 year | 1 to 2 years | 1 to 4 years | 1 to 5 years | 1 year | 1 to 2 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 | 31 Dec 2021 | 30 Jun 2021 30 Jun 2022 |
| Dividend yield | 4.2% | 1.5% | 1.4% | 1.4% | 1.4% | 0.6% |

| LONG-TERM INCENTIVE PLANS | | | | | | |
|---------------------------|-----------------|---|-----------------|-----------------|---|--|
| Grant Dates | 19 October 2020 | 19 October 2020 | 1 December 2020 | 3 December 2020 | 25 January 2021 | 25 January 2021 |
| Number | 512 | 134 | 6,000,000 | 61,632 | 6,125 | 167,607 |
| Fair value at grant date | \$10,000 | \$1,973 | \$68,876,559 | \$571,945 | \$118,825 | \$3,251,576 |
| Share price at grant date | \$19.53 | \$14.77 | \$16.40 | \$19.00 | \$19.40 | \$19.40 |
| Strike price | \$0.00 | \$0.00 | \$5.29 | \$16.38 | \$0.00 | \$0.00 |
| Rights life | 1 year | 1 to 3 years | 3 years | 3 years | 1 to 3 years | 1 to 4 years |
| Vesting dates | 31 Dec 2020 | 31 Dec 2021 31 Dec 2022 31 Dec 2023 | 30 Jun 2023 | 1 Apr 2023 | 31 Dec 2021 31 Dec 2022 31 Dec 2023 | 30 Jun 2021 30 Jun 2022 30 Jun 2023 30 Jun 2024 |
| Dividend yield | 0.6% | 0.6% | 1.4% | 1.7% | 0.9% | 0.9% |

LONG-TERM INCENTIVE PLANS

| Grant Dates | 16 April 2021 | 16 April 2021 | 30 June 2021 | 30 June 2021 | 25 August 2021 | 25 August 2021 |
|-----------------------------------|----------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------|
| Number | 11,279 | 8,773 | 1,806 | 149,869 | 7,208 | 11,766 |
| Fair value at grant date (\$'000) | \$180,013 | \$140,017 | \$20,000 | \$1,652,050 | \$81,500 | \$200,022 |
| Share price at grant date | \$15.95 | \$15.95 | \$11.07 | \$11.07 | \$11.30 | \$17.00 |
| Strike price | \$0.00 | \$0.00 | \$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 | 1 to 2 years | 1 to 2 years |
| Vesting dates | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2022 | 30 Jun 2022 | 31 Dec 2022 | 30 Jun 2023 |
| | 31 Dec 2022 | 30 Jun 2023 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2023 | 30 Jun 2024 |
| | 31 Dec 2023 | 30 Jun 2024 | | 30 Jun 2024 | | |
| Dividend yield | 1.20% | 1.20% | 0.0% | 0.0% | 0.0% | 0.0% |

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

LONG-TERM INCENTIVE PLANS

| Grant Dates | 25 August 2021 | 25 August 2021 | 25 August 2021 | 7 October 2021 | 7 October 2021 | 7 October 2021 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Number | 1,546 | 8,233 | 38,780 | 6,193 | 5,736 | 430,000 |
| Fair value at grant date (\$'000) | \$29,992 | \$91,139 | \$438,214 | \$69,981 | \$64,071 | \$4,248,400 |
| Share price at grant date | \$19.40 | \$11.07 | \$11.30 | \$11.30 | \$11.17 | \$9.88 |
| Strike price | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$9.88 |
| Rights life | 1 to 2 years | 1 year | 1 to 4 years | 1 to 4 years | 1 to 3 years | 3 years |
| Vesting dates | 30 Jun 2023 | 30 Jun 2024 | 30 Jun 2022 | 30 Jun 2022 | 30 Jun 2022 | 25 Feb 2024 |
| | 30 Jun 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% | 0.0% | 0.0% |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

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

5.1 Incentive Plans *(continued)*

| Grant Dates | LONG-TERM INCENTIVE PLANS | |
|-----------------------------------|---------------------------|------------------|
| | 31 December 2021 | 31 December 2021 |
| Number | 32,048 | 6,411 |
| Fair value at grant date (\$'000) | \$299,969 | \$60,007 |
| Share price at grant date | \$9.36 | \$9.36 |
| Strike price | \$0.00 | \$0.00 |
| Rights life | 1 to 2 years | 1 to 2 years |
| Vesting dates | 31 Dec 2022 | 30 Jun 2023 |
| | 31 Dec 2023 | 30 Jun 2024 |
| Dividend yield | 0.0% | 0.0% |

During the period the Group recognised a share-based payment expense of \$13,643,013 (2020: \$2,609,483).

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 2021, the Group had bank guarantees amounting to AUD \$1.2 million (30 June 2021: AUD \$1.2 million) and NZD \$8.6 million (30 June 2021: 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 26 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 2021 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, 25 February 2022

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 2021 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 2021
- 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 2021 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

25 February 2022

CORPORATE DIRECTORY

COMPANY SECRETARY

Mark Licciardo, Mertons Corporate Services

PRINCIPAL REGISTERED OFFICE

C/- Mertons Corporate Services

7/330 Collins Street
Melbourne VIC 3000
+61 3 8689 9997

PRINCIPAL PLACE OF BUSINESS

KOGAN.COM LIMITED

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

LOCATION OF SHARE REGISTRY

COMPUTERSHARE

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

STOCK EXCHANGE LISTING

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

AUDITORS

KPMG

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727 Collins Street
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