

APPENDIX 4E – KOGAN.COM LTD

ABN 96 612 447 293

Year ended 30 June 2022

(Previous corresponding period: Year ended 30 June 2021)

	30 June 2022 \$000's	30 June 2021 \$000's	Change (decrease) \$000's	Change (decrease) %
Revenues from ordinary activities	718,504	780,742	(62,238)	(8.0)
(Loss)/Profit before tax	(42,708)	11,268	(53,976)	(479.0)
(Loss)/Profit after tax	(35,457)	3,537	(38,994)	(1,102.5)

Abbreviated explanation of results

Following a record year in FY21, Revenue from ordinary activities of \$718.5 million in FY22 decreased by 8.0% year-on-year, however grew by an annual compound growth rate of 20.1% versus FY20. Highlights within the Business included the continued integration and growth of Mighty Ape, Kogan Marketplace and Kogan First Loyalty Program. It should be noted that Kogan Marketplace and Kogan First Loyalty Program Revenue reflects only the seller-based fees/commissions received on sales, and not the Gross Sales.

The Business recorded a statutory loss after tax of \$35.5 million in FY22. The financial year was significantly impacted by ongoing COVID-19 related interruptions and associated fluctuations in demand, experienced across the entire retail industry, resulting in increased logistics and other operating costs. The Company has made significant progress to achieve a leaner business model in the second half of FY22, by right-sizing inventory and reducing associated operating costs.

This financial year's statutory loss was also impacted by the following:

- Non-cash equity-based compensation expense of \$26.6 million (FY21: \$15.6 million) driven by the award of options after the Company's AGM in November 2020, which are being expensed as per the accounting treatment described in the Notice of Meeting of the 2020 AGM. The strike price of these options is \$5.29¹.
- Provisions of \$17.0 million for the likely payment of Tranches 3 & 4 of the Mighty Ape purchase price (FY21: \$12.0 million). As part of the Sale Agreement, Tranche 3 & 4 are contingent on the Mighty Ape Founder & CFO, Simon Barton, remaining with the Business until the delivery of the FY23 results. In line with accounting standards, Tranches 3 & 4 payments have been considered as compensation for post-combination services for accounting purposes, and as such, treated as employee remuneration. The Group is proportionately accounting 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.
- Unrealised losses relating to financial instruments of \$2.2 million (FY21: unrealised gain of \$1.4 million).

These items are not considered by the Company to be representative of the underlying performance of the Business. As such, Adjusted Net Profit After Tax² of \$(2.9) million (FY21: \$42.9 million), may be a useful metric to assess underlying business performance.

Refer to the accompanying market release and the Kogan.com FY22 Results Presentation dated 23 August 2022 for further commentary.

1. The share price of Kogan.com Ltd at the close of 19.08.2022 was \$3.82.

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

Preliminary financial statements³

Please refer to pages 6 through 22 of this report wherein the following are provided:

- Consolidated income statement and consolidated statement of other comprehensive income for the year ended 30 June 2022
- Consolidated statement of financial position as at 30 June 2022
- Consolidated statement of changes in equity for the year ended 30 June 2022
- Consolidated statement of cash flows for the year ended 30 June 2022
- Notes to the consolidated financial statements

Control gained of entities in the period

Kogan.com Ltd did not establish any new subsidiaries during FY22.

In FY21 Kogan.com acquired Mighty Ape Limited on 1 December 2020 for a headline purchase price of A\$122.4⁴ million, payable over four tranches and subject to variation under earn out provisions through to delivery of the FY23 financial results, and completion adjustments⁵.

Net tangible assets per share

	30 June 2022	30 June 2021
Net tangible assets backing per Ordinary Shares	\$0.75	\$0.80

Dividends

	Amount per share (cents)	Franked Amount per share at 30% of Tax (cents)
Ordinary Shares		
2021 interim Dividend paid 31 May 2021	16.0	16.0
2021 final Dividend declared	-	-
2022 interim Dividend	-	-
2022 final Dividend declared	-	-

3. All reports are based on preliminary unaudited results.

4. Note headline Enterprise Value (EV) was NZD\$128.8m (value stated in AUD using spot rate of 0.95 on 23 November 2020)

5. Refer to Annexure A of 'Kogan.com Acquires Mighty Ape - Presentation' released on 3 December 2020 for details.

FY22 Dividend update

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

Dividend reinvestment plans

Noting a pause on Dividends during FY22, a Dividend Reinvestment Plan was available for the 2021 interim Dividend.

Commentary on the results for the period

The Consolidated Income Statement and Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Notes to the Unaudited Preliminary Financial Report (“financial report”) are included on pages 6 to 22. Further commentary and analysis of the results has been provided in the FY22 Results Presentation dated 23 August 2022.

Principal activities

Kogan.com is a portfolio of retail and services businesses that includes Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Pet, Kogan Life, 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 Verticals including Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Money, Kogan Cars, Kogan Energy and Kogan Travel (“Verticals”).

There were no significant changes in the nature of the activities of the Group during the year.

Highlights of the full year result

- Group Active Customers of 3,972,000 at 30 June 2022. Kogan.com Active Customers grew by an annual compound growth rate of 20.9% since 30 June 2020 and Mighty Ape Active Customers grew by 2.5% YoY⁶ to 783,000 as at 30 June 2022.
- Marketplace Revenue of \$30.6 million grew 31.2% year-on-year and now represents 16.6% of the Groups Gross Profit (FY21: 11.5%).
- Kogan First Loyalty Program Revenue of \$15.5 million grew 73.4% year-on-year. The program grew by 209.7% to 372,000 subscribers, who are enjoying the many benefits of the program.
- Statutory Net Loss After Tax was a deficit of \$35.5 million in FY22. Net Loss After Tax in the current year was impacted by the following:
 - o Complexities in forecasting consumer demand during COVID, resulting in excess inventory. This significantly increased storage costs throughout the year. Further, the Business undertook increased marketing activities to rebalance inventory levels relevant to the size of the business.
 - o The Business recognised a provision of \$17.0 million for the likely future payment of Mighty Ape Tranches 3 & 4 instalments. For income tax purposes, this is considered capital in nature, and therefore no tax deduction is available. Additionally, there is no deferred tax asset recognised as it is considered probable that the temporary difference will not reverse in the foreseeable future.
 - o Equity-based compensation expense of \$26.6 million (FY21: \$15.6 million) driven by the awards of options after the Company’s AGM in November 2020.

6. Mighty Ape was purchased on 1 December 2020. As such, CAGR of Mighty Ape Active Customers since FY20 is not applicable for the Kogan Group.

- Mighty Ape recorded Revenue of \$163.47 million.
- A significant unwinding of inventory was achieved, with total inventory reducing to \$159.9 million (30 June 2021: \$227.9 million).
- Net cash position (total cash less loans & borrowings) increased to \$31.2 million, from \$12.8 million at 30 June 2021.

Foreign entities

The results of Kogan HK Limited, a Hong Kong registered entity, and 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.

Status of the audit

This report should be read in conjunction with the preliminary financial report. The financial statements in the preliminary financial report are in the process of being audited.

Events after 30 June 2022

The following events occurred after 30 June 2022:

On the 14th of August 2022, it was reported in the media that Kogan.com had filed documents with the Victorian Supreme Court, seeking compensation from eStore Logistics Pty Ltd for an alleged breach of contract in late 2020. The claim gives rise to the consideration of a contingent asset. However, given proceedings are in their early stages, no contingent asset has been booked at 30 June 2022.

In March 2022, Wonderfi Technologies Inc purchased Bitbuy Technologies Inc. At that time Kogan.com owned a warrant entitling it to CAD 2.8M in either equity of First Ledger Corp (the Parent of Bitbuy Technologies Inc prior to March 2022) or cash upon exercise of the Warrant to occur in December 2022. Upon the change in ownership, the warrant held by Kogan.com was transferred to:

- CAD 0.6M cash (received in April 2022);
- 975,186 of shares in Wonderfi Technologies Inc; and
- a debenture of CAD 0.1M maturing in 12 months from March 2022.

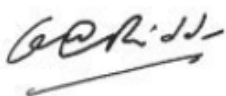
The Wonderfi Technologies Inc shares are released from escrow progressively over a 12 month period. As at the time of this report, 406,325 shares were sold by Kogan.com. A balance of 568,861 shares continue to be held by Kogan.com.

Annual General Meeting

Kogan.com Ltd advises that its Annual General Meeting will be held on Thursday, 24 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch.

In accordance with the ASX Listing Rules and the Company's constitution, valid nominations for the position of Director are required to be lodged at the registered office of the Company by 5:00pm (AEST) 6 October 2022.

Signed on behalf of Kogan.com Ltd, on 23 August 2022



Greg Ridder
Chairman

7. Values stated in AUD using 1 July 2021 to 30 June 2022 average rate of 0.9376.

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ABN 96 612 447 293

**PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

**CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

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

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

ASSETS	Note	2022 \$000's	2021 \$000's
CURRENT ASSETS			
Cash and cash equivalents	13	66,230	91,691
Trade and other receivables	7	5,357	5,810
Inventories	6	159,898	227,873
Other financial assets		532	205
Prepayments and other assets	8	2,785	1,981
Current tax assets		716	1,689
TOTAL CURRENT ASSETS		235,518	329,249
NON-CURRENT ASSETS			
Property, plant and equipment	11	24,642	17,668
Intangible assets	10	92,077	95,098
Deferred tax assets		8,073	-
TOTAL NON-CURRENT ASSETS		124,792	112,766
TOTAL ASSETS		360,310	442,015
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	83,021	104,317
Acquisition payables	9	29,086	36,290
Lease liabilities		7,670	5,554
Employee benefits		1,929	1,638
Provisions		2,072	3,480
Deferred income		13,773	11,777
TOTAL CURRENT LIABILITIES		137,551	163,056
NON-CURRENT LIABILITIES			
Acquisition payables	9	-	5,247
Loans & borrowings	12	34,869	78,699
Lease liabilities		14,993	10,279
Employee benefits		261	173
Deferred income		-	86
Deferred tax liabilities		-	3,746
TOTAL NON-CURRENT LIABILITIES		50,123	98,230
TOTAL LIABILITIES		187,674	261,286
NET ASSETS		172,636	180,729
EQUITY			
Issued capital	14	301,082	299,186
Merger reserve	14	(131,816)	(131,816)
Other reserves		40,429	15,648
Accumulated losses		(37,059)	(2,289)
TOTAL EQUITY		172,636	180,729

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

Consolidated Group		Share capital \$000	Retained earnings \$000	Merger reserve \$000	Translation reserve \$000	Share-based payments reserve \$000	Total Equity \$000
	Note						
Balance as at 1 July 2020		269,033	25,456	(131,816)	(291)	1,643	164,025
Comprehensive income							
Net profit after tax		-	3,537	-	-	-	3,537
Other comprehensive income		-	-	-	272	-	272
Total net profit and other comprehensive income for the year			3,537	-	272	-	3,809
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Ordinary Shares under performance plans		1,537	-	-	-	(1,537)	-
Tax deduction for difference between accounting expense and funds paid to issue incentive plans		4,812	-	-	-	-	4,812
Equity-settled share-based payments		-	-	-	-	15,561	15,561
Institutional placement net of tax impact		19,751	-	-	-	-	19,751
Dividend reinvestment plan		4,053	(4,053)	-	-	-	-
Dividends paid	16	-	(27,229)	-	-	-	(27,229)
Total transactions with owners and other transfers		30,153	(31,282)	-	-	14,024	12,895
Balance at 30 June 2021		299,186	(2,289)	(131,816)	(19)	15,667	180,729
Balance at 1 July 2021		299,186	(2,289)	(131,816)	(19)	15,667	180,729
Comprehensive income							
Net loss after tax		-	(35,457)	-	-	-	(35,457)
Retained earnings relates to prior financial years		-	687	-	-	-	687
Other comprehensive expense		-	-	-	(809)	-	(809)
Total comprehensive income for the year		-	(34,770)	-	(809)	-	(35,579)
Transactions with owners, in their capacity as owners							
Issue of Ordinary Shares under performance plans		1,021	-	-	-	(1,021)	-
Tax deduction for difference between accounting expense and funds paid to issue incentive plans		875	-	-	-	-	875
Equity-settled share-based payments		-	-	-	-	26,610	26,610
Total transactions with owners and other transfers		1,896	-	-	-	25,589	27,486
Balance at 30 June 2022		301,082	(37,059)	(131,816)	(828)	41,257	172,636

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$000's	2021 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		744,950	885,495
Payments to suppliers and employees		(678,455)	(926,285)
Interest received		48	25
Finance costs paid		(1,733)	(596)
Income tax paid		(2,971)	(21,671)
Net cash provided by/(used in) operating activities	18	61,839	(63,032)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,505)	(810)
Purchase of intangible assets		(4,054)	(3,919)
Disposal of intangible assets		2,672	-
Business acquisition net of acquired cash ⁸		(29,891)	(50,960)
Net cash (used in) investing activities		(32,778)	(55,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	20,001
Transaction costs related to the issue of shares		-	(250)
Dividends paid net of dividend reinvestment plan		-	(27,229)
Repayment of loans & borrowings		(48,980)	(20,002)
Draw down on debt facility		5,000	94,749
Transaction costs on draw down facility		(9)	(234)
Repayment of lease liabilities		(10,252)	(3,276)
Net cash (used in)/provided by financing activities		(54,241)	63,759
Net (decrease) in cash held		(25,180)	(54,962)
Cash and cash equivalents at beginning of financial year		91,691	146,726
Effects of exchange rate changes on cash		(281)	(73)
Cash and cash equivalents at end of financial year	13	66,230	91,691

The accompanying notes form part of these financial statements

8. FY21 relates to the payment of Mighty Ape Tranche 1 net of cash acquired at the time of purchase. FY22 relates to the payment of Mighty Ape Tranche 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These preliminary consolidated financial statements relate to Kogan.com Ltd and its controlled entities (“the Group”; “Kogan.com”) for the year ended 30 June 2022 and have been prepared based on the requirements of rule 4.3A of the ASX listing rules (Appendix 4E).

The accounting policies applied in these preliminary consolidated 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.

In order to conform with the current year’s presentation, certain comparatives have been reclassified.

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 Report) Instrument 2016/191 and in accordance with that instrument, amounts in the Financial Report are rounded to the nearest thousand dollars, except where otherwise indicated.

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

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

Estimates and judgements that have the most significant effect on the amounts recognised in the 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 Goodwill based on value in use calculations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1.1: IMPAIRMENT TESTING FOR GOODWILL

Basis of Preparation

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

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

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

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

NOTE 2: SEGMENT INFORMATION

(i) Basis of segmentation

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

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

Reportable segments

Operations

Kogan.com

Online retailer selling in-house and third-party brand household and consumer electronics products, as well as providing services for telecommunication, internet, insurance, home finances, utilities, vehicles and travel.

Mighty Ape

Online specialist retailer of gaming and entertainment products.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

(ii) Segment information provided to the Board

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

Reportable Segment	Kogan Parent	Mighty Ape	Total	
	(Australia)	(New Zealand)	(New Zealand)	
30 June 2022	\$000's	\$000's	\$000's	
Segment revenue	523,020	32,054	163,430	718,504
Adjusted EBITDA	6,197	380	12,331	18,908
Interest income	45	-	3	48
Interest expense	(1,310)	-	(461)	(1,771)
Depreciation and amortisation	(14,040)	-	(5,163)	(19,203)
Total Segment assets	329,034	-	31,275	360,309
Capital expenditure	4,585	-	975	5,560
Total Segment liabilities	162,773	-	24,901	187,674

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 3: REVENUE

	2022	2021
	\$000's	\$000's
Revenue		
Sales revenue:		
sale of goods	651,561	729,927
rendering of services	61,814	45,466
	<u>713,375</u>	<u>775,393</u>
Other revenue:		
marketing subsidies	4,223	4,000
other revenue	906	1,349
	<u>5,129</u>	<u>5,349</u>
Total revenue	<u>718,504</u>	<u>780,742</u>

NOTE 4: EXPENSES

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 5: TAXATION

	2022 \$000's	2021 \$000's
The components of tax expense comprise:		
Current tax	4,694	13,231
Deferred tax	(11,855)	(5,335)
(Over) provision in respect of prior year	(90)	(165)
Income tax (benefit)/expense attributable to the Group	(7,251)	7,731

The prima facie tax on (loss)/profit from ordinary activities before income tax is reconciled to income tax as follows:

Prima facie tax payable on (loss)/profit from ordinary activities before income tax at 30% (2021: 30%):

• Consolidated Group	(12,812)	3,380
• Effect of expenses that are not deductible in determining taxable profit	961	381
• Effect of other deductibles in determining taxable profit	(454)	104
• Effect of other non-allowable items (Mighty Ape Tranche 3 & 4)	5,114	3,914
• Other	(60)	(48)
Income tax (benefit)/expense attributable to the Group	(7,251)	7,731

The applicable weighted average effective tax rates are as follows:	17%	69%
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The Group's consolidated effective tax rate for the 12 months ended 30 June was 17% (for the 12 months ended 30 June 2021: 69%). The effective tax rate is impacted by the difference in accounting versus tax treatment of the Mighty Ape Tranche 3 and 4 payments. For Australian income tax purposes, amounts paid for the acquisition of Mighty Ape shares are considered as capital in nature and are therefore non-deductible, rather increasing the tax cost base of the shares.

No deferred tax asset is recognised due to it being probable that the temporary difference will not reverse in the foreseeable future.

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

NOTE 6: INVENTORIES

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 7: TRADE AND OTHER RECEIVABLES

	2022 \$000's	2021 \$000's
CURRENT		
Trade receivables	4,440	4,925
Other receivables	917	885
	5,357	5,810

NOTE 8: PREPAYMENTS AND OTHER ASSETS

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

NOTE 9: TRADE AND OTHER PAYABLES

	2022 \$000's	2021 \$000's
CURRENT		
Trade payables	59,643	65,351
Other payables	23,378	38,966
Total Trade and other payables	83,021	104,317

CURRENT		
Mighty Ape Tranche 2	-	29,500
Mighty Ape Tranche 3	14,804	6,790
Mighty Ape Tranche 4	14,282	-
Total Acquisition payables	29,086	36,290

NON-CURRENT		
Mighty Ape Tranche 4	-	5,247
Total Acquisition payables	-	5,247

Mighty Ape – acquisition-related remuneration

Mighty Ape acquisition related remuneration, refers to the provision for the likely payment of Mighty Ape Tranche 3 & 4 purchase price instalments as part of the Sale Agreement, which are contingent on the Mighty Ape Founder & CFO, Simon Barton, remaining with the Business until the delivery of the financial year 2023 results.

In line with accounting standards, Tranches 3 & 4 payments will be considered as compensation for post-combination services, and as such, treated as employee remuneration for accounting purposes. The Group will proportionately account for these expenses up until the respective payment dates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 10: INTANGIBLE ASSETS

	Consolidated Group	
	2022 \$000's	2021 \$000's
Patents and Trademarks:		
Cost	45,228	45,617
Accumulated amortisation	(6,037)	(3,004)
Net carrying amount	39,191	42,613
Website development costs:		
Cost	13,792	11,101
Accumulated amortisation	(8,791)	(6,624)
Net carrying amount	5,001	4,477
Software costs:		
Cost	1,284	1,154
Accumulated amortisation	(1,096)	(940)
Net carrying amount	188	214
Intellectual property:		
Cost	23,233	21,928
Accumulated amortisation	(21,847)	(20,054)
Net carrying amount	1,386	1,874
Goodwill:		
Cost	46,311	45,920
Accumulated amortisation	-	-
Net carrying amount	46,311	45,920
Total intangibles	92,077	95,098

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

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

NOTE 12: LOAN AND BORROWINGS

	2022 \$000's	2021 \$000's
Non-current	35,000	78,902
Amortised borrowing costs	(131)	(203)
Net carrying amount	34,869	78,699

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

DEBT FACILITY

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

Debt Facility	Kogan		Debt Facility	Mighty Ape	
	2022 \$000's AUD	2021 \$000's AUD		2022 \$000's NZD	2021 \$000's NZD
Multi-option facility	55,000	75,000	Overdraft facility	1,500	1,500
Additional debt facility	-	10,000	Trade finance facility	6,000	6,000
Total Debt Facility	55,000	85,000	Total Debt Facility	7,500	7,500

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

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

NOTE 13: CASH AND CASH EQUIVALENTS

	2022 \$000's	2021 \$000's
Cash at bank and on hand	66,230	91,691
	66,230	91,691

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 14: EQUITY

	2022 \$	2021 \$	2022 No.	2021 No.
Fully paid Ordinary Shares	301,081,639	299,185,901	106,927,603	106,561,563

Ordinary Shares participate in Dividends and the proceeds on winding-up of the parent entity in proportion to the number of Shares held. At the Shareholders' meetings each Ordinary Share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands.

Merger reserve

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

Share-based payments reserve

The reserve has been used to recognise the value of equity-based compensation provided to employees as part of their remuneration. The Group measured the cost of equity-based compensation with employees by reference to the fair value of the Ordinary Shares at the date at which they were granted. The fair value has been determined using a discounted cash flow valuation model, taking into account the terms and conditions upon which the equity instruments were granted.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 15: ISSUED CAPITAL

Details	Date	No. of shares	Average Issue price	\$
Balance	30 June 2020	103,531,706		269,033,496
Share purchase plan	10 Jul 2020	1,746,733	\$11.45	20,000,854
Transaction costs incurred during Share purchase plan net of tax	10 July 2020	-	-	(250,237)
Shares issues to eligible employees under an incentive plan	17 August 2020	343,440	\$1.68	576,746
Dividend reinvestment plan	28 October 2020	86,648	\$21.19	1,835,644
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	31 December 2020	-	-	1,755,158
Shares issues to eligible employees under an incentive plan	26 February 2021	682,454	\$1.41	959,801
Dividend reinvestment plan	31 May 2021	170,582	\$13.00	2,217,387
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	30 June 2021	-	-	3,057,052
Balance	30 June 2021	106,561,563		299,185,901
Shares issues to eligible employees under an incentive plan	24 August 2021	326,646	\$1.79	585,544
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	31 December 2021	-	-	931,667
Shares issues to eligible employees under an incentive plan	25 February 2022	37,831	\$11.26	425,934
Shares issues to eligible employees under an incentive plan	25 February 2022	678	\$6.04	4,095
Shares issues to eligible employees under an incentive plan	6 April 2022	885	\$5.65	5,000
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	30 June 2022	-	-	(56,503)
Balance	30 June 2022	106,927,603		301,081,639

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 16: DIVIDENDS

	2022 \$000's	2021 \$000's
Dividends paid during the year	-	31,282
Dividend reinvestment plan	-	(4,053)
	-	27,229

NOTE 17: INTERESTS IN SUBSIDIARIES

Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of Ordinary Shares or, in the case of Kogan Technologies Unit Trust, Ordinary Units, which are held directly by the Group. Kogan.com Holdings Pty Ltd is the Trustee of the Kogan Technologies Unit Trust. The Trustee and the Trust are wholly-owned entities within the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Ownership Interest Held by the Group

Name of Subsidiary	Principal Place of Business	2022 %	2021 %
Kogan Mobile Operations Pty Ltd (formerly Kogan Mobile Australia Pty Ltd)	Australia	100	100
Kogan Mobile Pty Ltd	Australia	100	100
Kogan Australia Pty Ltd	Australia	100	100
Kogan International Holdings Pty Ltd	Australia	100	100
Kogan HK Limited	Hong Kong	100	100
Kogan HR Pty Ltd	Australia	100	100
Kogan Travel Pty Ltd	Australia	100	100
Dick Smith IP Holdings Pty Ltd (formerly Kogan Technologies UK Pty Ltd)	Australia	100	100
Online Business Number 1 Pty Ltd	Australia	100	100
Kogan Technologies Unit Trust	Australia	100	100
Kogan.com Holdings Pty Ltd	Australia	100	100
Kogan Operations Holdings Pty Ltd	Australia	100	100
Kogan US Trading Inc	United States	100	100
Kogan Superannuation Pty Ltd	Australia	100	100
Matt Blatt Pty Ltd	Australia	100	100
Mighty Ape Limited	New Zealand	100	100
Mighty Ape Australia Pty Ltd	Australia	100	100

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 18: CASH FLOW INFORMATION

	2022 \$000's	2021 \$000's
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
(Loss)/Profit after income tax	(35,457)	3,537
Non-cash flows in profit:		
- depreciation & amortisation	19,203	10,940
- provision for aged and slow-moving stock	4,934	2,366
- Mighty Ape Tranche 3 & 4 Accrual	17,047	12,039
- issue of Performance Rights and Shares	26,610	20,373
- Unrealised loss on financial instruments	2,170	(1,508)
- Income tax expense	(7,251)	7,731
- Other	(70)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and term receivables	(5,138)	670
- (increase) in prepayments and other assets	(483)	(640)
- decrease/(increase) in inventories	62,108	(89,829)
- (decrease)/increase in trade payables and accruals	(19,783)	1,596
- increase/(decrease) in deferred income	1,925	(10,591)
- (decrease)/increase in provisions	(1,005)	1,954
- tax paid	(2,971)	(21,669)
Cash flows from operating activities	61,839	(63,032)

NOTE 19: CONTINGENT LIABILITIES

As at 30 June 2022 the Group had bank guarantees of A\$1.2 million (30 June 2021: A\$1.2 million) and NZ\$8.6 million (30 June 2021: NZ\$8.6 million) with Westpac Banking Corporation in relation to its ordinary course of business.

NOTE 20: SUBSEQUENT EVENTS

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