

## APPENDIX 4D

### APPENDIX 4D - KOGAN.COM LTD

ABN 96 612 447 293

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### HALF-YEAR ENDED 31 DECEMBER 2020

(Previous corresponding period: Half-year ended 31 December 2019)

	Half-year ended 31 December 2020 <sup>1</sup> \$'000	Half-year ended 31 December 2019 \$'000	Change increase \$'000	Change increase %
Revenues from ordinary activities	414,009	219,541	<b>194,468</b>	<b>88.6%</b>
Profit before tax	35,134	12,801	<b>22,333</b>	<b>174.5%</b>
Profit after tax attributable to members	23,592	8,929	<b>14,663</b>	<b>164.2%</b>

#### Abbreviated explanation of results

Revenue from ordinary activities grew \$194.5 million (88.6%) from \$219.5 million to \$414.0 million in the six months ended 31 December 2020, compared to the prior corresponding period. Revenue growth was driven by our Product Divisions and Kogan Marketplace. Kogan Marketplace Revenue reflects only the seller-fees received on sales, and not the Gross Sales.

Profit before tax was up by \$22.3 million compared to the prior period. Profit before tax and Profit after tax attributable to members in the current period includes an unrealised foreign exchange loss of \$3.3 million in 1HFY21 and the prior corresponding period includes a loss of \$0.9 million in 1HFY20. Both periods include a non-cash equity-based compensation expense, which was \$2.6 million in 1HFY21 and \$0.6 million in 1HFY20.

Refer to the accompanying market release and the 1HFY21 Results Presentation dated 26 February 2021 for further commentary.

#### Net tangible assets per Share

	31 December 2020	31 December 2019
Net tangible assets backing per Ordinary Share	\$1.10	\$0.51

#### Dividends

	Amount per Share (cents)	Franked Amount per share at 30% of Tax (cents)
<b>Ordinary Shares:</b>		
2020 interim - paid 10 March 2020	7.5	7.5
2020 final - paid 19 October 2020	13.5	13.5
2021 interim Dividend declared	16.0	16.0

<sup>1</sup> Results include 1 month of contribution from Mighty Ape Limited.

### **Current period**

The 2021 interim Dividend was declared subsequent to the balance date. The record date for determining entitlement to receipt of the interim Dividend is 9 March 2021 and the Company expects to pay the Dividend on 31 May 2021. The Dividend has not been accrued for as at 31 December 2020.

### **Dividend Reinvestment Plan**

The Dividend Reinvestment Plan will apply to the FY21 interim Dividend at a 2.5% discount to the 5-day volume weighted average price of shares sold on ASX from the trading day prior to the record date.

### **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 2020 Financial Report.

Signed on behalf of Kogan.com Ltd, on the 26 February 2021.



**Greg Ridder**  
Non-Executive Chairman





**\$51.7m**  
Adjusted  
EBITDA<sup>1</sup>



**97.4%**  
YoY Gross Sales<sup>1</sup>  
growth



**126.2%**  
YoY increase  
in Gross Profit



**Interim Dividend  
of 16.0 cents  
per Share  
(fully franked)**



<sup>1</sup> 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 Ltd ("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 2020 ("1HFY21") 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

## PRINCIPAL ACTIVITIES

Kogan.com is a portfolio of retail and service businesses. Kogan.com's business divisions included Kogan Retail, Kogan Marketplace, Kogan Mobile Australia, Kogan Internet, Kogan Insurance, Kogan Health, Kogan Pet, Kogan Life, Kogan Money, Kogan Cars, Kogan Super, Kogan Credit Cards, Kogan Mobile New Zealand, Kogan Energy and Kogan Travel during the half-year ended 31 December 2020.

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 of products released under Kogan.com's in-house 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 and profit from Kogan Marketplace and the New Verticals including Kogan Mobile Australia, Kogan Internet, Kogan Insurance, Kogan Money, Kogan Cars, Kogan Super, Kogan Credit Cards, Kogan Mobile New Zealand, Kogan Energy and Kogan Travel ("New Verticals").

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 International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

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

## REVIEW OF OPERATIONS

### TRADING PERFORMANCE

Kogan.com has delivered its highest Gross Profit result in the half-year ended 31 December 2020 with Gross Profit up \$63.0 million (126.2%<sup>1</sup>) on the prior corresponding period.

The Group achieved EBITDA<sup>2</sup> of \$38.8 million in 1HFY21 (1HFY20: \$16.7 million).

Kogan.com recorded statutory profit after tax attributable to members of \$23.6 million (1HFY20: \$8.9 million). Profit after tax attributable to members in the current period includes an unrealised foreign exchange loss of \$3.3 million in 1HFY21 and in the prior corresponding period includes losses of \$0.9 million. Both periods include a non-cash equity-based compensation expense, which was \$2.6 million in 1HFY21 and \$0.6 million in 1HFY20. 1HFY21 also includes penalties of \$0.3m.

The key drivers of performance in the half-year to 31 December 2020 were:

- **Platform growth:** in the twelve months to December 2020, the Company achieved continued growth in Active Customers of 1,304,000 (76.8%). As at 31 December 2020, the Kogan.com business (excluding Mighty Ape) had Active Customers of 3,003,000.

Return on investment (ROI) on marketing continues to be closely monitored and our NPS<sup>3</sup> remains strong at an LTM average of 52.2. Close monitoring of and flexibility in key operating costs allow the business to maintain our price leadership position and respond to changes in the competitive environment.

1 Gross Profit percentage 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.

3 Net Promoter Score (NPS) is calculated based on answers to the question, "How likely is it that you would recommend Kogan.com to a friend or colleague?". Kogan.com measures its NPS as the percentage of customers who are "promoters" rating its products and services 9 or 10 out of a possible 10, less the percentage of "detractors", rating its products and services 0 to 6 out of a possible 10. The maximum possible NPS is 100, and the minimum possible NPS is - 100.

- **Investment in inventory:** the business has made its largest investment in inventory to expand our product offering, responding to demand from our growing base of Active Customers and driving Revenue growth of the Product Divisions.
- **Product Divisions:** Exclusive Brands continues to achieve significant Revenue growth with an increase of 114.9% on 1HFY20. Third-Party Brands achieved strong growth, exceeding the prior corresponding period by 50.5%.
- **Kogan Marketplace:** 1HFY21 also saw the continued expansion of Kogan Marketplace, achieving \$13.2 million in seller fees during the half, growth of 141.0% on the prior corresponding period.

The exceptional growth has been possible due to the Kogan Marketplace team, platform and the Kogan.com community. Ever growing member numbers of sellers are joining the Kogan Marketplace via a continually improving onboarding platform, and are able to offer their products to the growing Kogan.com Community of Active Customers.

- **New Verticals & advertising income:** Kogan Mobile achieved an increase in Active Customers and commission-based revenue over the period.

Kogan First also grew its community of loyal customers who access free shipping and a range of exclusive benefits. Our data shows that Kogan First members purchase, on average, more often than non-members, demonstrating loyalty to the platform, and also demonstrating the significant savings available through the loyalty program.

The business also enabled partners to advertise to the Kogan.com Community and offer their goods and services, earning advertising income as a result.

- **Mighty Ape:** The newly acquired Mighty Ape team and operations are progressively integrating into the Kogan Group. December 2020 trading showed strong sales over the Christmas peak trading period with Revenue and Gross Profit of \$20.0m<sup>4</sup> and \$5.4m<sup>4</sup>, respectively. Active Customers grew to 719,000.
- **Operating costs:** The business delivered exceptional results despite significant one-off operating costs that included;
  - a rise in the equity-based compensation expenses driven by the recent awards of options after the Company's AGM in November 2020
  - donations of \$1.1m of Personal Protective Equipment (PPE) by the Company to Australian charities to assist in the COVID-19 response
  - logistics demurrage charges of \$1.9m driven by one-off warehousing and supply chain interruptions from late 2020 (almost never previously incurred, and expected to be resolved from early 2021)
  - a \$1.5m write-down of PPE held by Kogan.com following reduction in COVID-19 cases in Australia
  - a \$1.8m accrual for Tranches 3 & 4 of the Mighty Ape purchase<sup>5</sup>
  - transaction costs of \$0.8m relating to the due diligence and other transaction costs relating to the purchase of Mighty Ape.
- **The effective tax rate** in the 2020 half-year was 33% (2019: 30%).

## 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 2HFY21, we are due to further expand our Exclusive Brands, enhance and develop Kogan Marketplace and complete the integration of the Mighty Ape team and operations, and further grow the Group's Active Customer base.

January 2021 unaudited management accounts show:

- Gross Sales grew more than 45% year-on-year, which included:
  - 111.6% growth in Kogan Marketplace
  - 54.6% growth in Exclusive Brands
  - negative growth in some New Verticals, driven by Travel and Insurance (inc Travel Insurance and certain other Insurances, which remain suspended)

<sup>4</sup> Values stated in AUD using spot rate of 0.9376 on 31 December 2020.

<sup>5</sup> 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.

- Gross Profit grew more than 102% year-on-year
- Adjusted EBITDA grew more than 90% year-on-year

We expect that 2HFY21 will see further growth in Exclusive Brands, the scaling up of Kogan Marketplace and integration of the Mighty Ape team and operations, and further growth in the Group's Active Customer base.

## 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

In line with the Dividend Policy, the Directors have declared an interim Dividend of 16.0 cents per Ordinary Share, fully franked. The record date of the Dividend is 9 March 2021 and the Dividend will be paid on 31 May 2021. The Dividend was not determined until after the balance sheet date and accordingly no provision has been recognised as at 31 December 2020.

## 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 2020 can be found on page 4 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, 26 February 2021

## 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.

<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation.
<b>Adjusted EBITDA</b>	Earnings before interest, tax, depreciation, amortisation, unrealised FX gain/(loss), equity-based compensation and one-off non-recurring items.
<b>Adjusted NPAT</b>	Net profit after tax before unrealised FX gain/(loss), equity-based compensation and one-off non-recurring items.
<b>Gross Sales</b>	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 2020 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 version of the KPMG logo in black ink.

KPMG

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

Simon Dubois

*Partner*

Melbourne

26 February 2021

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# INTERIM FINANCIAL STATEMENTS

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# CONDENSED CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

<b>CONSOLIDATED GROUP</b>			
	Note	31 December 2020 \$'000	31 December 2019 \$'000
Revenue	1.1	414,009	219,541
Cost of sales	1.2	(301,112)	(169,609)
<b>Gross profit</b>		<b>112,897</b>	<b>49,932</b>
Selling and distribution expenses		(35,937)	(11,525)
Warehouse expenses		(13,001)	(7,014)
Administrative expenses		(28,918)	(16,411)
Other expenses		(1,081)	(1,108)
<b>Results from operating activities</b>		<b>33,960</b>	<b>13,874</b>
Finance income		4,492	32
Finance costs		(60)	(218)
Unrealised foreign exchange (loss)		(3,258)	(887)
<b>Net finance (loss)/income</b>		<b>1,174</b>	<b>(1,073)</b>
<b>Profit before income tax</b>		<b>35,134</b>	<b>12,801</b>
Tax expense		(11,542)	(3,872)
<b>Profit after income tax</b>		<b>23,592</b>	<b>8,929</b>
Foreign operations - foreign currency translation differences		12	-
<b>Total comprehensive income for the period attributable to the members of the Company</b>		<b>23,604</b>	<b>8,929</b>
<b>Basic earnings per share</b>	3.4	0.22	0.10
<b>Diluted earnings per share</b>	3.4	0.22	0.09

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$'000	30 June 2020 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		78,950	146,726
Trade and other receivables		7,449	5,390
Inventories		225,329	112,882
Prepayments and other current assets		3,122	1,400
<b>TOTAL CURRENT ASSETS</b>		<b>314,850</b>	<b>266,398</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		11,548	2,603
Intangible assets		82,887	8,279
Deferred tax assets		6,522	2,387
<b>TOTAL NON-CURRENT ASSETS</b>		<b>100,957</b>	<b>13,269</b>
<b>TOTAL ASSETS</b>		<b>415,807</b>	<b>279,667</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		132,713	82,495
Loans & borrowings		1,472	-
Acquisition payables	B(ii)	29,500	-
Lease liabilities		2,780	1,987
Current tax liabilities		9,869	5,451
Employee benefits		1,472	1,134
Provisions		3,276	3,159
Deferred income		21,446	19,334
Financial liabilities		4,318	1,060
<b>TOTAL CURRENT LIABILITIES</b>		<b>206,846</b>	<b>114,620</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		7,995	453
Employee benefits		202	197
Deferred income		208	372
Loans & borrowings		1,236	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,641</b>	<b>1,022</b>
<b>TOTAL LIABILITIES</b>		<b>216,487</b>	<b>115,642</b>
<b>NET ASSETS</b>		<b>199,320</b>	<b>164,025</b>
<b>EQUITY</b>			
Issued capital	3.3.1	292,952	269,033
Merger reserve		(131,816)	(131,816)
Other reserves		3,396	1,352
Retained earnings		34,788	25,456
<b>TOTAL EQUITY</b>		<b>199,320</b>	<b>164,025</b>

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

\$'000	Note	Share capital	Retained earnings	Merger reserve	Trans-lation reserve	Perfor-mance Rights reserve	Total equity
<b>Balance at 1 July 2019</b>							
<b>Comprehensive income</b>							
Profit for the half-year		-	8,929	-	-	-	8,929
<b>Total comprehensive income for the half-year</b>		-	<b>8,929</b>	-	-	-	<b>8,929</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>							
Issue of Ordinary Shares under performance plans, net of issue costs	3.3.1b	379	-	-	-	(379)	-
Dividends paid	3.3.2	-	(7,705)	-	-	-	(7,705)
Equity-settled share-based payments	5.1	-	-	-	-	617	617
<b>Total transactions with owners, in their capacity as owners</b>		<b>379</b>	<b>(7,705)</b>	-	-	<b>238</b>	<b>(7,088)</b>
<b>Balance at 31 December 2019</b>		<b>168,202</b>	<b>14,660</b>	<b>(131,816)</b>	<b>(291)</b>	<b>2,066</b>	<b>52,821</b>
<b>Balance at 30 June 2020</b>							
		<b>269,033</b>	<b>25,455</b>	<b>(131,816)</b>	<b>(291)</b>	<b>1,643</b>	<b>164,024</b>
<b>Comprehensive income</b>							
Profit for the half-year		-	23,592	-	-	-	23,592
Other comprehensive income		-	-	-	12	-	12
<b>Total comprehensive income for the half-year</b>		-	<b>23,592</b>	-	<b>12</b>	-	<b>23,604</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>							
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 incentive 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
<b>Total transactions with owners and other transfers</b>		<b>23,919</b>	<b>(14,259)</b>	-	-	<b>2,032</b>	<b>11,692</b>
<b>Balance at 31 December 2020</b>		<b>292,952</b>	<b>34,788</b>	<b>(131,816)</b>	<b>(279)</b>	<b>3,675</b>	<b>199,320</b>

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	<b>CONSOLIDATED GROUP</b>		
	Note	31 December 2020 \$'000	31 December 2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		433,831	250,274
Payments to suppliers and employees		(444,206)	(228,007)
Interest received		20	32
Finance costs paid		(112)	(262)
Income tax paid		(12,940)	(4,658)
Net cash (used in)/provided by operating activities		(23,407)	17,379
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(96)	(45)
Purchase of intangible assets	2.1	(887)	(2,398)
Business acquisition net of acquired cash		(47,830)	-
Net cash (used in) investing activities		(48,813)	(2,443)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	3.3.2	(12,423)	(7,705)
Net proceeds from issue of shares		20,001	-
Transaction costs related to the issue of shares		(250)	-
Repayment of lease liabilities		(1,075)	(612)
Repayment of debt facility		(1,809)	-
Net cash provided by/(used in) financing activities		4,444	(8,317)
Net (decrease)/increase in cash held		(67,776)	6,620
Cash and cash equivalents at beginning of half-year		146,726	27,462
Cash and cash equivalents at end of half-year		78,950	34,082

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

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 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 2020 was authorised for issue in accordance with a resolution of the Directors on 26 February 2021.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards and the nature of its operations and principal activities are described in the 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 2020.

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 2020.

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

Kogan.com is a company of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191 and in accordance with that instrument, amounts in the 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 private label 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.

## (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 2020	Kogan.com \$'000	Mighty Ape <sup>1</sup> \$'000
External revenues	394,051	19,958
<b>Segment revenue</b>	<b>394,051</b>	<b>19,958</b>
Adjusted EBITDA	48,794	2,929
Interest income	133	0
Interest expense	0	(53)
Depreciation and amortisation	(3,591)	(131)
<b>Segment assets</b>	<b>372,477</b>	<b>43,330</b>
Capital expenditure	57,206	43,630
<b>Segment liabilities</b>	<b>185,901</b>	<b>30,586</b>

1. Results of Mighty Ape reflect one month only, being December 2020.

## B. BUSINESS COMBINATION

### (i) Summary of acquisition

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

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

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

Tranche 1 was paid on 3 December 2020 and recorded at the applicable Australian dollar, being A\$56.3m.

Tranche 2 is payable without exception (value of tranche 2 may vary depending on Mighty Ape results). Tranche 2 is recorded at estimated fair value at 1 December 2020 under Acquisition payables in the Balance Sheet.

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. As at 31 December 2020 a total of \$1.8m has been accrued for within Administrative Expenses and incorporated within the Adjusted EBITDA result given it does not represent the actual performance of the business.

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

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

**(ii) Details of the purchase consideration, the net assets acquired and goodwill are as follows:**

Purchase consideration	AUD \$'000
Tranche 1	56,267
Tranche 2	29,500
	<b>85,767</b>

**(iii) The assets and liabilities recognised at the date of the acquisition were as follows:**

Current assets	AUD \$'000
Cash & cash equivalents	8,431
Trade & Other receivables	2,060
Inventories	25,857
<b>Non-current assets</b>	
Property, plant and equipment	10,030
Intangibles	417
<b>Current liabilities</b>	
Trade & other payables	17,964
Current tax liabilities	1,088
Loans & borrowings	3,104
Provisions	422
Deferred income	2,759
Lease liabilities	1,330
<b>Non-current liabilities</b>	
Loans & borrowings	1,254
Lease liabilities	8,066
<b>Net identifiable assets acquired</b>	<b>10,808</b>

Certain items within the accounting for the acquisition of Mighty Ape Limited remain provisional at 31 December 2020. These include, but are not limited to, the valuation of key intangibles such as brand names and in-house developed software.



The Group will finalise its fair value assessment for the acquisition of Mighty Ape in the financial statements for the Group for the full year ending 30 June 2021. Additionally, if new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of the acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

**(iv) The provisional goodwill arising on the acquisition was as follows:**

	AUD \$'000
Purchase consideration	85,767
Less: provisional value of net identifiable assets acquired	(10,808)
<b>Provisional goodwill arising on acquisition</b>	<b>79,959</b>

Goodwill arising from the acquisition of Mighty Ape Limited remains provisional as at 31 December 2020 while management finalises the assessment of fair value of assets and liabilities acquired.

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

**(v) Revenue and Profit contribution:**

The acquired business contributed revenues of \$19,892 and net profit after tax of \$1,926 to the Group for the period 1 December 2020 to 31 December 2020. Had the Group acquired Mighty Ape at the start of the financial year, it would have contributed an additional \$61,692 of revenue and \$2,909 of net profit after tax for the period 1 July 2020 to 30 November 2020.

**(vi) Purchase consideration - cash outflow:**

	AUD \$'000
Net purchase consideration paid in cash at 31 December 2020	56,267
Less: cash and cash equivalent balances acquired	(8,437)
<b>Outflow of cash - investing activities</b>	<b>47,830</b>

**(vii) Costs in relation to the acquisition have been recognised as follows:**

	AUD \$'000
Acquisition related transaction costs recognised in Other expenses	802
<b>Total</b>	<b>802</b>

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

## C. 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 valuation of net assets acquired via the Mighty Ape purchase, and subsequent determination of Goodwill.

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

## 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.

	<b>CONSOLIDATED GROUP</b>	
	31 December 2020 \$'000	31 December 2019 \$'000
<b>Revenue</b>		
Sales revenue:		
sale of goods	387,755	202,975
rendering of services	23,278	12,728
	411,033	215,703
Other revenue:		
marketing subsidies	2,108	2,641
other revenue	868	1,197
	2,976	3,838
<b>Total revenue</b>	<b>414,009</b>	<b>219,541</b>

## 1.2 EXPENSES

	31 December 2020 \$'000	31 December 2019 \$'000
Cost of sales	301,112	169,609
<b>Total cost of sales</b>	<b>301,112</b>	<b>169,609</b>
Employee benefit expense	18,168	9,154
Depreciation and amortisation expense	3,722	3,838

## 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 2020 was 33% (for the six months ended 31 December 2019: 30%).

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 \$887 of intangible assets, excluding those acquired through the Mighty Ape acquisition, during the six months ended 31 December 2020. A total of \$2,398 was acquired during the six months ended 31 December 2019.

There were no disposals or impairment loss recognised during the half-year.

## 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.

On 27 November 2018, Kogan.com renewed its multi-option facility agreement with Westpac Banking Corporation, for a term of three years, maturing on 27 November 2021. The renewal saw an increase in the facility from \$10.0 million to \$20.0 million. The facility agreement was then amended on 23 April 2019 to increase the facility limit to \$30.0 million.

There were no amounts drawn down under the facility at period end (2019: nil).

On 28 February 2018, Mighty Ape entered into a Customised Average Rate Loan (CARL) agreement with Bank of New Zealand, for a term of five years, maturing on 29 March 2023. The agreed facility limit is NZ\$2 million.

On 12 February 2019, Mighty Ape Limited renewed its overdraft facility agreement with the Bank of New Zealand, with no set maturity date. The agreed facility limit is NZ\$1.5 million.

On 1 September 2020, Mighty Ape Limited renewed its Trade Finance Facility agreement with the Bank of New Zealand with no set maturity date. The agreed facility limit is NZ\$6.0 million.

At 31 December 2020 the CARL agreement was drawn by NZ\$1.3m and the overdraft facility was overdrawn by NZ\$1.5m. The Trade Finance Facility remained undrawn at 31 December 2020.

### 3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT

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

	<b>CONSOLIDATED GROUP</b>	
	31 December 2020 \$'000	30 June 2020 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	78,950	146,726
Trade and other receivables	7,449	5,390
<b>Total financial assets</b>	<b>86,399</b>	<b>152,116</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade and other payables	132,713	82,495
Acquisition payables	29,500	-
Loans & borrowings	2,708	-
Lease liabilities - current	2,780	1,987
Lease liabilities - non-current	7,995	453
Financial liabilities	4,318	1,060
<b>Total financial liabilities</b>	<b>180,014</b>	<b>85,995</b>

#### Fair Value Measurements

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

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

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

#### a. Fair Value Hierarchy

AASB 9 *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 2020 totalled (\$4,318) liability, 30 June 2020: (\$1,060) liability. This represented the fair value of forward contracts as at 31 December 2020, 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.

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

### **3.3.1 ISSUED CAPITAL AND RESERVES**

#### **a. Ordinary Shares**

	31 December 2020 \$'000	30 June 2020 \$'000	31 December 2020 No. <sup>1</sup>	30 June 2020 No. <sup>1</sup>
Fully paid Ordinary Shares	292,952	269,033	105,708,527	103,531,706

1. These values are absolute and not rounded.

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	Shares no.	Issue price	\$
Balance	1 July 2016	343	\$1.00	343
Shares cancelled as part of the Kogan purchase	7 July 2016	(343)	\$-	-
Shares issued at IPO	7 July 2016	27,777,786	\$1.80	50,000,015
Shares issued to senior managers under an IPO bonus schemes	7 July 2016	657,638	\$1.80	1,183,748
Shares issued to the previous owners for the purchase of Kogan Operations Holdings Pty Ltd	7 July 2016	64,897,910	\$1.80	116,816,238
Transaction cost arising on IPO offset against share capital, net of tax	7 July 2016	-	\$-	(904,642)
Shares issues to eligible employees under an incentive plan	29 September 2016	3,247	\$1.54	5,000
<b>Balance</b>	<b>30 June 2017</b>	<b>93,336,581</b>		<b>167,100,702</b>
Shares issues to eligible employees under an incentive plan	3 July 2017	128,357	\$1.43	183,562
Shares issues to eligible employees under an incentive plan	8 March 2018	7,407	\$1.27	9,370
<b>Balance</b>	<b>30 June 2018</b>	<b>93,472,345</b>		<b>167,293,634</b>
Shares issues to eligible employees under an incentive plan	6 July 2018	232,181	\$1.66	386,227
Shares issues to eligible employees under an incentive plan	6 July 2018	3,613	\$6.92	25,000
Shares issues to eligible employees under an incentive plan	28 February 2019	21,713	\$5.42	117,729
<b>Balance</b>	<b>30 June 2019</b>	<b>93,729,852</b>		<b>167,822,590</b>
Shares issues to eligible employees under an incentive plan	20 August 2019	229,360	\$1.65	379,368
<b>Balance</b>	<b>31 December 2019</b>	<b>93,959,212</b>		<b>168,201,958</b>
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
<b>Balance</b>	<b>30 June 2020</b>	<b>103,531,706</b>		<b>269,033,496</b>
Share purchase plan	10 July 2020	1,746,733	\$11.45	20,000,856
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	-	-	1,755,554
<b>Balance</b>	<b>31 December 2020</b>	<b>105,708,527</b>		<b>292,952,057</b>

1. These values are absolute and not rounded.

### 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.

### 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 2020 \$'000	31 December 2019 \$'000
Dividends declared during the half-year	14,259	7,705
Dividend Reinvestment Plan during the half-year	(1,836)	-
Dividends paid during the half-year	12,423	7,705

## 3.4 EARNINGS PER SHARE

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

	CONSOLIDATED GROUP	
	31 December 2020 \$'000	31 December 2019 \$'000
Net profit for the reporting period	23,592	8,929

### b. Weighted average number of Ordinary Shares of the entity used as the denominator

	CONSOLIDATED GROUP	
	31 December 2020 No.	31 December 2019 No.
Weighted average number of Ordinary Shares of the entity	105,581,820	93,896,886
Diluted weighted average number of Ordinary Shares of the entity	1,277,835	1,727,738

	CONSOLIDATED GROUP	
	31 December 2020 \$	31 December 2019 \$
Basic earnings per Share	0.22	0.10
Diluted earnings per Share	0.22	0.09

## 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 2020.

## 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 STI.

<b>Purpose of STI plan</b>	<p>Provide a link between remuneration and both short-term Company and individual performance.</p> <p>Create sustainable Shareholder value.</p> <p>Reward individual for their contribution to the success of the Group.</p> <p>Actively encourage team members to take more ownership over EBITDA<sup>1</sup>.</p>
<b>Eligibility</b>	<p>Offers of cash incentive may be made to any team members of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of cash incentive under the STI.</p>
<b>Calculation &amp; Target</b>	<p>The actual EBITDA<sup>1</sup> of Kogan.com shall exceed the management forecast for the full financial year (after payment of the STI).</p> <p>25% of the outperformance will be allocated to a 'bonus pool'.</p> <p>The 'bonus pool' will then be shared in cash bonuses among a number of team members in fixed proportions.</p>
<b>Maximum opportunity</b>	<p>The maximum payable is 25% of the outperformance and 35% of the team members' annual salary.</p>
<b>Performance conditions</b>	<p>Outperformance of the actual EBITDA<sup>1</sup>.</p> <p>Continuation of employment.</p>



<b>Why were performance conditions chosen</b>	To achieve successful and sustainable financial business outcomes as well as any annual objectives that drive short-term and long-term business success and sustainability.
<b>Performance period</b>	1 July 2020 to 30 June 2021.
<b>Timing of assessment</b>	August 2021, following the completion of the 30 June 2021 accounts.
<b>Form of payment</b>	Paid in cash.
<b>Board discretion</b>	Targets are reviewed annually and the Board had discretion to adapt appropriately to take into account exceptional items.

1. Non-IFRS measure.

### Performance rights under the Equity Incentive Plan (EIP)

The following table outlines the significant aspects of the current long-term incentive (LTI)

<b>Consideration</b>	Nil.
<b>Eligibility</b>	Offers of Incentive Securities may be made to any team member of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of incentive Shares under the EIP.
<b>Amount payable &amp; entitlement</b>	No amount is payable upon the exercise of a Performance Right that has vested, with each Performance Right entitling the holder to one fully paid Ordinary Share on exercise.
<b>Service condition on vesting</b>	Individuals must be employed by the Group at time of vesting, and not be in their notice period.
<b>Restrictions on dealing</b>	Shares allocated upon exercise of Performance Rights will rank equally with all existing Ordinary Shares from the date of issue (subject only to the requirements of Kogan.com's Securities Trading Policy). Upon vesting, there will be no disposal restrictions placed on the Shares issued to the participants (subject only to the requirements of Kogan.com's Securities Trading Policy).

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

	<b>LONG TERM INCENTIVE PLANS</b>	
	<b>PERFORMANCE RIGHTS</b>	
	No. 2020	No. 2019
Six months to 31 December		
Outstanding at beginning of period	1,514,138	2,342,370
Granted during the period	44,857	67,259
Exercised during the period	(343,440)	(229,360)
Forfeited during the period	(2,996)	(6,061)
Outstanding at the end of the period	1,212,559	2,174,208
Exercisable at the end of the period	682,148	657,677

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS 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 & 4 years	1 to 5 years
Vesting dates	30 June 2017	30 June 2017	31 Dec 2019	31 Dec 2017
	30 June 2018	30 June 2018	31 Dec 2020	31 Dec 2018
	30 June 2019	30 June 2019		31 Dec 2019
	30 June 2020	30 June 2020		31 Dec 2020
	30 June 2021	30 June 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 & 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%	1.5%	1.9%

LONG TERM INCENTIVE PLANS				
Grant Dates	27 February 2019	27 February 2019	20 August 2019	20 August 2019
Number	10,491	15,152	30,711	36,550
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 31 Dec 2020 31 Dec 2021	30 Jun 2020 30 Jun 2021	31 Dec 2019 31 Dec 2020 31 Dec 2021 31 Dec 2022	30 Jun 2020 30 Jun 2021 30 Jun 2022 30 Jun 2023
Dividend yield	0.0%	0.0%	0.0%	0.0%

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	1.5%	1.5%	0.7%	0.7%	0.7%	0.0%

LONG TERM INCENTIVE PLANS				
Grant Dates	19 October 2020	19 October 2020	1 December 2020	3 December 2020
Number	512	134	6,000,000	61,632
Fair value at grant date	\$10,000	\$1,973	\$68,876,559	\$571,945
Share price at grant date	\$19.53	\$14.77	\$16.40	\$19.00
Strike price	\$0.00	\$0.00	\$5.29	\$16.38
Rights life	1 year	1 to 3 years	3 years	3 years
Vesting dates	31 Dec 2020	31 Dec 2021 31 Dec 2022 31 Dec 2023	30 Jun 2023	1 Apr 2023
Dividend yield	0.0%	0.0%	0.0%	0.0%

During the period the Group recognised a share-based payment expense of \$2,609,483<sup>1</sup> (2019: \$617,478<sup>1</sup>).

1. These values are absolute and not rounded.

## **SECTION 6: OTHER**

### **6.1 SUBSEQUENT EVENTS**

The Directors have declared a Dividend of 16.0 cents per Ordinary Share, fully franked. The Dividend was not determined until after the balance sheet date and accordingly no provision has been recognised at 31 December 2020.

### **6.2 CONTINGENT LIABILITIES**

As at 31 December 2020, the Group had bank guarantees amounting to \$1.2 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 5 to 24 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 2020 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, 26 February 2021

# INDEPENDENT AUDITOR'S REVIEW 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 Half-year Financial Report

#### Conclusion

We have reviewed the accompanying **Half-year 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 that the Half-year 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 2020 and of 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*.

The **Half-year Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2020;
- Condensed consolidated income statement and consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year 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 a 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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#### Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year 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 Half-year 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 Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year 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 Half-year 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 2020 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 a Half-year 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

26 February 2021

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# 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 LTD

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

## LOCATION OF SHARE REGISTRY

### COMPUTERSHARE

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

## STOCK EXCHANGE LISTING

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

## AUDITORS

### KPMG

Tower Two, Collins Square  
727 Collins Street  
Dockland VIC 3008

