

Appendix 4E – Kogan.com Ltd

ABN 96 612 447 293

Year ended 30 June 2023

(Previous corresponding period: Year ended 30 June 2022)

	30 June 2023 \$000's	30 June 2022 \$000's	Change \$000's	Change %
Revenues from ordinary activities	489,494	718,504	(229,010)	(31.9)
Profit before tax	(38,057)	(42,708)	4,651	10.9
Profit after tax	(25,852)	(35,457)	9,605	27.1

Abbreviated explanation of results

Revenue from ordinary activities achieved by the Business totalled \$489.5 million in FY23. This result represented a decline of 31.9%, with the reduction attributable to soft market conditions caused by increasing cost-of-living pressures and consistent interest rate rises throughout the year. The decline in Revenue was driven by the Product Divisions, Mighty Ape and Kogan Marketplace, however growth was achieved in our Verticals and Kogan First.

Gross Profit of \$136.6 million declined by 26.0% year-on-year, impacted by two factors. The first factor was the reduction in Revenue mentioned above. The second factor was a lowered Gross Margin in 1HFY23 in order to correct inventory levels to the prevailing trading conditions, with inventories lowered by over 57% through FY23. Upon the correction of inventory levels, and continued growth of Kogan First and the Verticals, Gross Margin rapidly recovered, growing by 8.9pp in the 2HFY23 year-on-year.

The Business continued its operational efficiency projects during the year, achieving savings across warehousing, marketing, consulting and administrative costs. These improvements, along with strong cash flows from the correction in inventory levels, grew cash held at 30 June 2023 to \$65.4 million, from a net cash balance (after loans & borrowings) of \$31.2 million. The year also included the full repayment of all bank debt, the payment of Tranche 3 of the Mighty Ape acquisition, the acquisition of Brosa, one of Australia's largest online luxury furniture retailers, for \$1.5 million, and over \$10 million in respect of the share buy-back program that commenced in May 2023.

The Group recorded a statutory loss after tax of \$25.9 million, which reflected the following:

- Non-cash equity-based compensation expense of \$31.3 million driven by the award of options after the Group'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; and
- Release of \$3.9 million of provisioning for the final payment (Tranche 4) of the Mighty Ape acquisition. The total provision value for Tranche 4 was \$11.0 million as at 30 June 2023.

These items are not considered by the Group to be representative of the underlying performance of the Business. As such, Adjusted Loss After Tax^{2,3}, of \$(7.7) million, may be a useful metric to assess underlying business performance.

Refer to the accompanying market release and the Kogan.com FY23 Results Presentation dated 22 August 2023 for further commentary.

1. The share price of Kogan.com Ltd at the close of 21.08.2023 was \$5.71.

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.

3. Refer to the FY23 Results Presentation dated 22 August 2023 for a detailed reconciliation to the Adjusted Loss After Tax result.

Preliminary financial statements⁴

Please refer to pages 5 through 23 of this report wherein the following are provided ("financial report"):

- Consolidated income statement and consolidated statement of other comprehensive income for the year ended 30 June 2023
- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of changes in equity for the year ended 30 June 2023
- Consolidated statement of cash flows for the year ended 30 June 2023
- Notes to the consolidated financial statements

Control gained of entities in the period

Kogan.com Ltd did not establish any new subsidiaries during FY23 (FY22: nil).

Net tangible assets per share

	30 June 2023	30 June 2022
Net tangible assets backing per Ordinary Shares	\$0.76	\$0.75

Capital management

With consideration of the on-going share buy-back, which is scheduled to complete on 10 May 2024, the Board has not declared a FY23 Dividend (FY22: nil).

Commentary on the results for the period

Further commentary and analysis of the results has been provided in the FY23 Results Presentation dated 22 August 2023.

Principal activities

Kogan.com is a portfolio of retail and service businesses that includes Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Travel, Kogan Money, Kogan Cars, Kogan Energy, Dick Smith, Matt Blatt, Mighty Ape and Brosa.

Kogan.com earns the majority of its Revenue and profit through the sale of goods and services to Australian and New Zealand consumers. Its offering comprises products released under Kogan.com's Exclusive Brands, such as Kogan, Ovela, Fortis, Certa and Komodo ("Exclusive Brands Products"), and products sourced from imported and domestic Third-Party Brands such as Apple, Canon, Swann and Samsung ("Third-Party Brands Products"). In addition to product offerings, Kogan.com earns Revenue from Platform-based Sales, which include seller fees from Kogan Marketplace and commission-based Revenue from 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.

4. All reports are based on preliminary unaudited results.

Highlights of the full year result

- A significant unwinding of inventory was achieved, with total inventory reducing to \$68.2 million (30 June 2022: \$159.9 million).
- Strong operating cash flows of \$70.9 million helped to grow the net cash balance (after loans & borrowings) to \$65.4 million from \$31.2 million at 30 June 2022. The period included the funding of the Tranche 3 Mighty Ape acquisition payment of \$14.2 million, full repayment of all bank debt, payment of the Brosa acquisition purchase price of \$1.5 million and a payment of \$10.8 million for the ongoing share buy-back program.
- Operational efficiency initiatives continued in FY23. Variable costs as a percentage of Gross Sales reduced to 8.0% in FY23, from 8.8% in FY22.
- Group Active Customers of 2,945,000 at 30 June 2023. (Kogan.com had 2,190,000 Active Customers and Mighty Ape had 755,000 Active Customers).
- The Kogan First Loyalty Program earned Revenue of \$26.3 million, increasing 69.6% year-on-year. The program had over 401,000 Subscribers at 30 June 2023, and was rapidly growing towards the end of the year as new benefits and features were introduced.
- Mighty Ape recorded Revenue of \$154.8 million and continued its strategic expansion of the Jungle Express delivery service, laying the foundation for a strong competitive advantage in New Zealand.
- Kogan Energy, Kogan Mobile Australia & New Zealand, Kogan Money and Kogan Insurance all achieved revenue growth.
- Statutory Net Loss After Tax was \$25.9 million in FY23. Net Loss After Tax in the current year was impacted by the following:
 - Non-cash equity-based compensation expense of \$31.3 million driven by the award of options after the Group'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 \$5.29⁶; and
 - Release of \$3.9 million of provisioning for the Mighty Ape Tranche payments in relation to the Mighty Ape acquisition. The total provision value for Tranche 4 is \$11.0 million as at 30 June 2023.

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.

In FY23, Kogan.com discontinued its Kogan US Trading Inc subsidiary.

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 2023

There are no events that occurred subsequent to 30 June 2023 that would have a material impact on the financial statements as at 30 June 2023.

6. The share price of Kogan.com Ltd at the close of 21.08.2023 was \$5.71.

Annual General Meeting

Kogan.com Ltd advises that its Annual General Meeting will be held on Thursday, 23 November 2023. 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 2023.

Signed on behalf of Kogan.com Ltd, on 22 August 2023.

A handwritten signature in black ink, appearing to read 'Greg Ridder', with a horizontal line underneath it.

Greg Ridder
Chairman

For personal use only



ABN 96 612 447 293

**Preliminary financial report for
the year end 30 June 2023.**

Consolidated income statement and consolidated statement of other comprehensive income.

For the year ended 30 June 2023.

	Note	2023 \$000's	2022 \$000's
Revenue	3	489,494	718,504
Cost of sales	4	(352,931)	(534,076)
Gross profit		136,563	184,428
Other Income		-	5,129
Selling and distribution expenses		(54,215)	(79,217)
Warehouse expenses		(13,549)	(24,553)
Administrative expenses		(103,073)	(121,702)
Other expenses		(2,072)	(2,204)
Results from operating activities		(36,346)	(38,119)
Finance income		853	48
Finance costs		(2,660)	(2,467)
Unrealised gain/(loss)		96	(2,170)
Net finance (cost)		(1,711)	(4,589)
(Loss) before income tax		(38,057)	(42,708)
Tax Benefit	5	12,205	7,251
(Loss) after income tax		(25,852)	(35,457)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange (loss)/gain on translation of foreign operations		451	(809)
Other comprehensive income/(loss) for the year		451	(809)
Total comprehensive (loss) for the year		(25,401)	(36,266)
Basic earnings per Share		(0.24)	(0.33)
Diluted earnings per Share		(0.23)	(0.33)

The accompanying notes form part of these financial statements

Consolidated statement of financial position.

For the year ended 30 June 2023.

ASSETS	Note	2023 \$000's	2022 \$000's
CURRENT ASSETS			
Cash and cash equivalents	13	65,438	66,230
Trade and other receivables	7	5,432	5,357
Inventories	6	68,158	159,898
Other financial assets		146	532
Prepayments and other assets	8	2,928	2,785
Current tax assets		755	716
TOTAL CURRENT ASSETS		142,857	235,518
NON-CURRENT ASSETS			
Property, plant and equipment	11	17,214	24,642
Intangible assets	10	88,153	92,077
Deferred tax assets		25,834	8,073
TOTAL NON-CURRENT ASSETS		131,201	124,792
TOTAL ASSETS		274,058	360,310
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	61,429	83,021
Acquisition payables	9	10,957	29,086
Lease liabilities		7,532	7,670
Employee benefits		1,743	1,929
Provisions		2,862	2,072
Deferred income		13,155	13,773
TOTAL CURRENT LIABILITIES		97,678	137,551
NON-CURRENT LIABILITIES			
Loans & borrowings	12	-	34,869
Lease liabilities		8,200	14,993
Employee benefits		462	261
TOTAL NON-CURRENT LIABILITIES		8,662	50,123
TOTAL LIABILITIES		106,340	187,674
NET ASSETS		167,718	172,636
EQUITY			
Issued capital	14	291,014	301,082
Merger reserve	14	(131,816)	(131,816)
Other reserves		71,431	40,429
Accumulated losses		(62,911)	(37,059)
TOTAL EQUITY		167,718	172,636

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity.

For the year ended 30 June 2023.

Consolidated Group	Note	Share capital \$000	Retained earnings \$000	Merger reserve \$000	Translation reserve \$000	Share-based payments reserve \$000	Total Equity \$000
Balance as at 1 July 2021		299,186	(2,289)	(131,816)	(19)	15,667	180,729
Comprehensive income							
Net profit after tax		-	(35,457)	-	-	-	(35,457)
Retained earnings related to prior financial years		-	687	-	-	-	687
Other comprehensive income		-	-	-	(809)	-	(809)
Total net profit and other comprehensive income for the year			(34,770)	-	(809)	-	(35,579)
Transactions with owners, in their capacity as owners, and other transfers							
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		-	-	-	-	26,611	26,611
Total transactions with owners and other transfers		1,896	-	-	-	25,590	27,486
Balance at 30 June 2022		301,082	(37,059)	(131,816)	(828)	41,257	172,636
Balance at 1 July 2022		301,082	(37,059)	(131,816)	(828)	41,257	172,636
Comprehensive income							
Net loss after tax		-	(25,852)	-	-	-	(25,852)
Other comprehensive expense		-	-	-	451	-	451
Total comprehensive income for the year		-	(25,852)	-	451	-	(25,401)
Transactions with owners, in their capacity as owners							
Issue of Ordinary Shares under performance plans		716	-	-	-	(716)	-
Tax deduction for difference between accounting expense and funds paid to issue incentive plans		3	-	-	-	-	3
Equity-settled share-based payments		-	-	-	-	31,267	31,267
Share buy-back		(10,787)	-	-	-	-	(10,787)
Total transactions with owners and other transfers		(10,068)	-	-	-	30,551	20,483
Balance at 30 June 2023		291,014	(62,911)	(131,816)	(377)	71,808	167,218

The accompanying notes form part of these financial statements

Consolidated statement of cash flow.

For the year ended 30 June 2023.

	Note	2023 \$000's	2022 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		509,930	744,950
Payments to suppliers and employees		(432,295)	(678,455)
Interest received		853	48
Finance costs paid		(2,040)	(1,733)
Income tax paid		(5,591)	(2,971)
Net cash provided by operating activities	18	70,857	61,839
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(404)	(1,505)
Purchase of intangible assets		(3,756)	(4,054)
Disposal of intangible assets		-	2,672
Disposal of financial assets		351	-
Business acquisition net of acquired cash ⁷		(14,243)	(29,891)
Net cash (used in) investing activities		(18,052)	(32,778)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans & borrowings		(36,033)	(48,980)
Drawn down on debt facility		1,032	5,000
Transaction costs on draw down facility		-	(9)
Payments for shares bought back		(10,787)	-
Repayment of lease liabilities		(8,003)	(10,252)
Net cash (used in)/provided by financing activities		(53,791)	(54,241)
Net (decrease) in cash held		(986)	(25,180)
Cash and cash equivalents at beginning of financial year		66,230	91,691
Effects of exchange rate changes on cash		194	(281)
Cash and cash equivalents at end of financial year	13	65,438	66,230

The accompanying notes form part of these financial statements

7. FY22 relates to the payment of Mighty Ape Tranche 2. FY23 relates to the payment of Mighty Ape Tranche 3.

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

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 2023 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 2022.

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 Group'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 the next financial 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 2022.

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

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

Kogan.com

Operations

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

(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.

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

Reportable Segment	Kogan Parent		Mighty Ape		Total
30 June 2023	(Australia) \$000's	(New Zealand) \$000's	(Australia) \$000's	(New Zealand) \$000's	\$000's
Segment revenue	300,816	33,882	14,845	139,951	489,494
Adjusted EBITDA	(2,003)	(226)	603	8,439	6,813
Interest income	751	-	-	102	853
Interest expense	(2,232)	-	-	(428)	(2,660)
Depreciation and amortisation	(11,412)	-	-	(5,172)	(16,584)
Total Segment assets	204,178	23,836	1,536	44,508	274,058
Capital expenditure	3,850	-	-	310	4,160
Total Segment liabilities	78,638	2,726	-	24,976	106,340

Reportable Segment	Kogan Parent		Mighty Ape		Total
30 June 2022	(Australia) \$000's	(New Zealand) \$000's	(Australia) \$000's	(New Zealand) \$000's	\$000's
Segment revenue	523,020	32,054	21,875	141,555	718,504
Adjusted EBITDA	6,197	380	1,787	10,544	18,908
Interest income	45	-	-	3	48
Interest expense	(2,038)	-	-	(429)	(2,467)
Depreciation and amortisation	(14,040)	-	-	(5,163)	(19,203)
Total Segment assets	310,005	7,995	3,714	38,596	360,310
Capital expenditure	4,585	-	-	974	5,559
Total Segment liabilities	160,469	2,304	-	24,901	187,674

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 3: REVENUE

	2023 \$000's	2022 \$000's
Revenue		
Sales revenue:		
sale of goods	419,992	651,561
rendering of services	40,474	46,318
Kogan First subscriptions	26,283	15,496
	486,749	713,375
Other revenue:		
marketing subsidies	1,627	4,223
other revenue	1,118	906
	2,745	5,129
Total revenue	489,494	718,504

NOTE 4: EXPENSES

	2023 \$000's	2022 \$000's
Expenses		
Cost of sales	352,931	534,076
Employee benefit expense	67,051	85,475
Depreciation and amortisation expense	16,584	19,203

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 5: TAXATION

	2023 \$000's	2022 \$000's
The components of tax expense comprise:		
Current tax	5,544	4,694
Deferred tax	(17,761)	(11,855)
Under/(Over) provision in respect of prior year	12	(90)
Income tax (benefit) attributable to the Group	(12,205)	(7,251)

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% (2022: 30%):

• Consolidated Group	(11,417)	(12,812)
• Effect of expenses that are not deductible in determining taxable profit	(449)	961
• Effect of other deductibles in determining taxable profit	95	(454)
• Effect of other non-allowable items (Mighty Ape Tranche 3 & 4)	(496)	5,114
• Other	62	(60)
Income tax (benefit) attributable to the Group	(12,205)	(7,251)
The applicable weighted average effective tax rates are as follows:	32%	17%

The Group's consolidated effective tax rate for the 12 months ended 30 June 2023 was 32% (for the 12 months ended 30 June 2022: 17%). The effective tax rate is impacted by the difference in accounting versus tax treatment of the Mighty Ape Tranche 4 payment. For Australian income tax purposes, amounts paid for the acquisition of Mighty Ape shares are considered 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	
	2023 \$000's	2022 \$000's
CURRENT		
Inventory in transit	7,553	21,982
Inventory on hand	60,605	137,916
Total inventories	68,158	159,898

Notes to the consolidated financial statements.

For the year ended June 30 2022.

NOTE 7: TRADE AND OTHER RECEIVABLES

	2023 \$000's	2022 \$000's
CURRENT		
Trade receivables	4,422	4,434
Other receivables	1,010	923
Total trade and other receivables	5,432	5,357

NOTE 8: PREPAYMENTS AND OTHER ASSETS

	2023 \$000's	2022 \$000's
CURRENT		
Prepayments	2,681	2,538
Rental bond	247	247
Total prepayments and other current assets	2,928	2,785

NOTE 9: TRADE AND OTHER PAYABLES

	2023 \$000's	2022 \$000's
CURRENT		
Trade payables	40,924	59,643
Other payables	20,505	23,378
Total Trade and other payables	61,429	83,021

CURRENT		
Mighty Ape Tranche 3	-	14,804
Mighty Ape Tranche 4	10,957	14,282
Total Acquisition payables	10,957	29,086

Mighty Ape – acquisition-related remuneration

Mighty Ape acquisition related remuneration refers to the provision for the likely payment of Mighty Ape Tranche 4 purchase price installments as part of the Sale Agreement, which was contingent on the Mighty Ape Founder & previous CFO, Simon Barton, remaining with the Business until 31 March 2023. The remaining payable balance as at 30 June 2023 will be paid after the delivery of the audited financial year 2023 results.

In line with accounting standards, Tranches 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 date.

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 10: INTANGIBLE ASSETS

	Consolidated Group	
	2023 \$000's	2022 \$000's
Patents and Trademarks:		
Cost	45,595	45,522
Accumulated amortisation	(9,580)	(6,331)
Net carrying amount	36,015	39,191
Website development costs:		
Cost	16,935	13,792
Accumulated amortisation	(11,861)	(8,791)
Net carrying amount	5,074	5,001
Software costs:		
Cost	1,288	1,284
Accumulated amortisation	(1,236)	(1,096)
Net carrying amount	52	188
Intellectual property:		
Cost	23,770	23,233
Accumulated amortisation	(23,069)	(21,847)
Net carrying amount	701	1,386
Goodwill:		
Cost	46,311	46,311
Accumulated amortisation	-	-
Net carrying amount	46,311	46,311
Total intangibles	88,153	92,077

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 10: INTANGIBLE ASSETS (continued)

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 its expected earnings contribution to the Group arising from the acquisition.

The recoverable amount of the Mighty Ape CGU has been determined based on a value in use calculation using cash flow projections over a 5-year period based on financial budgets approved by the Group's Board for FY24 together with detailed management forecasts for future years. The projected cash flows have been updated to reflect current economic forecasts and business growth opportunities.

The Group performed its annual impairment test applying the following key assumptions:

<i>In percent</i>	FY23	FY22
Discount rate (post tax)	14.8	11.2
Terminal growth rate	2.0	2.0
EBITDA growth rate - 4 year CAGR	29.7	14.2

The increase in EBITDA growth rate is a result of the expected growth of the Mighty Ape Primate loyalty program and launch of a new Vertical in New Zealand in FY24, in addition to a number of other initiatives.

The calculation of value in use for the Mighty Ape CGU is most sensitive to the following assumptions:

- Discount rates – based on Mighty Ape's weighted average costs of capital (WACC). The discount rate was a post-tax measure estimated based on the average rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cashflow, weighted in the proportion to the market value of the debt and equity capital provided.
- EBITDA growth – reflects Mighty Ape's forecasted operating and financial performance based on past experience, improvements from efficiencies and market factors such as forecast growth rate in the New Zealand online retail industry.

The estimated recoverable amount of the Mighty Ape CGU exceeded its carrying amount by \$19.5 million (2022: \$53.2 million). Management has identified that a reasonably possible change in the key assumptions identified above for financial year 2023 could cause the carrying amount to exceed the recoverable amount.

<i>In percent</i>	FY23
Discount rate (post tax)	2.2
EBITDA growth rate - 4 year CAGR	(6.4)

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2023 \$000's	2022 \$000's
Equipment & vehicles:		
Cost	5,089	4,961
Accumulated depreciation	(3,006)	(2,410)
Net carrying amount	2,083	2,551
Leasehold improvements:		
Cost	40	40
Accumulated amortisation	(39)	(36)
Net carrying amount	1	4
Right-of-use assets		
Cost	40,778	39,416
Accumulated amortisation	(25,648)	(17,329)
Net carrying amount	15,130	22,087
Total property, plant and equipment	17,214	24,642

NOTE 12: LOAN AND BORROWINGS

	2023 \$000's	2022 \$000's
Non-current	-	35,000
Amortised borrowing costs	-	(131)
Net carrying amount	-	34,869

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 2023.

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.

	Kogan			Mighty Ape	
	2023 \$000's AUD	2022 \$000's AUD		2023 \$000's NZD	2022 \$000's NZD
Debt Facility			Debt Facility		
Multi-option facility	35,000	55,000	Overdraft facility	1,500	1,500
Additional debt facility	-	-	Trade finance facility	6,000	6,000
Total Debt Facility	35,000	55,000	Total Debt Facility	7,500	7,500

NOTE 13: CASH AND CASH EQUIVALENTS

	2023 \$000's	2022 \$000's
Cash at bank and on hand	65,438	66,230
Total cash at bank and on hand	65,438	66,230

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 14: EQUITY

	2023 \$	2022 \$	2023 No.	2022 No.
Fully paid Ordinary Shares	291,013,771	301,081,639	104,690,203	106,927,603

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

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 \$131.8 million.

Share-based payments reserve

The reserve of \$71.8 million (FY22: \$41.3 million) 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.

Share buy-back

The Group commenced an on-market share buy-back program in May 2023, anticipated to remain ongoing until May 2024. The Group purchased \$10.8 million of shares by 30 June 2023, resulting in a reduction of Issued Capital.

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 15: ISSUED CAPITAL

Details	Date	No. of shares	Average Issue price	\$
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	4,096
Shares issues to eligible employees under an incentive plan	6 April 2022	885	\$5.65	5,000
Tax deduction for difference between accounting expense and funds paid to issue plans	30 June 2022	-	-	(56,503)
Balance	30 June 2022	106,927,603		301,081,639
Shares issues to eligible employees under an incentive plan	23 August 2022	116,495	\$3.99	464,945
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	31 December 2022	-	-	2,757
Shares issue to eligible employees under an incentive plan	27 February 2023	32,445	\$7.74	251,019
On-market buy-back	30 June 2023	(1,563,000)	\$4.44	(6,944,159)
On-market buy-back	30 June 2023	(823,340)	\$4.67	(3,842,429)
Balance	30 June 2023	104,690,203		291,013,771

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 16: DIVIDENDS

No dividends were paid or declared in FY23 (FY22: \$nil).

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	2023 %	2022 %
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 ⁸	United States	-	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

8. Kogan.com discontinued its Kogan US Trading Inc subsidiary in FY23.

Notes to the consolidated financial statements.

For the year ended 30 June 2023.

NOTE 18: CASH FLOW INFORMATION

	2023 \$000's	2022 \$000's
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
(Loss) after income tax	(25,852)	(35,457)
Non-cash flows in profit:		
- depreciation & amortisation	16,584	19,203
- provision for aged and slow-moving stock	(3,632)	4,934
- Mighty Ape Tranche 3 & 4 Accrual	(3,885)	17,047
- issue of Performance Rights and Shares	31,267	26,611
- unrealised (gain)/loss on financial instruments	(96)	2,170
- income tax (benefit)	(12,205)	(7,251)
- other	101	(71)
Changes in assets and liabilities:		
- (increase) in trade and term receivables	(1,063)	(5,138)
- (increase) in prepayments and other assets	(139)	(483)
- decrease in inventories	95,919	62,108
- (decrease) in trade payables and accruals	(20,709)	(19,783)
- (decrease)/increase in deferred income	(647)	1,925
- increase/(decrease) in provisions	805	(1,005)
- tax paid	(5,591)	(2,971)
Cash flows from operating activities	70,857	61,839

NOTE 19: COMMITMENTS

The Group has an agreement to lease a warehouse in Sydney, with expected availability ready for use in early 2024. This agreement will give rise to an annual expense of \$2.1 million over a 2 year period.

NOTE 20: CONTINGENT LIABILITIES

As at 30 June 2023 the Group had bank guarantees of A\$1.2 million (30 June 2022: A\$1.2 million) and NZ\$8.6 million (30 June 2022: NZ\$8.6 million) with Westpac Banking Corporation in relation to its ordinary course of business.

NOTE 21: SUBSEQUENT EVENTS

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