ANNUAL REPORT

2020

kogan.com

HIGHLIGHTS 2020

2,183,000 Active Customers

$46.5m	$768.9m	54.5%
EBITDA	GROSS SALES	YOY EBITDA GROWTH

35.7%

YOY GROWTH IN ACTIVE CUSTOMERS

STRONG GROWTH THROUGH KEY INITIATIVES:

EXCLUSIVE BRANDS

KOGAN MARKETPLACE

INVESTMENTS IN INVENTORY & MARKETING

NEW VERTICALS EXPANSION:

KOGAN MONEY SUPER

KOGAN MONEY CREDIT CARDS

KOGAN MOBILE NEW ZEALAND

KOGAN ENERGY

CONTENTS

I am delighted to present the Kogan.com Ltd (Kogan.com) Annual Report for the financial year ended 30 June 2020 (FY20). This year the Business surpassed 2 million Active Customers whilst navigating challenging circumstances and delivered another year of strong growth of Gross Sales[1], Revenue, Gross Profit, EBITDA[1] and NPAT.

CHAIRMAN'S LETTER

Despite the incredible challenges, disruptions and sorrow that FY20 has imposed, our Business continued to invest in inventory to support our growth ambitions and customer offers, further diversified by launching four New Verticals, purchased one of Australia's premier furniture and homeware retailers in Matt Blatt, successfully navigated the global pandemic and delivered the best financial results in its nearly 15-year history.

In FY20 our Exclusive Brands portfolio business achieved growth of 26.4% on FY19, Third-Party Brands stabilised and Kogan Marketplace is showing its true potential, accelerating Gross Sales[1] by 71.2% in second half of FY20 versus the first half of FY20.

At 30 June 2020 we had a strong Balance Sheet with $146.7 million in cash, excluding $20.0 million of proceeds from the Share Purchase Plan completed in July 2020, and an undrawn debt facility of $30.0 million. Inventory levels were $112.9 million with more than 99% of this being less than 365 days old.

Kogan.com's portfolio continued to expand and diversify in FY20 through the launch of Kogan Money Super, Kogan Money Credit Cards, Kogan Energy and Kogan Mobile New Zealand. Each service offering is in partnership with industry leaders, bringing amazing value to our customers. The team also purchased Matt Blatt for $4.4 million dollars, launching the brand as an online-only offering and combining Matt Blatt's decades of industry expertise with our technology, systems and infrastructure to deliver a market-leading offering.

The results the team has achieved in FY20 is a testament to the tremendous commitment and passion of everyone at Kogan.com. As always, they have delivered fantastic value to our customers with best-in market offers.

Strategic opportunities

At Kogan.com we see enormous opportunity for growth in both our existing businesses and in the expansion of our portfolio. We anticipate further growth in our Exclusive Brands portfolio business, continued scaling of the Kogan Marketplace and continued expansion of our New Verticals. Ruslan will discuss these opportunities in his review on page 3.

In relation to the achievements in FY20, of particular significance was the institutional placement of $100.0 million, allowing for further investment in inventory, continued expansion of the Kogan Marketplace platform and delivering capital that provides the potential for further successful acquisitions in line with the Matt Blatt purchase. This will accelerate the expansion of our platform, offerings and Active Customers.

Team

Our team at Kogan.com never fails to deliver on bringing our business strategy to life. I would like to recognise the commitment and contribution of each team member and thank them on behalf of the Board for delivering yet another incredible year.

Dividend

Following the outstanding results of FY20, the Board was delighted to declare total Dividends of 21.0 cents per share, fully franked. This represents year-on-year growth of 46.9%.

Looking ahead

The Board is excited about the opportunities ahead and we look forward to continuing to deliver our long-term strategy for the benefit of our customers and shareholders into FY21 and beyond.

Greg Ridder
Chairman

1. Non-IFRS measure.

We delivered strong growth in the Business in the midst of an extremely turbulent and challenging period for the world, the country and the Company. We have built a diversified, resilient business over many years, which has enabled us to help Australians in their time of need.

FOUNDER & CEO'S REPORT

Our Business has thrived through adversity, as years of preparation met opportunity this financial year, resulting in our largest ever growth in Gross Sales[1], Gross Profit and Adjusted EBITDA[1]. We achieved this all while heavily investing in our platform and growing Active Customers which is expected to have ongoing long-term benefits as new Active Customers continue repurchasing.

The year had many highlights, some of which were:

- Gross Sales[1] outperformed the prior year by 39.3% to $768.9 million;
- Revenue, Gross Profit and Adjusted EBITDA[1] outperformed the prior year by 13.5%, 39.6% and 57.6%, respectively;
- growth of Active Customers by 35.7% year-on-year, now totalling just under 2.2 million;
- Exclusive Brands Revenue and Gross Profit grew by 26.4% and 43.7%, respectively, contributing 51.3% of overall Gross Profit of the Business;
- Kogan Marketplace was a standout performer during the year, exceeding all our expectations, increasing its Gross Sales[1] by 71.2% in the second half of FY20 compared to the first half of the financial year;
- EBITDA[1] of $46.5 million was up $16.4 million on FY19;
- we ended the year with a strong Balance Sheet, with cash of $146.7 million and an undrawn bank facility of $30.0 million at 30 June 2020;
- we acquired and integrated Matt Blatt, one of Australia's premier furniture and homewares brands and a pioneer of the online furniture industry in Australia; and
- we successfully completed an institutional placement for $100.0 million which will allow the Business to capitalise on opportunities and accelerate growth.

These key highlights are the result of meticulous planning and execution by the Kogan team during the year, with no signs of slowing down moving into FY21.

BUILDING THE KOGAN.COM PORTFOLIO

At Kogan.com, we're continually evolving the Business to respond to the demands of our customers and to strengthen our competitive advantage. Our growing portfolio of businesses provides diversification of income, making us a more resilient business. We're always looking for new ways to delight our customers.

In the past 12 months to 30 June 2020, just under 2.2 million people have transacted with our retail platform and it is our loyal customer base that continues to drive most of the traffic to our platform.

We have invested heavily in our platform recording our largest marketing spend ever in FY20, that delivered Active Customer growth of 35.7% year-on-year. As the majority of newly acquired customers started shopping in the second half of the year we have not seen the full benefit on annual Gross Profit per customer, as many of these customers have only been shopping for a short while. We expect to have ongoing long-term benefits as new Active Customers continue repurchasing.

1. Non-IFRS measure.

Outlook – continued accelerated growth across the Business

- **Kogan Marketplace**
- **Exclusive Brands**
- **Active Customer base**
- **Acquisitions**
- **New Verticals**

Kogan Marketplace was a standout performer in FY20, exceeding all our expectations, increasing its Gross Sales[1] by 71.2% in the second half of FY20 compared to the first half of this financial year. We have broadened the product range available on Kogan.com to millions of items, making Kogan.com more relevant to more consumers at more times during the year. Importantly, the emergence of Kogan Marketplace has made the Company even more scalable by enabling us to grow infinitely without ongoing investment in inventory.

During FY20 we also delivered the acquisition and integration of Matt Blatt, a pioneer in online furniture retail in Australia. The new Matt Blatt was operating within 24 hours of signing the deal, and there are now more products available to Matt Blatt customers than ever in its near-40 year history.

The first half of FY20 saw the launch of Kogan Super, Kogan Mobile New Zealand, Kogan Energy and Kogan Credit Cards. We are engaging with our Community more than ever.

These Verticals continue to deliver on our win-win-win mantra. They are a win for our customers through competitive market-leading offers. They are a win for our partners by providing an effective and efficient customer acquisition channel. And they are a win for our business, enabling us to scale our offering and leverage our platform to provide incredible offers to our customers.

We have high expectations for our business and we fully expect the current growth trajectory to continue well into FY21.

PRODUCT OFFERING EXPANSION

We make data driven decisions backed by existing demand metrics to determine how we deploy capital on inventory. Our goal is not to create demand, but to service demand on the most popular products.

A perfect example of this is the continued expansion of our Exclusive Brands division, which is right at the heart of our business. This year it represented 51.3% of overall Gross Profit (FY19: 49.7%).

The increase in our product offering has meant our inventory holdings have also increased to $112.9 million (FY19: $75.9 million). More than 99% of inventory in-warehouse at 30 June 2020 was less than 365 days old, demonstrating the effectiveness of our sourcing and marketing methodologies as well as the speed at which we are selling through.

AWARDS AND ACCOLADES

During the year we won a number of awards for Kogan Internet (Mozo and Finder), Kogan Mobile (Mozo) and Kogan Home Loans (Rate City). This is welcome recognition of the compelling deals we offer to the market and reinforces the success of our strategy. We are also extremely proud to be the winner of the most recent Australia Post Online Retail Industry Awards, which completed a three-peat. What makes this award extra special is that it is voted on by the Australian public – for us, that's the only vote that matters. There's no vote more important than the vote of our customers. More than 1,350 retailers were considered for this award and over 285,000 Australians voted.

1. Non-IFRS measure.

During FY21, we are due to further develop and enhance the Kogan Marketplace, grow our Active Customer base by investing in our platform, expanding our Exclusive Brands and Third-Party Brands product divisions, and reviewing ongoing acquisition opportunities.

FY21 & BEYOND

As we look to FY21 we expect to see further growth in Exclusive Brands, the scaling up of Kogan Marketplace and New Verticals, and further growth in our Active Customer base.

We believe we are only at the beginning of this retail revolution and we look forward to delighting our customers with the benefits of these strategic investments for years to come.

Ruslan Kogan
Founder & CEO

ORGANISATIONAL OVERVIEW & BUSINESS MODEL

OUR BUSINESS MODEL

Kogan.com is a portfolio of retail and services businesses that includes Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Travel, Kogan Money, Kogan Cars, Kogan Energy, Dick Smith and Matt Blatt. Kogan.com is a leading Australian consumer brand renowned for price leadership through digital efficiency. The Company is focused on making in-demand products and services more affordable and accessible.

We have created a business model that allows us to be agile, bold and innovative. We can leverage our platform to seize opportunities like Kogan Marketplace and Matt Blatt to drive future growth, bringing best in market offers to our customer base.

Our aim is to continue to build our portfolio of businesses synonymous with great value, service and compelling offerings.

WHO WE ARE

Our community and our portfolio continue to grow at pace.

At 30 June 2020, we had 2,183,000 Active Customers[1], representing year-on-year growth of 35.7%.

Kogan Retail & Kogan Marketplace

Kogan.com is part of a 'Next Generation' of online retailers. Kogan.com's technology and sourcing-driven business model is more than just a disruptive, low-cost distribution platform. In combining the data analytics, systems and culture with the deep technological expertise of its management and team, Kogan.com has created a vertically-integrated business model with a market-leading Exclusive Brands capability. This is complemented by a compelling range of in-demand Third-Party Brands, supporting website traffic and cash generation. This combination is unique among Australian online retailers.

Kogan Marketplace partners with select brands and distributors, giving them access to our 2,183,000 Active Customers, in addition to our marketing and online distribution capability. Our curated marketplace works with brands and distributors who generate incremental sales with exposure on the Kogan.com platform and marketing initiatives to the Kogan Community.

Kogan Mobile

Kogan Mobile launched in October 2015 offering pre-paid mobile phone plans online in partnership with Vodafone. The strong commercial relationship with Vodafone has translated into strong growth for Kogan Mobile. The unique model means that Vodafone is responsible for operations, while Kogan is responsible for branding, marketing and customer acquisition. The success of Kogan Mobile demonstrates the strength of the Kogan brand in powering New Verticals.

1. Active Customers refers to unique customers who have purchased in the last twelve months from reference date, rounded to the nearest thousand.

Kogan Travel

Kogan Travel launched in May 2015 and offers directly sourced holiday packages and travel bookings, in addition to hotel bookings through hotels.kogan.com and cruises through cruises.kogan.com. Kogan Travel is an accredited Travel agent under the ATAS Accreditation Scheme, and is a member of the Australian Federation of Travel Agents (AFTA).

Kogan Insurance

Kogan Insurance launched in August 2017 in partnership with Hollard Insurance Company to offer general insurance, covering home, contents, landlord, car and travel insurance, with a focus on value for money. The underwriting of our general insurance policies is provided by Hollard, with Kogan earning commission on the sale of all insurance policies.

In addition to the general insurance offering above, Kogan.com launched Kogan Pet, Kogan Life and Kogan Health insurance offerings during 2HFY18. These additional insurance offerings are in partnership with PetSure, a wholly owned subsidiary of The Hollard Insurance Company; Greenstone Financial Services Pty Ltd; and Medibank Group, respectively.

Similar to Kogan Mobile and Kogan Internet, Kogan provides branding, marketing and customer acquisition for all insurance offerings.

Kogan Internet

Under an expanded partnership with Vodafone Hutchison Australia that was announced in June 2017, Kogan Internet launched in April 2018, providing fixed-line NBN plans. NBN has an estimated market size of 11.6 million premises.

Kogan Money

In August 2018, Kogan.com announced Kogan Money Home Loans in partnership with Adelaide Bank and Pepper Group Limited. These partnerships have seen Kogan.com offering competitively priced home loans to Australian homeowners and investors under the brand, Kogan Money. Kogan Money Home Loans is the first of a suite of financial products to be rolled out under the Kogan Money brand. Kogan Money continues to focus on simplifying financial services for all Australians and making them more affordable through digital efficiency.

Kogan Cars

In June 2019, Kogan.com announced the launch of Kogan Cars. Kogan Cars, in partnership with Firstmac, secures new cars at competitive prices from dealers across Australia and enables customers to trade-in cars from a wide range of makes and models.

NEW BUSINESS IN FY20

Kogan Money Super

In partnership with Mercer Australia, Kogan.com offers a no frills, ultra-low fee Australian superannuation fund, Kogan Super. Kogan Super leverages Kogan.com's digital efficiency as one of Australia's cheapest superannuation options and aims to manage a share of the 28.6 million Aussie superannuation accounts, which represent a combined total of more than $2.6 trillion in assets.

Kogan Mobile New Zealand

Kogan Mobile New Zealand launched in 1HFY20 in partnership with Vodafone New Zealand Limited offering telecommunications services in New Zealand. Vodafone NZ is New Zealand's largest mobile network operator.

Kogan Energy

Kogan Energy offers competitive power and gas deals and was launched in September 2019 in partnership with part of the Meridian Energy Limited group.

Kogan Money Credit Cards

Kogan Credit Cards is a credit card with uncapped Kogan reward points, no annual fee, complimentary Kogan First membership, and competitive rates and fees. It was launched in October 2019 in partnership with Citigroup Pty Ltd.

Matt Blatt Pty Ltd

In May 2020, Kogan.com acquired Matt Blatt, one of Australia's premier furniture and homewares brands and a pioneer of the online furniture industry in Australia.

HOW WE DELIVER VALUE TO OUR CUSTOMERS:

Compelling offering:

We aim to bring market leading prices to our customers on in-demand products and services across our portfolio of businesses.

We achieve this by leveraging our 14+ years' experience in Exclusive Brands, extensive Third-Party Brands offering, and using the strength of the Kogan platform to partner with industry leaders for Kogan Mobile, Kogan Insurance, Kogan Internet and Kogan Money Home Loans.

We are able to pass on savings to customers by streamlining and cutting overheads in our supply chains and marketing.

Recognition:

MOZO Experts Choice Awards for Kogan Internet, Kogan Life Insurance & Kogan Energy.

MOZO People's Choice Awards for Kogan Mobile.

Rate City Gold Awards for Kogan Home Loans.

Finder Award for Best NBN 100 Plan.

Customer-centric approach:

We are customer obsessed. Understanding and servicing our customers' needs is central to what we do. Our customers have high expectations and we aim to offer a seamless shopping experience.

Our analytics capability ensures we know what our customers want and when they want it. Our investment in automation has driven faster fulfilment of products and services and happier customers.

Our portfolio of retail and services businesses is focused on making in-demand products and services more affordable and accessible for our customers.

Recognition:

Third year running, winner of the People's Choice Award at the Australia Post Online Retail Industry Awards (ORIAS) securing a three-peat! The People's Choice Award is awarded on the basis of a vote from more than 285,000 Australian online retail customers for the best Australian online retailer.

Industry leading IT platform & data driven culture:

The Kogan platform is renowned for price leadership through digital efficiency. We believe 'There is always a better way' and our vision is to harness the power of technology and personalisation to change the way our customers shop online.

We understand our customers, what inspires them and what interests them. We leverage this understanding, driven by data analytics and long-term investments in systems to continue to reach and inspire our customers in new and exciting ways.

We use technology innovation to stay ahead of our customers' expectations and ahead of the curve in offering price leading goods and services in Australia.

BUILDING THE KOGAN PLATFORM

In the twelve months to 30 June 2020, the Company achieved 35.7% growth in Active Customers[1]. The Company had 2,183,000 Active Customers as at 30 June 2020 (compared with 1,609,000 as at 30 June 2019).

Most importantly, we are keeping and growing our customer base. Kogan.com's Net Promoter Score[2] has been stable with an average 58.5 (Figure 1.2). This number is important to us, because it shows we are delighting our customers and we know that our business will only continue to thrive if we continue to delight our customers.

In addition to continuing to build our customer base, a large percentage of our traffic continues to come from free sources. This further demonstrates the strength of the platform we've built through constantly delighting our customers. Our commitment to bring the most in-demand products and services to our Kogan Community at great prices continues to resonate.

We use a data driven approach to continually improve our offering and to ensure that the right product or service is shown to the right customers at the right time – through the right marketing medium. This also enhances the customer's experience as we are able to personalise offers and treat every shopper as an individual.

Table 1.1 Active Customers

	Jun-19	Jun-20	Jun-19 vs Jun-20 variance
Active Customers	1,609,000	2,183,000	35.7%

Figure 1.1 LTM Active Customers

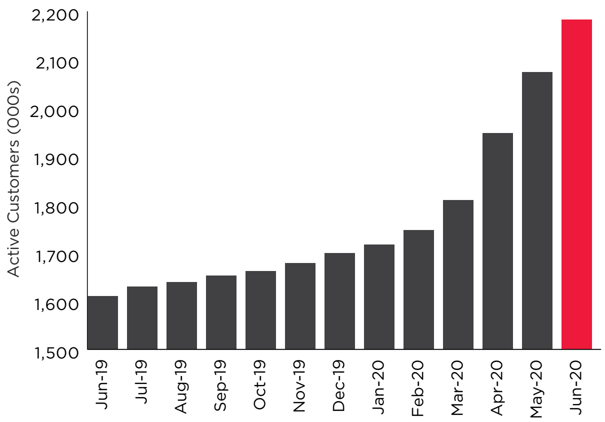
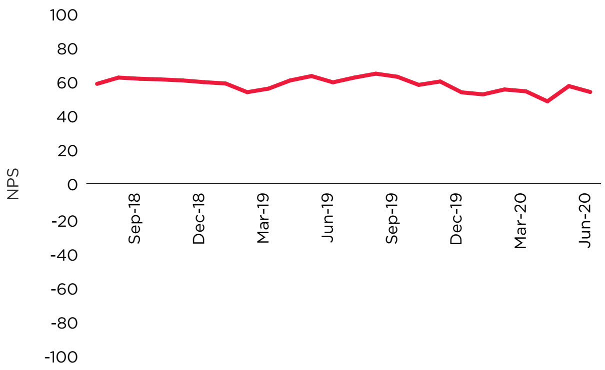


Figure 1.2 Net Promoter Score[2]



1. Active Customers refers to unique customers who have purchased in the last twelve months from reference date, rounded to the nearest thousand.

2. 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.

Figure 1.3 LTM customer orders and average Gross Sales[1] per customer

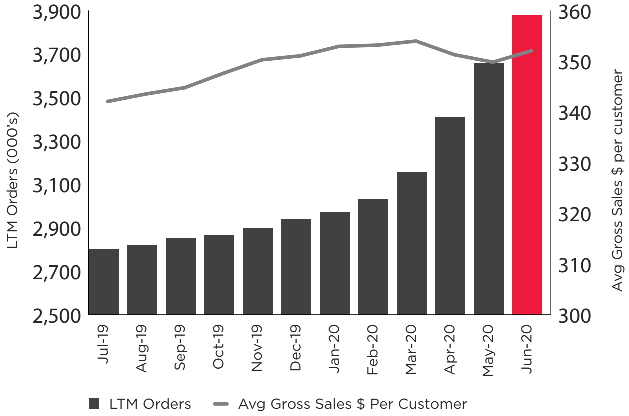
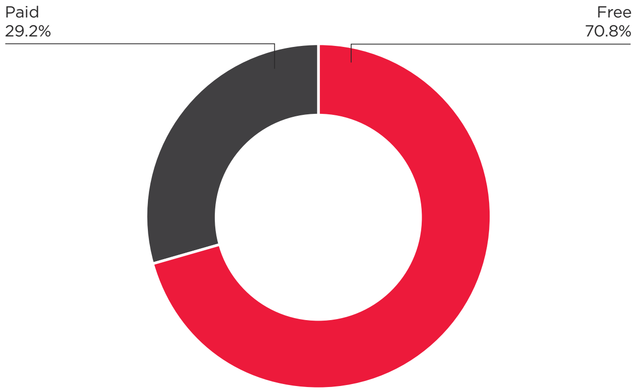


Figure 1.4 Traffic – free vs paid marketing

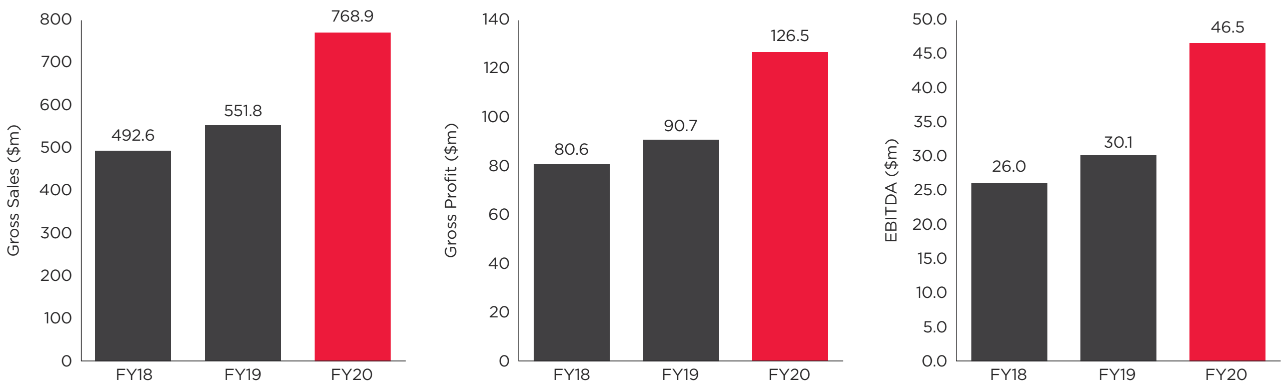


PERFORMANCE REVIEW & OUTLOOK

RESULTS SUMMARY

Refer to Table 1.6 for an explanation of non-IFRS measures used throughout this report.

Figure 1.5 Financial highlights



1. Non-IFRS measure.

Table 1.2 FY20 Results Compared to FY19

$m	FY20	FY19	Variance
Revenue	**497.9**	**438.7**	**13.5%**
Cost of sales	(371.4)	(348.0)	6.7%
Gross profit	**126.5**	**90.7**	**39.6%**
Gross margin	*25.4%*	*20.7%*	*23.0%*
Operating costs	(85.5)	(66.7)	28.2%
Results from operating activities	**41.0**	**24.0**	**71.1%**
Unrealised FX gain/(loss)	(1.4)	(0.2)	659.2%
Net finance costs	(0.7)	(0.4)	86.5%
Profit before tax	**38.9**	**23.4**	**66.0%**
NPAT	**26.8**	**17.2**	**55.9%**
EBITDA[1]	**46.5**	**30.1**	**54.5%**
Unrealised FX gain/(loss)	1.4	0.2	659.2%
Equity based compensation	1.0	1.2	(16.2%)
Penalties & costs provision	0.7	–	100%
Adjusted EBITDA[1]	49.7	31.5	57.5%
Earnings per Share ($)	0.29	0.18	58.5%

Any discrepancies between totals, sums of components and percentage variances in this table are due to rounding.

Exclusive Brands continued to achieve year-on-year Revenue growth with an increase of 26.4% on FY19. Exclusive Brands also achieved Gross Profit growth of 43.7%, resulting in a contribution of 51.3% to overall Gross Profit in FY20. This was achieved through ongoing investment in Exclusive Brands inventory to broaden our range and meet consumer demand from the growing base of Active Customers.

Third-Party Brands returned to growth in Gross Profit, delivering an increase of 3.3% on FY19, through improved product selection and sourcing.

The success of Kogan Marketplace has resulted in Gross Sales[1] increasing by 71.2% in 2HFY20 compared to 1HFY20. The exceptional growth of Kogan Marketplace has led to a period of transition for the Business. The Business is continually improving its proprietary marketplace platform which enables ongoing growth without a corresponding investment in inventory.

Kogan First memberships scaled significantly during FY20 as more and more customers recognise the significant value of the loyalty program.

The Business strategically increased its marketing activities in order to grow the platform and had an immediate impact on growth in Active Customers and is also expected to have ongoing long-term benefits to the Business.

Variable Costs predominantly consist of warehousing and selling costs. The increase in these costs is largely driven by growing volumes of transactions and stock holdings that has allowed the Business to deliver its largest Gross Sales[1] and Gross Profit ever.

In order to retain key talent and align their interests with our Shareholders, the Business has made strategic investments in team members. Team member costs are inclusive of the annual Short-Term Incentive of $0.9 million for Senior Management following significant outperformance of budget. Long-Term Incentives remain in place and team member costs have increased year-on-year, partly as a result. The majority of equity-based compensation was issued in the period surrounding the IPO.

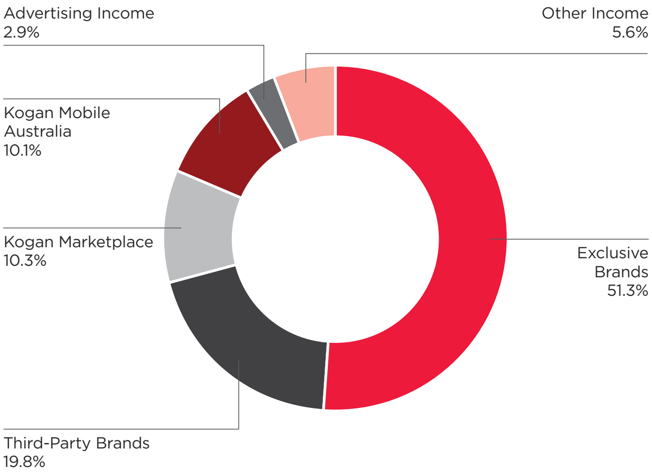
EBITDA[1] of $46.5 million reflects an increase in EBITDA[1] margin of 2.5pp to 9.3%. EBITDA[1] was impacted by unrealised FX losses of $1.4 million which are non-cash. Adjusted EBITDA[1] excluding unrealised FX losses, equity-based compensation and provision for penalties & costs grew to $49.7 million.

1. Non-IFRS measure.

PORTFOLIO BUSINESS MIX

Exclusive Brands and Third-Party Brands represent 51.3% and 19.8% of Gross Profit in FY20, respectively. When combined with Kogan Marketplace and Kogan Mobile, these four core divisions accounted for 91.5% of Gross Profit.

Figure 1.6 FY20 Gross Profit mix



Growth in Exclusive Brands and Kogan Marketplace contributed to an increase in Gross Profit to $126.5 million (FY19: $90.7 million). Third-Party Brands Revenue stabilised.

Table 1.3 New Verticals Revenue

$m	FY20	FY19	YoY Revenue growth %
Kogan Travel	0.5	0.8	(34.1%)
Kogan Insurance	0.8	0.6	36.0%
Kogan Internet	1.0	0.4	144.9%
Kogan Mobile	12.8	13.2	(2.9%)
Kogan Money	0.2	0.0	>1,000%
Kogan First	2.4	0.0	>1,000%
New Verticals Revenue growth excluding Kogan Travel[1]			**18.0%**

1. Year-on-year growth of Kogan Travel has been excluded due to the impact of applying AASB 15 from 1 July 2018.

Kogan Mobile performed relatively in line with FY19, contributing over 10% of total Gross Profit and setting up a solid foundation for growth of Kogan Mobile New Zealand. Kogan Internet Customers grew 90.9% year-on-year, resulting in commission-based Revenue increasing by 144.9% over the same time period.

Kogan Insurance, which includes our suite of insurance products, continues to scale. Commission-based Revenues grew 36.0% year-on-year.

New Verticals launched in 1HFY20, Kogan Credit Cards, Kogan Superannuation, Kogan Energy and Kogan Mobile NZ are growing. Customers continue to receive great deals on the services they need.

Figure 1.7 Kogan Mobile Active Customers

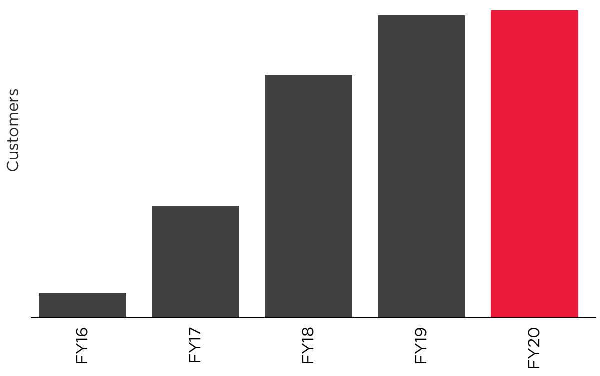
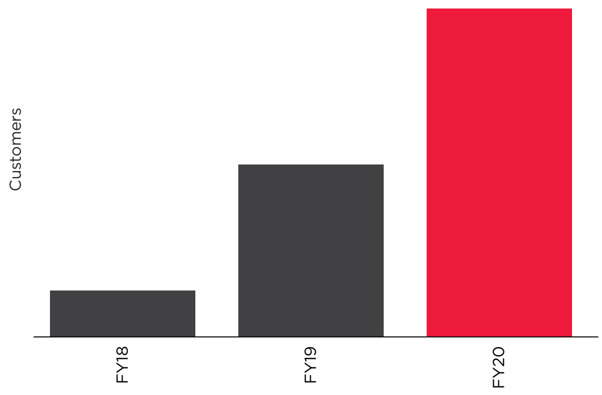


Figure 1.8 Kogan Internet Active Customers



STATEMENT OF FINANCIAL POSITION

Table 1.4 Summary of Net Assets at 30 June 2020 and 30 June 2019

$m	30-Jun-20	30-Jun-19
Current assets	266.4	109.5
Non-current assets	13.3	8.9
Total assets	**279.7**	**118.4**
Current liabilities	(114.6)	(65.4)
Non-current liabilities	(1.0)	(2.0)
Total liabilities	**(115.6)**	**(67.4)**
Net assets	**164.0**	**51.0**

A strong Balance Sheet at 30 June 2020 with $146.7 million of cash and an undrawn $30.0 million debt facility.

Cash balance at 30 June 2020 of $146.7 million is inclusive of the proceeds from the $100.0 million Placement, and exclusive of the proceeds from the $20.0 million Share Purchase Plan completed in July 2020.

In line with our growth strategy, Kogan.com invested in inventory. As at 30 June 2020, Kogan.com had inventory of $112.9 million, comprising $80.4 million of inventory on hand and $32.5 million of inventory in transit. More than 99% of inventory in warehouse was less than 365 days old.

The purchase of Matt Blatt included the capitalisation of intellectual property worth $4.0 million, which has been included within the intangible assets balance.

CASH FLOWS

Table 1.5 Statutory Cash Flow from Operating Activities

$m	FY20	FY19
Receipts from customers	578.9	498.0
Payments to suppliers and employees	(523.8)	(489.2)
Interest received	0.1	0.2
Finance costs paid	(0.6)	(0.5)
Income tax paid	(9.0)	(6.4)
Net cash provided by operating activities	45.6	2.1

The Business delivered cash flow from operating activities of $45.6 million in FY20, demonstrating strong cash generation across the Company's portfolio of businesses.

OUTLOOK

At Kogan.com we are relentless in our mission to bring more in-demand products and services to customers at market-leading prices. With that in mind, the pace continues into the new financial year.

In FY21, we expect:

- growth in the Active Customer base;
- growth in Exclusive Brands and Third-Party Brands;
- growth in Kogan Marketplace, and launch in New Zealand;
- growth across New Verticals; and
- growth by acquisition.

NON-IFRS MEASURES

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

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

Table 1.6 Non IFRS-Measures

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

STRATEGY, RISKS AND OPPORTUNITIES

STRATEGY

Kogan.com's strategy involves a number of initiatives aimed at sustaining long-term growth, which include continued growth in our existing portfolio of businesses, the launch of further new verticals and selective & opportunistic M&A.

Kogan.com maintains a prudent and disciplined approach to capital deployment and continues to invest in growth opportunities in the medium to long-term that generate Shareholder value.

EXCLUSIVE BRANDS STRATEGY

Exclusive Brands is a pillar of the Business and remains a focus area for FY21 and beyond. In FY20, Kogan.com achieved year-on-year revenue growth of 26.4% in Exclusive Brands. In addition, Exclusive Brands continues to be the largest contributor to Gross Profit, representing 51.3% of Gross Profit in FY20.

In FY21, the Business is focused on continuing to launch new products and new ranges, where there is proven demand. Our Exclusive Brands business benefits from:

- full control of the end-to-end supply chain
- strong competitive advantage
- building trusted brands renowned for "value"
- compelling consumer offering
- white goods as a new core category
- 14+ years' experience

NEW VERTICALS

We continue to explore opportunities to partner with industry leaders and bring more services to our customers at market-leading prices.

Our ambition with all our New Verticals is to achieve more than 1% market share, as we have already done with Kogan Mobile. The Business is focused on growing the existing New Verticals to our goal market share and continuing to build our portfolio of services businesses.

RISKS

Set out below are the key financial and operational risks facing the Business. Kogan.com manages and seeks to mitigate these risks through internal review and control processes at the Board and management level.

Australian retail environment and general economic conditions may worsen	Many of Kogan.com's products are discretionary goods and, as a result, sales levels are sensitive to consumer sentiment. Kogan.com's offering of products, and its financial and operational performance, may be affected by changes in consumers' disposable incomes, or their preferences as to the utilisation of their disposable incomes. Any reduction in the disposable incomes of Kogan.com's customers as a result of changes to factors such as economic outlook, interest rates, unemployment levels and taxation may decrease consumer confidence and consumer demand, which may subsequently result in lower levels of revenue and profitability.
Competition may increase and change	Kogan.com could be adversely affected by increased competition in the various segments in which it operates. The Australian online retail market is highly competitive and is subject to changing customer preferences.
COVID-19	Events related to the Coronavirus pandemic (COVID-19) have resulted in significant market volatility. There is continued uncertainty as to ongoing and future response of governments and authorities globally as well as a likelihood of an Australian economic recession of unknown duration or severity. As such, the full impact of COVID-19 to consumer behaviour, suppliers, employees and the Company are not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to the Company's financial and operational performance. Further, any government or industry measures may adversely affect Kogan.com operations and are likely beyond the control of Kogan.com. In compliance with its continuous disclosure obligations, Kogan.com will continue to update the market in regard to any material impact of COVID-19 on Kogan.com.
Inventory management	In order to operate its business successfully, Kogan.com must maintain sufficient inventory and also avoid the accumulation of excess inventory.
Key supplier, service provider and counterparty factors	Kogan.com has a large number of international suppliers and service providers, from which it sources a broad range of products and services. There is a risk that Kogan.com may be unable to continue to source products or services from existing suppliers or service providers, and in the future, to source products from new suppliers or services from new service providers, at favourable prices, on favourable terms, in a timely manner or in sufficient volume.
Performance and reliability of Kogan.com's websites, databases and operating systems	Kogan.com's websites, Apps, databases, IT and management systems, including its ERP and security systems, are critically important to its success. The satisfactory performance, reliability and availability of Kogan.com's websites, Apps, databases, IT and management systems are integral to the operation of the Business.
Manufacturing and product quality	Kogan.com currently uses a wide range of third-party suppliers to produce its Exclusive Brands products. While Kogan.com employs dedicated engineers to assess product samples, and uses third-party inspection agencies for quality control and inspections, there is no guarantee that every supplier will meet Kogan.com's cost, quality and volume requirements.
Reputational product sourcing factors	The Kogan.com portfolio of Exclusive Brands names and related intellectual property are key assets of the Business. In addition, Kogan.com sells a range of Third-Party Branded products, where the intellectual property is owned by third-parties.
Exposure to litigation	Kogan.com may be subject to litigation, claims, disputes and regulatory investigations, including by customers, suppliers, government agencies, regulators or other third parties. These disputes may be related to warranties, product descriptions, personal injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations.
Changes in GST and other equivalent taxes	Changes in local indirect tax, such as the goods and services tax in Australia ("GST"), and duty treatment of any of the markets in which Kogan.com operates, could have an impact on the sales of imported brands.
Retention of key team members	Kogan.com relies on the expertise, experience and strategic direction provided by its Executive Directors and key team members. These individuals have extensive experience in, and knowledge of, Kogan.com's business and the Australian online retail market. Additionally, successful operation of Kogan.com's business depends on its ability to attract and retain quality team members.
Reliance on third-party payment providers	Kogan.com is exposed to risks in relation to the methods of payment that it currently accepts, including credit card, PayPal and vouchers. Kogan.com may incur loss from fraud or erroneous transactions.

DIRECTORS' REPORT

The Directors of Kogan.com Limited and its controlled entities ("The Group") present their report together with the consolidated financial report of the Group for the financial year ended 30 June 2020 and the audit report thereon.

DIRECTORS

The following persons were Directors of the Group at any time during the financial 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

Michael Hirschowitz – Independent, Non-Executive Director (resigned 20 May 2020)

Particulars of each Director's experience and qualifications are set out later in this report.

COMPANY SECRETARY

Kogan.com engages Mertons Corporate Services Pty Ltd to provide company secretarial services, with Mark Licciardo as Kogan.com's Company Secretary.

PRINCIPAL ACTIVITIES

Kogan.com is a portfolio of retail and services businesses that included Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Travel, Kogan Money, Kogan Cars, Kogan Energy, Dick Smith and Matt Blatt during the year ended 30 June 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 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 seller-fee based Revenue from Kogan Marketplace and commission-based Revenue from the New Verticals including Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Money, Kogan Cars, Kogan Energy and Kogan Travel ("New Verticals").

In May 2020, Kogan.com acquired Matt Blatt, one of Australia's premier furniture and homewares retailers, and a pioneer of the online furniture industry in Australia. Kogan.com acquired the intellectual property of Matt Blatt for a purchase price of $4.4 million.

The results of Kogan HK Limited, a Hong Kong registered entity, and Kogan US Trading Inc, a US incorporated entity, have been compiled using International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

An operating and financial review of the Group during the financial year and the results of these operations are contained on pages page 6 to page 17 of this report.

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

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors have declared a final Dividend of 13.5 cents per Ordinary Share, fully franked. The final Dividend was not determined until after the Balance Sheet date and accordingly no provision has been recognised at 30 June 2020.

The Dividend Reinvestment Plan will apply to the final 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 of the final Dividend.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Kogan.com has entered into a deed of indemnity, insurance and access with each Director confirming the Director's right of access to Board papers and requires Kogan.com to indemnify the Director, on a full indemnity basis and to the full extent permitted by law against all losses or liabilities (including all reasonable legal costs) insured by the Director as an officer of Kogan.com or of a related body corporate.

Under the deeds of indemnity, insurance and access, Kogan.com must maintain a Directors' and Officers' insurance policy insuring a Director (among others) against liability as a Director and Officer of Kogan.com related to body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

Disclosure of the total amount of the premiums paid under this renewed insurance policy is not permitted under the provisions of the insurance contract.

INDEMNIFICATION AND INSURANCE OF AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Group.

PROCEEDINGS ON BEHALF OF THE COMPANY

Kogan.com recently informed its Shareholders in the ASX Announcement dated 17 July 2020, of the Federal Court's decision to uphold allegations made by the ACCC. Based on all current information available at the time of this report, management have estimated penalties and costs relating to this matter of $0.7 million, and have provided for these at 30 June 2020.

DIVIDENDS

In respect of the financial year ended 30 June 2020, the Directors:

- declared a fully franked interim Dividend of 7.5 cents per Ordinary Share. The record date for the Dividend was 27 February 2020 and the Dividend was paid on 10 March 2020.
- declared a fully franked final Dividend of 13.5 cents per Ordinary Share. The record date for the Dividend was 24 August 2020 and will be paid on 19 October 2020.

Details with respect to the distribution paid during the year are provided in Note 3.2.2.

A Dividend Reinvestment Plan was available for the 2020 interim Dividend and the Dividend Reinvestment Plan will also apply for the final Dividend of FY20.

NON-AUDIT SERVICES

During the year KPMG, the Group's auditors, performed certain other services in addition to the audit and review of the financial statements.

The Board of Directors has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise the auditor's independence requirements of the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they did not adversely affect the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

The following fees were paid or payable to KPMG for non-audit services provided during the year ended 30 June 2020:

	$
Advisory services	–
Taxation services	6,700
	6,700

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the financial year ended 30 June 2020 can be found on page 32 of the financial report and forms part of the Directors' Report.

THE BOARD OF DIRECTORS AND COMPANY SECRETARY

Greg Ridder
(BBus (Acc), Grad Dip (Mktg), GAICD, CPA)
Chairman, Independent Non-Executive Director

Mr Ridder was appointed to the Board of Kogan.com in May 2016 as Independent Non-Executive Chairman. Mr Ridder also serves as Chairman of the Remuneration and Nomination Committee.

Formerly Asia Pacific Regional President at NYSE listed Owens-Illinois, he is experienced in leading businesses in multiple countries, cultures, economic circumstances and market conditions. Mr Ridder is also a director at Spirit Telecom Limited and a number of unlisted and not for profit entities.

Mr Ridder holds a Bachelor of Business in Accounting from RMIT, a Graduate Diploma in Marketing from Monash University, and has completed the Advanced Management Programme at INSEAD in France. He is a CPA and a graduate member of the Australian Institute of Company Directors.

Board Committee membership

- Member of the Audit and Risk Management Committee
- Chairman of the Remuneration and Nomination Committee

Directorship of listed entities within the past three years

- Director of Spirit Telecom Ltd (appointed in November 2019)

Ruslan Kogan
(BBS)
Founder, Chief Executive Officer and Executive Director

Mr Kogan founded Kogan.com in 2006, and has been its CEO since inception, growing the Business into Australia's leading Pure Play Online Retailer in under a decade.

Prior to founding Kogan.com, Mr Kogan held roles in the IT departments of Bosch and GE, and as a consultant at Accenture.

Mr Kogan holds a Bachelor of Business Systems from Monash University.

David Shafer
(LLB (Hons), BCom, CFA)
Chief Financial Officer, Chief Operating Officer and Executive Director

Mr Shafer has worked with Kogan.com since 2006, moving to a full time role as Chief Financial Officer, Chief Operating Officer and Executive Director in November 2010.

Prior to joining Kogan.com, Mr Shafer was Senior Associate at Arnold Bloch Leibler.

Mr Shafer holds a Bachelor of Law (Honours) and Bachelor of Commerce from The University of Melbourne and is a Chartered Financial Analyst.

Harry Debney
(BAppSc (Hons))
Independent Non-Executive Director

Mr Debney was appointed to the board of Kogan.com in May 2016, as an Independent, Non-Executive Director and also serves as Chairman of the Audit and Risk Management Committee.

Mr Debney is CEO of Costa Group and has overseen the Business' transition from a privately-owned Company to a member of the S&P/ASX 200 Index.

Prior to joining the Costa Group, Mr Debney spent 24 years at Visy Industries, including eight years as CEO. During this time, he substantially grew the Visy business, both organically and through acquisitions.

Mr Debney holds a Bachelor of Applied Science (Honours) from the University of Queensland.

Directorships of listed entities within the past three years:

- Director of Costa Group Holdings Ltd (appointed in September 2010)

Board Committee membership

- Chairman of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee

Michael Hirschowitz
(B.Com, BACC, GAICD)
Independent Non-Executive Director (resigned 20 May 2020)

Mr Hirschowitz was appointed to the Board of Kogan.com in March 2019, as an Independent Non-Executive Director, and has subsequently resigned as of 20 May 2020.

Mr Hirschowitz currently serves as the Chief Financial Officer at QSR Guzman y Gomez, having joined them in November 2018.

Prior to joining QSR Guzman y Gomez, Mr Hirschowitz served as the Chief Financial Officer & Executive Director of the Accent Group, formerly known as RCG Corporation Ltd, for 22 years. During his time there, he helped create Australia and New Zealand's largest lifestyle and performance footwear business.

Mr Hirschowitz holds a Bachelor of Commerce and a Bachelor of Accounting for the University of Witwatersrand and is a Graduate member of the Australian Institute of Company Directors.

Directorships of listed entities within the past three years:

- Director of Accent Group (resigned in February 2018)

Board Committee membership

- Member of the Audit and Risk Management Committee (resigned 20 May 2020)
- Member of the Remuneration and Nomination Committee (resigned 20 May 2020)

Mark Licciardo (Mertons Corporate Services Pty Ltd)
(B Bus (Acc), GradDip CSP, FGIA, GAICD)
Company Secretary

Mr Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons in 2007, Mr Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mr Licciardo has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mr Licciardo is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, iCar Asia Limited and Mobilicom Limited as well as several other public and private companies.

MEETINGS OF DIRECTORS

Directors' meetings held between 1 July 2019 and 30 June 2020:

	BOARD		AUDIT AND RISK		REMUNERATION AND NOMINATION	
	A	**B**	**A**	**B**	**A**	**B**
Greg Ridder	14	14	3	3	4	4
Harry Debney	14	14	3	3	4	4
Michael Hirschowitz[2]	9	7	3	3	3	3
Ruslan Kogan	14	14	3[1]	3[1]	4[1]	3[1]
David Shafer	14	14	3[1]	3[1]	4[1]	3[1]

1. Indicates that a Director is not a member of a specific committee and attended by invitation.

A Number of meetings held during the time the Director held office or was a member of the committee during the year.

B Number of meetings attended.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interest of Shareholders.

The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ('the ASX Principles'). Kogan.com's Corporate Governance Statement, which summarises the Company's Corporate Governance practices and incorporates the disclosures required by the ASX Principles, can be viewed at www.kogancorporate.com.

2. Resigned 20 May 2020.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulations under Commonwealth or State legislation.

DIRECTORS' INTERESTS

The following table sets out each Directors' relevant interest in shares of the Company at the date of this report.

	Ordinary Shares
Ruslan Kogan	15,853,321
David Shafer	6,075,642
Greg Ridder	158,000
Harry Debney	98,099
Michael Hirschowitz (resigned 20 May 2020)	30,070[1]

1. Ordinary Shares are stated as at the Directors resignation date, being 20 May 2020.

SHARE RIGHTS

UNISSUED SHARES UNDER RIGHTS

At 30 June 2020 the Group had 1,514,138 unissued shares under Right which are expected to vest up until 30 June 2023, all unissued shares under Right are Ordinary Shares of the Company.

SHARES ISSUED ON EXERCISE OF RIGHTS

During the financial year, the Group issued 887,037 Ordinary Shares as a result of the Rights vesting.

REMUNERATION REPORT (AUDITED)

INTRODUCTION

The Directors are pleased to present the FY20 Remuneration Report, outlining the Board's approach to the remuneration for Key Management Personnel (KMP).

The Board recognises that the performance of the Group depends on the quality and motivation of its team members. The Group remuneration strategy therefore seeks to appropriately attract, reward and retain team members at all levels of the Business, but in particular for management and key executives. The Board aims to achieve this by establishing executive remuneration packages that include a mix of fixed remuneration, short-term incentives and long-term incentives.

The Report covers the following matters:

1. Details of Key Management Personnel;
2. Remuneration governance;
3. Remuneration policy;
4. Company's performance;
5. Details of remuneration;
6. Equity instruments;
7. Executive service agreements; and
8. Key Management Personnel transactions.

DETAILS OF KEY MANAGEMENT PERSONNEL

Key Management Personnel (KMP) are individuals who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and comprise the Directors and the Senior Executives of the Group, as listed below.

KEY MANAGEMENT PERSONNEL	POSITION HELD
GREG RIDDER	Chairman, Independent Non-Executive Director
RUSLAN KOGAN	Chief Executive Officer and Executive Director
DAVID SHAFER	Chief Financial Officer, Chief Operating Officer and Executive Director
HARRY DEBNEY	Independent Non-Executive Director
MICHAEL HIRSCHOWITZ	Independent Non-Executive Director (resigned 20 May 2020)

REMUNERATION GOVERNANCE

The Board has appointed the Remuneration and Nomination Committee ("the Committee") whose objective is to assist the Board in relation to the Group remuneration strategy, policies and actions. In performing this responsibility, the Committee must give appropriate consideration to the Company's performance and objectives, employment conditions and external remuneration relativities.

Remuneration and Nomination Committee

Kogan.com's Remuneration and Nomination Committee is comprised of Independent Non-Executive Directors.

The responsibilities of the Committee include to:

- develop criteria for Board membership and identify specific individuals for nomination;
- establish processes for the review of the performance of individual Directors, Board committees and the Board as a whole and implementation of such processes;
- review and make recommendations to the Board on Board succession plans generally;
- review and make recommendations to the Board on the process for recruiting a new Director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board;
- review and make recommendations to the Board on Kogan.com's remuneration framework, remuneration packages and policies applicable to senior management and Directors;
- review and make recommendations to the Board on equity-based remuneration plans for the executive team and other team members;
- define levels at which the CEO must make recommendations to the Committee on proposed changes to remuneration and employee benefit policies;
- ensure that remuneration packages and policies attract, motivate and retain high calibre executives; and
- ensure that remuneration policies demonstrate a clear relationship between executives' performance and remuneration.

All Directors who are not members of the Committee are entitled to attend any meeting of the Committee. The Committee may invite any Director, including members of senior management.

A full Charter outlining the Committee's responsibilities and the Process for Evaluation of Performance are available at www.kogancorporate.com.

REMUNERATION POLICY

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
- Long-term equity-based incentives.

The payment of any cash and award of equity under the incentive arrangements will be subject to the achievement of performance criteria or hurdles set by the Board. The remuneration packages of the senior management team are determined by the Committee and reported to the Board. The remuneration of senior managers are reviewed annually by the Committee. At the absolute discretion of the Committee, Kogan.com may seek external advice on the appropriate level and structure of the remuneration packages of the senior management team from time to time.

The table below represents the target remuneration mix for group executives in the current year. The short-term incentive is provided at target levels, and the long-term incentive amount is provided based on the value granted in the current year.

		AT RISK	
	Fixed remuneration	**Short-term incentive**	**Long-term incentive**
CEO	80%	20%	–%
CFO, COO	80%	20%	–%

Fixed remuneration

Fixed remuneration is comprised of the base salary and team member benefits which include superannuation, leave entitlements and other benefits.

The salaries are normally paid monthly and are based on:

- responsibilities, abilities, experience and performance;
- team member's performance in the period since the last review; and
- the Group's pay structure.

The salaries are benchmarked against similar ASX-listed and other online retail companies.

Some KMP's received an adjustment to fixed remuneration in the 2020 financial year.

Short-term incentives (STI) – Cash based

The following table outlines the significant aspects of the STI:

Purpose of STI plan	Provide a link between remuneration and both short-term Company and individual performance. Create sustainable Shareholder value. Reward individuals for their contribution to the success of the Group. Actively encourage team members to take more ownership over the EBITDA[1].
Eligibility	Offers of cash incentive 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 cash incentive under the STI.
Calculation & Target	The actual EBITDA[1] of Kogan.com shall exceed the management forecast for the full financial year (after payment of the STI). 25% of the outperformance will be allocated to a 'bonus pool'. The 'bonus pool' will then be shared in cash bonuses among a number of team members in fixed proportions.
Maximum opportunity	The maximum payable is 25% of the outperformance and 35% of the team member's annual salary.
Performance conditions	Outperformance of the actual EBITDA[1]. Continuation of employment.
Why were the performance condition chosen	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.
Performance period	1 July 2019 to 30 June 2020.
Timing of assessment	August 2020, following the completion of the 30 June 2020 accounts.
Form of payment	Paid in cash.
Board discretion	Targets are reviewed annually and the Board has discretion to adapt appropriately to take into account exceptional items.

1. Non-IFRS measure.

Long-term incentives (LTI) – Equity Incentive Plan (EIP)

The Group has established an Equity Incentive Plan (EIP), which is designed to align the interests of eligible team members more closely with the interests of Shareholders in the 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.

The following table outlines the significant aspects of the current EIP.

Purpose of LTI plan	Support the strategy and business plan of the Group. Align the interests of team members more closely with the interests of Shareholders. Reward individuals for their contribution to the success of the Group over the long-term.
Eligibility	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 Securities under the EIP.
Service condition on vesting	Individuals must be employed by the Group at time of vesting and not be in their notice period.
Form of award and payment	Performance Rights.
Board discretion	The Board has the absolute discretion to determine the terms and conditions applicable to an offer under the EIP.
Consideration	Nil.
Rights	Each Right confers on its holder an entitlement to a Share, subject to the satisfaction of applicable conditions.
Restrictions on dealing	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 Ordinary Shares issued to participants (subject only to the requirements of Kogan.com's Securities Trading Policy).
Lapse of Rights	A Right will lapse upon the earliest to occur of • expiry date; • failure to meet vesting conditions; • employment termination; • the participant electing to surrender the Right; • where, in the opinion of the Board, a participant deals with a Right in contravention of any dealing restrictions under the EIP.

Independent Non-Executive Directors' remuneration

Kogan.com Independent Non-Executive Director remuneration policy is set up to attract and retain Directors with the experience, knowledge, expertise and acumen to manage the Company.

Each of the Independent Non-Executive Directors has entered into appointment letters with Kogan.com, confirming the terms of their appointment, their roles and responsibilities and Kogan.com's expectations of them as Directors.

Under the Constitution, the Board may decide the remuneration from Kogan.com to which each Director is entitled for their services as a Director. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed at Kogan.com's general meeting.

This amount has been fixed by Kogan.com at $500,000 per annum. Any change to that aggregate annual sum needs to be approved by Shareholders.

The annual Independent Non-Executive Directors' fees paid or payable to Greg Ridder (as Chairman), Harry Debney and Michael Hirschowitz (resigned 20 May 2020) for FY20 are $185,000, $110,000 and $95,000 respectively.

No additional fees are presently proposed to be paid for membership or Chairmanship of the Audit and Risk Management Committee or the Remuneration and Nomination Committee. In subsequent years, additional fees for membership or Chairmanship of these committees may apply.

All Directors' fees include superannuation payments, to the extent applicable.

Independent Non-Executive Directors are not eligible to participate in Kogan.com's short-term or long-term incentive programs.

COMPANY PERFORMANCE

Relationship to remuneration policy

In considering the consolidated entity's performance and the benefits of Shareholder wealth, the Committee considers a range of indicators in respect of senior executive remuneration and linked these to the previously described short and long-term incentives.

At Kogan.com, we remunerate our KMP in a way which:

- aims to align executive interests with Shareholders;
- is sufficiently competitive in the marketplace to enable us to attract, retain, and motivate exceptional talent; and
- encourages and rewards the behaviours and outcomes that will deliver business success and a good return for our Shareholders.

To achieve this, we set challenging targets and monitor performance against them closely.

We have strengthened the connection between our key reward metrics and our business strategy by adapting the performance conditions used for our STI.

We remain committed to the use of stretching performance metrics, and recognise the importance of having performance conditions that are linked to customer engagement.

Shareholder wealth

The following table presents these indicators showing the impact of the Company's performance on Shareholder wealth, during the financial years:

	FY20	FY19
Net profit attributable to owners of the Company (in $'m)	26.8	17.2
Earnings per share	0.29	0.18
EBITDA[1] (in $'m)	46.5	30.1
Dividends paid (in $'m)	14.8	11.4
Operating income growth	13.5%	6.4%
Share Price at 30 June	14.72	4.75*

* Share Price as at Friday 28 June 2019.

Profit amounts have been calculated in accordance with Australian Accounting Standards (AASBs).

EBITDA[1] is calculated based on the operating profit before interest, tax, depreciation and amortisation.

Operating income is operating profit as reported in the Statement of Comprehensive Income.

1. Non-IFRS measure.

DETAILS OF REMUNERATION

Executive KMP remuneration

Details of the remuneration to the executive Key Management Personnel is set out below.

		SHORT-TERM		POST-EMPLOYMENT	LONG-TERM BENEFITS	
	Year	Salary and Fees $	Short-Term incentives $	Super-annuation $	Annual & long service leave $	Total $
R. Kogan	2020	423,500	101,026	21,003	48,788	594,317
D. Shafer	2020	363,000	86,581	21,003	41,818	512,402
Total		**786,500**	**187,607**	**42,006**	**90,606**	**1,106,719**
R. Kogan	2019	385,000	–	19,616	34,707	439,323
D. Shafer	2019	330,000	–	19,616	29,749	379,365
Total		**715,000**	**–**	**39,232**	**64,456**	**818,688**

Independent Non-Executive Directors' remuneration

The table below sets out the remuneration paid to Independent Non-Executive Directors:

		SHORT-TERM BENEFITS	POST-EMPLOYMENT BENEFITS	
	Year	Total fees $	Super-annuation $	Total $
Greg Ridder	2020	185,000	–	185,000
Harry Debney	2020	110,000	–	110,000
Michael Hirschowitz	2020	87,083[1]	–	87,083
Total		382,083		382,083
Greg Ridder	2019	185,000	–	185,000
Harry Debney	2019	110,000	–	110,000
Michael Hirschowitz	2019	23,750[1]	–	23,750
Total		**318,750**	–	**318,750**

1. Michael Hirschowitz was appointed as an Independent Non-Executive Director on 29 March 2019 and resigned on 20 May 2020.

EQUITY INSTRUMENTS

Kogan.com successfully listed on the ASX on 7 July 2016. The following table presents the interests of each Director held directly, indirectly or beneficially, including their related parties:

Ordinary Shares

	No. shares held 2020	% ownership 2020	No. shares held 2019	% ownership 2019
Ruslan Kogan	15,853,321	15.0%	21,132,522	22.5%
David Shafer	6,075,642	5.8%	8,098,236	8.6%
Greg Ridder	158,000	0.2%	160,500	0.2%
Harry Debney	98,099	0.1%	78,538	0.0%
Michael Hirschowitz[1]	30,070[2]	0.0%	30,070	0.0%

1. Michael Hirschowitz resigned as an independent Non-Executive Director on 20 May 2020.
2. Share holdings at time of resignation, being 20 May 2020.

EXECUTIVE DIRECTORS' SERVICE AGREEMENTS

Notice and termination payments

Executives are on contracts with no fixed end date.

The following table captures the notice periods applicable to the termination of the executives' employment:

	Termination notice by Kogan.com	Termination notice by employee	Termination payments provided for under contract
CEO	12 months	12 months	12 months
CFO, COO	6 months	6 months	6 months

Chief Executive Officer & Chief Financial Officer Service Agreements

Prior to the Company's ASX Listing on 7 July 2016, Ruslan Kogan and David Shafer were not subject to employment arrangements and instead received profit distributions proportionate to their shareholdings in the Group.

Subsequent to Listing, Ruslan Kogan and David Shafer entered into employment contracts.

Chief Executive Officer

Ruslan Kogan is employed in the position of Chief Executive Officer of Kogan.com.

Kogan.com has entered into an employment contract with Mr Kogan to govern his employment with Kogan.com.

Mr Kogan or Kogan.com may terminate Mr Kogan's employment by giving 12 months' notice. Kogan.com may elect to make payment in lieu of notice. Kogan.com may terminate Mr Kogan's employment without notice in circumstances warranting summary dismissal.

Upon termination of Mr Kogan's employment, Mr Kogan will be subject to a restraint of trade period of 12 months during which time Mr Kogan cannot compete with Kogan.com or provide services in any capacity to a competitor of Kogan.com or solicit suppliers, clients or employees of Kogan.com. The enforceability of the restraint clause is subject to all usual legal requirements.

The Board may invite Mr Kogan to participate in Kogan.com's incentive programs.

Chief Financial Officer and Chief Operating Officer

David Shafer is employed in the position of Chief Financial Officer and Chief Operating Officer of Kogan.com.

Kogan.com has entered into an employment contract with Mr Shafer to govern his employment with Kogan.com.

Mr Shafer or Kogan.com may terminate Mr Shafer's employment by giving 6 months' notice. Kogan.com may elect to make payment in lieu of notice. Kogan.com may terminate Mr Shafer's employment without notice in circumstances warranting summary dismissal.

Upon termination of Mr Shafer's employment, Mr Shafer will be subject to a restraint of trade period of 6 months during which time Mr Shafer cannot compete with Kogan.com or provide services in any capacity to a competitor of Kogan.com or solicit suppliers, clients or employees of Kogan.com. The enforceability of the restraint clause is subject to all usual legal requirements.

The Board may invite Mr Shafer to participate in Kogan.com's incentive programs.

KEY MANAGEMENT PERSONNEL TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Kogan Australia Pty Ltd entered into a Logistic Services Agreement with eStore Logistics Pty Ltd ("eStore"), in a prior financial period, in relation to the provision of warehousing, distribution and logistics services by eStore to Kogan Australia. Mr Kogan is a minority shareholder and Director of eStore. The agreement was entered into on arm's length terms.

		CONSOLIDATED GROUP	
KMP	**Transaction type**	**2020 $000**	**2019 $000**
Ruslan Kogan	Purchases from eStore warehousing	9,540	10,605

The Directors' Report is signed on behalf of the Board in accordance with a resolution of the Directors.

Greg Ridder
Non-Executive Chairman

Melbourne, 22 September 2020

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Director of Kogan.com Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Kogan.com Ltd for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Simon Dubois

Partner

Melbourne

22 September 2020

FINANCIAL REPORT

CONTENTS

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		CONSOLIDATED GROUP	
	Note	**2020 $000**	**2019 $000**
Revenue	1.1	497,904	438,700
Cost of sales	1.2a	(371,374)	(348,044)
Gross profit		**126,530**	**90,656**
Selling and distribution expenses		(34,196)	(23,178)
Warehouse expenses		(13,574)	(13,666)
Administrative expenses		(35,687)	(28,193)
Other expenses		(2,033)	(1,627)
Results from operating activities		**41,040**	**23,992**
Finance income		52	195
Finance costs	1.2b	(796)	(594)
Unrealised foreign exchange (loss)		(1,443)	(190)
Net finance (costs)		**(2,187)**	**(589)**
Profit before income tax		38,853	**23,403**
Tax expense	1.3	(12,033)	(6,202)
Net profit and other comprehensive income for the year attributable to the owners of the Company		**26,820**	**17,201**
Basic earnings per share	3.3a	0.29	0.18
Diluted earnings per share	3.3b	0.28	0.18

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	CONSOLIDATED GROUP 2020 $000	2019 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		146,726	27,462
Trade and other receivables	2.1.2a	5,390	5,365
Inventories	2.1.1	112,882	75,850
Financial assets		–	383
Prepayments and other current assets	2.1.2b	1,400	482
TOTAL CURRENT ASSETS		266,398	109,542
NON-CURRENT ASSETS			
Property, plant and equipment	2.3	2,603	1,566
Intangible assets	2.2	8,279	5,815
Deferred tax assets	1.3	2,387	1,474
TOTAL NON-CURRENT ASSETS		13,269	8,855
TOTAL ASSETS		279,667	118,397
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.1.3a	82,495	51,725
Lease liabilities	2.1.3b	1,987	557
Financial liabilities		1,060	–
Current tax liabilities	1.3	5,451	3,311
Employee benefits		1,134	748
Provisions		3,159	1,304
Deferred income	2.1.3c	19,334	7,733
TOTAL CURRENT LIABILITIES		114,620	65,378
NON-CURRENT LIABILITIES			
Lease liabilities	2.1.3b	453	692
Employee benefits		197	136
Deferred income	2.1.3c	372	1,211
TOTAL NON-CURRENT LIABILITIES		1,022	2,039
TOTAL LIABILITIES		115,642	67,417
NET ASSETS		**164,025**	**50,980**
EQUITY			
Share capital	3.2.1a	269,033	167,823
Merger reserve	3.2.1c	(131,816)	(131,816)
Other reserves		1,352	1,537
Retained earnings		25,456	13,436
TOTAL EQUITY		**164,025**	**50,980**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		CONSOLIDATED GROUP					
$000	**Note**	**Share capital**	**Retained earnings**	**Merger reserve**	**Trans-lation reserve**	**Share based pay-ments reserve**	**Total equity**
Balance at 1 July 2018[1]		167,294	11,571	(131,816)	(291)	1,124	47,882
Adjustment on the initial application of AASB 15 (net of tax)		–	(3,902)	–	–	–	(3,902)
Adjusted balance as at 1 July 2018		167,294	7,669	(131,816)	(291)	1,124	43,980
Comprehensive income							
Net profit and other comprehensive income for the year		–	17,201	–	–	–	17,201
Total net profit and other comprehensive income for the year		**–**	**17,201**	**–**	**–**	**–**	**17,201**
Transactions with owners, in their capacity as owners							
Issue of Ordinary Shares under performance plans	3.2.1b	529	–	–	–	(504)	25
Equity-settled share-based payments	5.2c	–	–	–	–	1,208	1,208
Dividends paid	3.2.2	–	(11,434)	–	–	–	(11,434)
Total transactions with owners, in their capacity as owners		529	(11,434)	–	–	704	(10,201)
Balance at 30 June 2019		**167,823**	**13,436**	**(131,816)**	**(291)**	**1,828**	**50,980**
Balance at 1 July 2019		167,823	13,436	(131,816)	(291)	1,828	50,980
Comprehensive income							
Net profit and other comprehensive income for the year		–	26,820	–	–	–	26,820
Total net profit and other comprehensive income for the year		**–**	**26,820**	**–**	**–**	**–**	**26,820**
Transactions with owners, in their capacity as owners							
Issue of Ordinary Shares under performance plans	3.2.1b	1,217	–	–	–	(1,217)	–
Tax deductions for difference between accounting expense and funds paid to issue performance plans		1,042	–	–	–	–	1,042
Equity-settled share-based payments	5.2c	–	–	–	–	1,032	1,032
Institutional placement net of tax impact		98,147	–	–	–	–	98,147
Dividend reinvestment plan		804	–	–	–	–	804
Dividends paid	3.2.2	–	(14,800)	–	–	–	(14,800)
Total transactions with owners, in their capacity as owners		101,210	(14,800)	–	–	(185)	86,225
Balance at 30 June 2020		**269,033**	**25,456**	**(131,816)**	**(291)**	**1,643**	**164,025**

1. The Group applied AASB 9, 15 & 16 as at 1 July 2018.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	CONSOLIDATED GROUP 2020 $000	2019 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		578,954	497,943
Payments to suppliers and employees		(523,813)	(489,176)
Interest received		52	196
Finance costs paid		(589)	(466)
Income tax paid		(8,971)	(6,425)
Net cash provided by operating activities	1.4	45,633	2,072
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(219)	(65)
Purchase of intangible assets		(7,935)	(5,403)
Proceeds from disposal of intangible assets		–	250
Net cash (used in) investing activities		(8,154)	(5,218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		100,000	–
Transaction costs related to the issue of shares		(2,646)	
Dividends paid net of dividend reinvestment plan		(13,996)	(11,434)
Repayment of lease liabilities		(1,573)	(576)
Net cash provided by/(used in) financing activities		81,785	(12,010)
Net increase/(decrease) in cash held		119,264	(15,156)
Cash and cash equivalents at beginning of financial year		27,462	42,618
Cash and cash equivalents at end of financial year	3.2	146,726	27,462

The accompanying notes form part of these financial statements.

BASIS OF PREPARATION

The financial report of Kogan.com Ltd and its controlled entities ("the Group"; "Kogan.com") for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 22 September 2020.

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 18.

These General Purpose Financial Statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australia Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The accounting policies applied in these financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2019.

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 Directors' Report and the Financial Report are rounded to the nearest thousand dollars, except where otherwise indicated.

a. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate all of the assets, liabilities and results of the Group, in line with AASB 10 *Consolidated Financial Statements*. Subsidiaries are entities the parent controls. The parent controls an entity when its exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 4.1.a.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that the control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b. SEGMENT INFORMATION

The Group's operations consist primarily of selling goods and services online to Australia and New Zealand customers. The Group has considered the requirements of AASB 8 *Operating Segments* and assessed that the Group has one operating segment, representing the consolidated results, as this is the only segment which meets the requirements of AASB 8.

c. USES OF JUDGEMENTS AND ESTIMATES

In preparing the financial report, management have 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 which 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 during financial year 2020/21;
- the assessment of the recoverable value of non-current assets, including intangible assets, which 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; and
- the provision for slow moving and obsolete inventory, which is based on estimates of net realisable value.

Key estimates and judgements have not changed from those disclosed in the Group financial report for the year ended 30 June 2019, with the exception of the assessment of useful life for patents and trademarks.

d. COMMON CONTROL TRANSACTION

On 6 July 2016 Kogan.com Ltd acquired control of Kogan Operations Holdings Pty Ltd and subsidiaries at book value for consideration in preparation for the Initial Public Offering and the Group's admission to the ASX on 7 July 2016 pursuant to a replacement prospectus dated 24 June 2016.

e. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

SECTION 1: BUSINESS PERFORMANCE

1.1 REVENUE

Sale of goods

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good to a customer. When a performance obligation is satisfied, the Group recognises as revenue the amount the transaction price which excludes the associated costs and possible return of goods. Prior to these conditions being met, receipts from the sale of the goods are recorded in deferred income. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of transfer of control varies depending on the individual terms of the sales agreement. For sale of goods, transfer usually occurs upon dispatch of the goods, where control is contractually transferred to the customer.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a specific review of warranty claims outstanding.

A provision for sales returns is recognised for the expected value of returns, based on historical sales return data and a specific review of the profile of sales for the period and post period-end.

Rendering of services

Revenue from the rendering of services is recognised when management has fulfilled its service obligations to the Group's customers, recovery of the consideration is probable, and the amount of revenue can be measured reliably. Revenue is measured net of returns and trade discounts.

The timing of revenue recognition varies depending on the individual terms of the services agreement and the contractual obligations of the Group.

Revenue from the rendering of services is deferred when a customer has paid up front but the Group has not yet fulfilled its obligations to the customer, in line with the terms and conditions of sale.

SECTION 1: BUSINESS PERFORMANCE *(continued)*

1.1 REVENUE *(continued)*

Rendering of services *(continued)*

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
Revenue		
Sales revenue:		
– sale of goods	461,251	418,118
– rendering of services	30,809	14,448
	492,060	432,566
Other revenue:		
– commission from marketing	3,676	2,864
– other revenue	2,168	3,270
	5,844	6,134
Total revenue	**497,904**	**438,700**

1.2a OPERATING ACTIVITIES

Expenses

	2020 $000	**2019 $000**
Cost of sales	371,374	347,958
Cost of services	–	86
Total cost of sales	**371,374**	**348,044**
Employee benefit expense	20,154	16,519
Depreciation and amortisation expense	7,419	6,739

1.2b Finance costs

	2020 $000	**2019 $000**
Realised foreign exchange losses	207	129
Finance costs on debt facilities	589	465
Total finance costs	**796**	**594**

1.3 TAX BALANCES

Income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related assets or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liability are expected to be recovered or settled.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
a. The components of tax expense comprise:		
Current tax	12,146	6,551
Deferred tax	(120)	(159)
Under/(Over) provision in respect of prior years	7	(190)
	12,033	6,202
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2019: 30%):		
Consolidated Group	11,656	7,021
Add:		
Tax effect of:		
– amortisation of intangibles	53	14
– entertainment (non-deductible)	11	27
– current year revenue losses not recognised	75	1
– other non-allowable items	277	47
Less:		
Tax effect of:		
– shared based payments	–	(678)
– prior year losses now recognised	(1)	–
– research and development tax benefit	(45)	(40)
– Under/(Over) provision of prior year income tax	7	(190)
Income tax attributable to the Group	12,033	6,202
The applicable weighted average effective tax rates are as follows:	31%	27%

SECTION 1: BUSINESS PERFORMANCE *(continued)*

1.3 TAX BALANCES *(continued)*

The effective tax rate for FY20 of 31% reflects the impact of non-deductible intangible amortisation and other non-deductible costs, offset by research and development tax benefit and recognition of prior year losses.

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
Current and deferred tax balances:		
Assets		
NON-CURRENT		
Net deferred tax asset	2,387	1,474
Total	2,387	1,474
Liabilities		
CURRENT		
Current tax liabilities	5,451	3,311
Total	5,451	3,311

Movements in deferred tax balances

2020								BALANCE AT 30 JUNE		
$000	**Net balance at 1 July**	**Under/ Over**	**Recog-nised in profit or loss**	**Recog-nised in OCI**	**Recog-nised directly to equity**	**Acqui-sitions**	**Other**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant & equipment	(341)	–	(330)	–	–	–	–	(671)	34	(705)
Intangible assets	(1,351)	–	452	–	–	–	–	(899)	–	(899)
Financial assets	(115)	–	433	–	–	–	–	318	318	–
Employee benefits	232	–	114	–	–	–	–	346	346	–
Provisions	521	–	88	–	–	–	–	609	609	–
Deferred income	963	–	(541)	–	–	–	–	422	422	–
Lease liability	375	–	357	–	–	–	–	732	732	–
Other items	1,058	–	(321)	–	793	–	–	1,530	1,680	(150)
Tax losses carried forward	132	–	(132)	–	–	–	–	–	–	–
Net tax assets/ (liabilities)	1,474	–	120	–	793	–	–	2,387	4,141	(1,754)

2019								BALANCE AT 30 JUNE		
$000	Net balance at 1 July	Under/ Over	Recog-nised in profit or loss	Recog-nised in OCI	Recog-nised directly to equity	Acqui-sitions	Other	Net	Deferred tax assets	Deferred tax liabilities
Property, plant & equipment	16	–	(357)	–	–	–	–	(341)	19	(360)
Intangible assets	(1,495)	–	144	–	–	–	–	(1,351)	–	(1,351)
Financial assets	(172)	–	57	–	–	–	–	(115)	–	(115)
Employee benefits	201	–	31	–	–	–	–	232	232	–
Provisions	345	–	176	–	–	–	–	521	526	(5)
Deferred income	–	–	(709)		1,672	–	–	963	963	–
Lease liability	–	–	375		–	–	–	375	375	–
Other items	521	220	317	–	–	–	–	1,058	1,058	–
Tax losses carried forward	7	–	125	–	–	–	–	132	132	–
Net tax assets/ (liabilities)	(577)	220	159	–	1,672	–	–	1,474	3,305	(1,831)

1.4 NOTES TO THE CASH FLOW STATEMENT

	CONSOLIDATED GROUP	
	2020 $000	2019 $000
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	26,820	17,201
Non-cash flows in profit:		
– depreciation & amortisation	7,419	6,739
– profit on the sale of intangibles	–	(108)
– issue of Performance Rights and Shares	1,033	1,233
– unrealised foreign exchange movement	1,443	190
– income tax expense	12,033	6,202
Changes in assets and liabilities:		
– (increase) in trade and term receivables	(25)	(366)
– (increase)/decrease in prepayments and other assets	(918)	96
– (increase) in inventories	(37,032)	(25,650)
– increase in trade payables and accruals	30,769	6,417
– increase/(decrease) in deferred income	10,759	(3,949)
– increase in provisions	2,302	492
– tax paid	(8,970)	(6,425)
Cash flows from operating activities	45,633	2,072

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.1 WORKING CAPITAL

2.1.1 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes all direct costs attributable to purchase, such as freight and insurance.

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
CURRENT		
Inventory in transit	32,467	8,391
Inventory on hand	80,415	67,459
	112,882	75,850

2.1.2a Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
CURRENT		
Trade receivables	5,197	4,859
	5,197	4,859
Other receivables	193	506
Total current trade and other receivables	5,390	5,365

Credit risk

The Group has no significant concentration of credit risk with respect of any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 3.2. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia given the substantial operations in this region. The Group's exposure to credit risk for receivables at the end of the reporting period in those regions is as follows:

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
Australia	5,390	5,365

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counterparty to the transactions. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balance of receivables that remain within initial trade terms (as detailed in the table) is considered to be of high credit quality.

The Group had one customer that owed more than 10% of total trade and other receivables as at 30 June 2020 and 30 June 2019.

			PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			
	Gross Amount $000	**Past Due and Impaired $000**	**< 30 $000**	**31-60 $000**	**61-90 $000**	**> 90 $000**
2020						
Trade and term receivables	5,197	–	4,233	41	616	307
Other receivables	193	–	193	–	–	–
Total	5,390	–	4,426	41	616	307
2019						
Trade and term receivables	4,859	–	3,945	891	8	15
Other receivables	506	–	506	–	–	–
Total	5,365	–	4,451	891	8	15

2.1.2b PREPAYMENTS AND OTHER CURRENT ASSETS

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
Prepayments	1,373	452
Rental bond	27	27
Other	–	3
	1,400	482

2.1.3 Trade and other payables

2.1.3a Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period.

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
CURRENT		
Trade payables	35,910	32,390
Other payables	42,794	17,019
Accrued expenses	3,791	2,316
	82,495	51,725

SECTION 2: OPERATING ASSETS AND LIABILITIES *(continued)*

2.1 WORKING CAPITAL *(continued)*

2.1.3b Lease liability

At inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly, and should be physically, or represent substantially, all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group has applied this approach to all contracts effective as at 1 July 2019.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual guarantee; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group does not have any short-term or low-value leases.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position. As at 30 June 2020, the net carrying amount of the right-of-use asset is $2.4 million, please refer to note 2.3.

The lease liability as of 30 June 2020 is presented below:

Lease liability – Maturity analysis

	2020 $000	2019 $000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	2,030	587
One to five years	507	757
More than five years	–	–
Total undiscounted lease liabilities as at 30 June	**2,537**	**1,344**
Lease liabilities included in the statement of financial positions as at 30 June	**2,440**	**1,249**
Current	1,987	557
Non-current	453	692

Property and warehouse lease

The Group leases a building for its office space. The lease of office space is non-cancellable lease with a 4-year term that expired on 31 July 2018. An option existed to renew the lease for one further term of 3 years.

The Group also leases warehouse space with a minimum applicable notice period of 24 months and has no fixed expiration date.

Extension options

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

2.1.3c Deferred income

	2020 $000	2019 $000
CURRENT		
Deferred income	19,334	7,733
	19,334	7,733
NON-CURRENT		
Deferred income	372	1,211
Total deferred income	19,706	8,944

SECTION 2: OPERATING ASSETS AND LIABILITIES *(continued)*

2.2 INTANGIBLE ASSETS

(i) Website development and software costs

Website development and software costs are measured at cost less any accumulated amortisation and accumulated impairment losses. Such development costs are only capitalised if they can be reliably measured, the process is technically and commercially feasible, future economic benefits are probable, and the Group has sufficient resources to complete development.

(ii) Intellectual property

Acquired intellectual property, including customer lists, which enable direct marketing of products and services, are capitalised to the extent it is probably that expected future economic benefits attributable to the asset will flow to the entity, and the cost can be reliably measured.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the Statement of Comprehensive Income.

Intangibles that are considered to have indefinite useful lives are not subject to amortisation.

The estimated useful lives for the current and comparative periods are as follows:

Patents and trademarks	2.5-10.0 years
Website development costs	2.5 years
Software costs	2.5 years
Intellectual property	2.0 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

(v) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current marketing assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. They are allocated to reduce the carrying amount of assets in the CGU on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
Patents and trademarks:		
Cost	4,881	781
Accumulated amortisation and impairment losses	(816)	(539)
Net carrying amount	4,065	242
Website development costs:		
Cost	6,152	5,100
Accumulated amortisation and impairment losses	(4,984)	(3,951)
Net carrying amount	1,168	1,149
Software costs:		
Cost	858	850
Accumulated amortisation and impairment losses	(845)	(819)
Net carrying amount	13	31
Intellectual property:		
Cost	20,418	17,642
Accumulated amortisation and impairment losses	(17,385)	(13,249)
Net carrying amount	3,033	4,393
Total intangibles	**8,279**	**5,815**

$000	**Patents and trademarks**	**Website development costs**	**Software costs**	**Intellectual property**	**Total**
Consolidated Group:					
Year ended 30 June 2019					
Balance at the beginning of the year	270	1,186	44	4,993	6,493
Additions	342	1,044	18	3,999	5,403
Disposals	(141)	–	–	–	(141)
Amortisation charge	(229)	(1,081)	(31)	(4,599)	(5,940)
Balance at 30 June 2019	**242**	**1,149**	**31**	**4,393**	**5,815**
Year ended 30 June 2020					
Balance at the beginning of the year	242	1,149	31	4,393	5,815
Additions	4,100	1,052	8	2,776	7,936
Disposals	–	–	–	–	–
Amortisation charge	(277)	(1,033)	(26)	(4,136)	(5,472)
Balance at 30 June 2020	**4,065**	**1,168**	**13**	**3,033**	**8,279**

SECTION 2: OPERATING ASSETS AND LIABILITIES *(continued)*

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

Each class of property, plant and equipment is carried at cost of fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured on a cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of property, plant and equipment is reviewed annually by the management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets purchased in 2020 is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computer equipment (reducing balance & straight-line basis)	67%
Office equipment (reducing balance & straight-line basis)	10-25%
Leasehold improvements	20%
Right of use asset	33-50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Statement of Comprehensive Income in the period in which they arise.

	CONSOLIDATED GROUP	
	2020 $000	**2019 $000**
Computer equipment:		
Cost	551	346
Accumulated depreciation	(384)	(313)
Net carrying amount	167	33
Office equipment:		
Cost	960	948
Accumulated depreciation	(890)	(636)
Net carrying amount	70	312
Leasehold improvements:		
Cost	39	37
Accumulated amortisation	(25)	(17)
Net carrying amount	14	20
Right of use asset:		
Cost	4,541	1,778
Accumulated amortisation	(2,189)	(577)
Net carrying amount	2,352	1,201
Total property, plant and equipment	**2,603**	**1,566**

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

$000	Computer equipment	Office equipment	Leasehold improvements	Right of use asset	Total
Consolidated Group:					
Balance at 1 July 2018	55	373	23	1,778	2,229
Additions	38	23	2	–	63
Depreciation expense	(60)	(84)	(5)	(577)	(726)
Balance at 30 June 2019	**33**	**312**	**20**	**1,201**	**1,566**
Balance as at 1 July 2019	33	312	20	1,201	1,566
Additions	205	12	2	2,763	2,982
Depreciation expense	(71)	(254)	(8)	(1,612)	(1,945)
Balance at 30 June 2020	**167**	**70**	**14**	**2,352**	**2,603**

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.

The Group has a multi-option facility agreement with Westpac Banking Corporation, for a term of three years, maturing on 27 November 2021. The facility limit is $30.0 million.

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

3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and payable derivatives.

Financial risk management policies

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. This includes the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk and foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through internal procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties' security liabilities of certain subsidiaries.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. However, the Group has significant credit risk exposures to Australia given the substantial operations in this region. Details with respect to credit risk of trade and other receivables are provided in Note 2.1.2a. The Group's exposure to credit risk is minimised given a significant portion of sales are paid for at the time purchase.

Management has assessed that trade and other receivables that are not past due or are considered to be of good credit rating. Aggregates of such amounts are detailed in Note 2.1.2a.

Cash and cash equivalents

Credit and risk related to balances with banks and other financial institutions is managed by the Board.

The Group held cash and cash equivalents of $146.7 million as at 30 June 2020 and $27.5 million as at the end of 30 June 2019. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A to AA-, based on the Standard & Poor's ratings

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its' cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

No impairment allowance was recognised on during FY20.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- prepared forward-looking cash flow analysis in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

		WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
Consolidated Group $000	**Note**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Financial liabilities due for payment									
Trade and other payables	2.1.3a	(82,495)	(51,725)	–	–	–	–	(82,495)	(51,725)
Lease liabilities	2.1.3b	(1,987)	(557)	(453)	(692)	–	–	(2,440)	(1,249)
Financial liabilities		(1,060)	–	–	–	–	–	(1,060)	–
Total expected outflows		(85,542)	(52,282)	(453)	(692)	–	–	(85,995)	(52,974)
Financial assets – cash flows realisable									
Cash and cash equivalents		146,726	27,462	–	–	–	–	146,726	27,462
Trade, term and loan receivables	2.1.2a	5,390	5,365	–	–	–	–	5,390	5,365
Financial assets		–	383	–	–	–	–	–	383
Total anticipated inflows		152,116	33,210	–	–	–	–	152,116	33,210
Net inflow/(outflow) on financial instruments		66,574	(19,072)	(453)	(692)	–	–	66,121	(19,764)

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

3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT *(continued)*

Market risk

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents.

The balance of borrowings was fully repaid as at 30 June 2020.

b. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar may impact on the Group's financial results unless those exposures are appropriately hedged.

Foreign currency transactions

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Foreign exchange forward contracts

The Group has open foreign exchange forward contracts at the end of the reporting period relating to highly probable forecast transactions and recognised financial assets and financial liabilities. These contracts commit the Group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates. It is the Group's policy to manage pricing of its products (with exception of ageing and obsolete inventory) according to specified target Gross Margins, rather than to sacrifice Gross Margin to drive sales volumes. In an environment where the Australian dollar may be declining, in particular, relative to the United States dollar, the Group's ability to price Third-Party branded international products competitively in comparison with other Australian retailers deteriorates (to the extent that those retailers have not adjusted retail prices). As a result, lower volumes of Third-Party branded international products are generally sold during periods of sharp decline in the Australian dollar, leading to lower revenues in that product segment. The reverse occurs in periods in which there is a sharp increase in the Australian dollar, while there has historically been neutral revenue impact in periods in which the currency is relatively stable, whether that is at high or low levels.

The following table summarises the notional amounts of the Group's commitments in relation to foreign exchange forward contracts. The notional amounts do not represent amounts exchanged by the transaction counterparties and are therefore not a measure of the exposure of the Group through the use of the contracts.

	NOTIONAL AMOUNTS		AVERAGE EXCHANGE RATE	
Consolidated Group	**2020 $000**	**2019 $000**	**2020 $**	**2019 $**
Buy USD/sell AUD:				
Settlement – less than 6 months	53,367	38,187	0.66	0.71
– 6 months to 1 year	2	3,215	0.69	0.70

The fair value of foreign exchange contracts at 30 June 2020 totalled $1,059,971 (2019: $382,691).

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in exchange rates. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	CONSOLIDATED GROUP	
	Profit $	**Equity $**
Year ended 30 June 2020		
+/–10bps in foreign exchange rates	5,337	5,337
Year ended 30 June 2019		
+/–10bps in foreign exchange rates	4,140	4,140

The Group, through its hedging of foreign exchange using forward contracts, reduces its exposure to foreign exchange risk by locking in the exchange rate with the bank on deal date. Any movement in interest rates has been deemed to be immaterial.

Fair values

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

Fair value estimation

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

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates, or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Financial assets and financial liabilities at *fair value through profit or loss* (FVTPL) are initially recognised at fair value and thereafter carried at fair value.

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

3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial Instruments

Classification and subsequent measurement

a. Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

b. Financial assets/financial liabilities at fair value through profit or loss

Financial assets/financial liabilities relating to foreign exchange forward contracts are measured at fair value and fair value changes are recognised in profit or loss.

c. Financial liabilities at amortised cost

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss when the financial liability is derecognised.

Derivative instruments

The Group enters into forward contracts to manage the cash flow 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.

Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost; and
- financial assets measured at FVTPL.

The Group measured loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions; or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and financials assets at FVTPL are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For financials assets at FVTPL, the loss allowance is charged to profit or loss.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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

		CONSOLIDATED GROUP	
	Note	2020 $000	2019 $000
Financial assets			
Cash and cash equivalents		146,726	27,462
Financial assets at amortised cost			
– trade and other receivables	2.1.2a	5,390	5,365
Financial assets at fair value through profit or loss			
– foreign exchange forward contracts		–	383
Total financial assets		152,116	33,210
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	2.1.3a	82,495	51,725
– lease liability – current	2.1.3b	1,987	557
– lease liability – non-current	2.1.3b	453	692
Financial liabilities at fair value through profit or loss			
– foreign exchange forward contracts		1,060	–
Total financial liabilities		85,995	52,974

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

3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT *(continued)*

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

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

Cash 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 30 June 2020 totalled $1,059,971 (liability) (2019: $382,691 (asset)). This represented the amount 'out of the money' on outstanding forward foreign exchange contracts as at 30 June 2020.

b. Disclosed fair value measurements

The carrying amounts of assets and liabilities are the same as their carrying 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.

3.2.1 Issued capital and reserves

a. Ordinary Shares

	CONSOLIDATED GROUP			
	2020 $	2019 $	2020 No.	2019 No.
Fully paid Ordinary Shares	269,033,496	167,822,590	103,531,706	93,729,852

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	1,183,749
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	-	$-	(904,643)
Shares issued to eligible employees under an incentive plan	29 September 2016	3,247	$1.54	5,000
Balance	30 June 2017	93,336,581		167,100,702
Shares issued to eligible employees under an incentive plan	3 July 2017	128,357	$1.43	183,562
Shares issued to eligible employees under an incentive plan	8 March 2018	7,407	$1.27	9,370
Balance	30 June 2018	93,472,345		167,293,634
Shares issued to eligible employees under an incentive plan	6 July 2018	232,181	$1.66	386,227
Shares issued to eligible employees under an incentive plan	6 July 2018	3,613	$6.92	25,000
Shares issued to eligible employees under an incentive plan	28 February 2019	21,713	$5.42	117,729
Balance	30 June 2019	93,729,852		167,822,590
Shares issued to eligible employees under an incentives plan	20 August 2019	229,360	$1.65	379,369
Shares issued to eligible employees under an incentives plan	18 February 2020	657,677	$1.27	833,421
Shares issued to eligible employees under an incentives plan	18 February 2020	977	$5.12	5,002
Dividend reinvestment plan	10 March 2020	180,215	$4.46	803,657
Institutional placement	17 June 2020	8,733,625	$11.45	100,000,006
Transactional costs incurred during institutional placement net of tax	17 June 2020	-	-	(1,852,134)
Tax deduction for difference between accounting expense and funds paid to issue incentive plans	30 June 2020	-	-	1,041,585
Balance	30 June 2020	103,531,706		269,033,496

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

3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT *(continued)*

3.2.1 ISSUED CAPITAL AND RESERVES *(continued)*

c. Merger reserve

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

d. Performance Rights reserve

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the Ordinary Shares at the date at which they are granted. The fair value is determined using a discounted cash flow valuation model, taking into account the terms and conditions upon which the equity instruments were granted, as discussed in Note 5.2.

e. Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term Shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to Shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

3.2.2 Dividends

	CONSOLIDATED GROUP	
	2020 $000	2019 $000
Dividends paid during the year	14,800	11,434

a. Ordinary Shares

Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity before or at the end of the financial year but not distributed at balance date.

The final 2020 Dividend has not been declared at the reporting date and therefore is not reflected in the consolidated financial statements for the year ended 30 June 2020 and will be recognised in subsequent financial reports.

Dividends	2020 Final	2020 Interim	2019 Final	2019 Interim
Dividend per share (in cents)	13.5	7.5	8.2	6.1
Franking percentage	100%	100%	100%	100%
Payment date	19 October 2020	10 March 2020	14 October 2019	8 May 2019
Dividend record date	24 August 2020	27 February 2020	27 August 2019	23 April 2019

b. Franking credits

The franking account balance as at 30 June 2020 is $27,673,737 (2019: $15,992,910).

3.3 EARNINGS PER SHARE

a. Basic earnings per share

	CONSOLIDATED GROUP	
	2020	2019
Net profit for the reporting period	26,819,740	17,201,226
Adjustments to reflect dividends paid	–	–
Net profit for the reporting period used in calculating EPS	26,819,740	17,201,226
Weighted average number of Ordinary Shares of the entity	94,027,393	93,712,226
Basic earnings per share	**0.29**	**0.18**

b. Diluted earnings per share

	CONSOLIDATED GROUP	
	2020	2019
Net profit for the reporting period	26,819,740	17,201,226
Weighted average number of Ordinary Shares of the entity – diluted		
Weighted average number of Ordinary Shares of the entity on issue	94,027,393	93,712,226
Adjustments to reflect potential dilution for Performance Rights	1,514,138	1,637,166
Diluted weighted average number of Ordinary Shares of the entity	95,541,531	95,349,392
Diluted earnings per share	**0.28**	**0.18**

SECTION 4: GROUP STRUCTURE

4.1 CONTROLLED ENTITIES

a. 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 equal 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**	**2020 %**	**2019 %**
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	–

b. Significant restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

4.2 DEED OF CROSS GUARANTEE

A deed of cross guarantee between Kogan.com Ltd and its entities listed above was enacted during the financial year and relief was obtained from preparing individual financial statements for the Group under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. Under the deed, Kogan.com Ltd guarantees to support the liabilities and obligations of its subsidiaries listed above. As its entities are a party to the deed the income statement and balance sheet information of the combined class-ordered group is equivalent to the consolidated information presented in this financial report.

4.3 PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2020 $000	2019 $000
Statement of Financial Position		
ASSETS		
Current assets	145,849	39,931
TOTAL ASSETS	**145,849**	**39,931**
LIABILITIES		
Current liabilities	533	52
TOTAL LIABILITIES	533	52
NET ASSETS	**145,316**	**39,879**
EQUITY		
Issued capital	137,217	36,006
Performance Rights reserve	1,643	1,828
Dividends	(14,800)	(11,434)
Retained earnings	21,256	13,479
TOTAL EQUITY	**145,316**	**39,879**

	2020 $000	2019 $000
Statement of Profit or Loss and Other Comprehensive Income		
Total profit	4,187	1,557
Total comprehensive income	**4,187**	**1,557**

The parent did not have any material contingent liabilities at period end (2019: $nil).

4.4 RELATED PARTIES

a. The Group's main related parties are as follows:

(i) Entities exercising control over the Group:

The ultimate parent entity that exercised control over the Group at year-end was Kogan.com Ltd, which is incorporated in Australia.

(ii) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the entity, are considered Key Management Personnel (refer to Note 5.1).

(iii) Entities subject to significant influence by the Group:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement. There are no such entities at year end (2019: nil).

(iv) Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which Key Management Personnel have joint control.

SECTION 4: GROUP STRUCTURE *(continued)*

4.4 RELATED PARTIES *(continued)*

b. Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Kogan Australia Pty Ltd entered into a Logistic Services Agreement with eStore Logistics Pty Ltd ("eStore"), in a prior financial period, in relation to the provision of warehousing, distribution and logistics services by eStore to Kogan Australia. Ruslan Kogan is a minority Shareholder and Director of eStore. The agreement was entered into on arm's length terms.

	CONSOLIDATED GROUP	
	2020 $	**2019 $**
Purchases from eStore warehousing	9,540,192	10,605,444
Amounts payable to eStore as at 30 June	683,324	843,673

SECTION 5: EMPLOYEE REWARD AND RECOGNITION

5.1 KEY MANAGEMENT PERSONNEL COMPENSATION

As deemed under AASB124 *Related Parties Disclosures*, Key Management Personnel (KMP) include each of the Directors, both Executive and Non-Executive.

A summary of the KMP compensation is set out in the following table:

	2020 $	**2019 $**
Short-term employee benefits	1,356,190	1,033,750
Long-term employee benefits	90,606	64,456
Post-employment benefits	42,006	39,232
	1,488,802	**1,137,438**

Movement in shares

The movement during the reporting period in the number of Ordinary Shares in Kogan.com held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Executive KMP

	Held at 1 July 2019	**Received on exercise of rights**	**Shares purchased**	**Shares sold**	**Held at 30 June 2020**
Ruslan Kogan	24,904,461	–	–	(3,771,939)	21,132,522
David Shafer	9,543,688	–	–	(1,445,452)	8,098,236

Independent Non-Executive Directors

	Held at 1 July 2019	Received on exercise of rights	Share purchased	Shares sold	Held at 30 June 2020
Greg Ridder	160,500	–	10,500	–	171,000
Harry Debney	245,198	–	–	(154,660)	90,538
Michael Hirschowitz[1]	30,070	–	–	–	30,070[2]

5.2 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 employees 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 employees more closely with the interests of Shareholders in the listed entity post 7 July 2016. Under the EIP, eligible employees 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 employees over time.

Short-term incentives – Cash based

The following table outlines the significant aspects of the STI.

Purpose of STI plan	Provide a link between remuneration and both short-term Company and individual performance. Create sustainable Shareholder value. Reward individual for their contribution to the success of the Group. Actively encourage team members to take more ownership over the EBITDA[3].
Eligibility	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.
Calculation & Target	The actual EBITDA[3] of Kogan.com shall exceed the management forecast for the full financial year (after payment of the STI). 25% of the outperformance will be allocated to a 'bonus pool'. The 'bonus pool' will then be shared in cash bonuses among a number of team members in fixed proportions.
Maximum opportunity	The maximum payable is 25% of the outperformance and 35% of the team member's annual salary.
Performance conditions	Outperformance of the actual EBITDA[3]. Continuation of employment.
Why were the performance condition chosen	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.
Performance period	1 July 2019 to 30 June 2020.
Timing of assessment	August 2020, following the completion of the 30 June 2020 accounts.
Form of payment	Paid in cash.
Board discretion	Targets are reviewed annually and the Board has discretion to adapt appropriately to take into account exceptional items.

1. Michael Hirschowitz was appointed as an Independent Non-Executive Director on 29 March 2019 and resigned on 20 May 2020.
2. Ordinary Shares are stated as at resignation date, being 20 May 2020.
3. Non-IFRS measure.

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)*

5.2 INCENTIVE PLANS *(continued)*

Long-term incentives – Equity Incentive Plan

The following table outlines the significant aspects of the current LTI.

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

Recognition and measurement

a. Equity-settled transactions

The charge related to equity-settled transactions with team members is measured by reference to the fair value of the equity instruments at the date they are granted, using an appropriate valuation model selected according to the terms and conditions of the grant. The fair value is determined using a discounted cash flow valuation model. Judgement is applied in determining the most appropriate valuation model and in determining the inputs to the model. Third-party experts are engaged to advise in this area where necessary. Judgements are also applied in relation to estimations of the number of rights which are expected to vest, by reference to historic leaver rates and expected outcomes under relevant performance conditions.

The Group issues equity-settled share-based payments to certain team members, whereby team members render services in exchange for Shares or Rights over Shares of the Parent Company.

Equity-settled awards are measured at fair value at the date of grant. The cost of these transactions is recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income and credited to equity on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting.

Where an equity-settled share-based payment scheme is modified during the vesting period, an additional charge is recognised over the remainder of that vesting period to the extent that the fair value of the revised scheme at the modification date exceeds the fair value of the original scheme at the modification date. Where the fair value of the revised scheme does not exceed the fair value of the original scheme, the Group continues to recognise the charge required under the conditions of the original scheme. Individuals must be employed by the Group at the time of vesting, and not in their notice period, to be entitled to the equity incentives.

b. Cash-settled transactions

The amount payable to team members in respect of cash-settled share-based payments is recognised as an expense, with a corresponding increase in liabilities, over the period which the team members become unconditionally entitled to the payment. The liability is measured at each reporting date and at settlement date based on the fair value, with any changes in the liability being recognised in profit or loss.

c. Expense recognised in profit or loss

During the period the Group recognised a share-based payment expense of $1.0 million (2019: $1.2 million) which relates to Performance Rights granted during the year or in previous years.

The Group has recognised an expense in relation to cash based short-term incentives in 2020 of $0.9 million (2019: nil).

Incentive Plans inputs

Long-term incentives – Equity

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
Rights life	1 to 5 years	1 to 5 years	3 & 4 years	1 to 5 years
Vesting dates	30 Jun 2017	30 Jun 2017	31 Dec 2019	31 Dec 2017
	30 Jun 2018	30 Jun 2018	31 Dec 2020	31 Dec 2018
	30 Jun 2019	30 Jun 2019		31 Dec 2019
	30 Jun 2020	30 Jun 2020		31 Dec 2020
	30 Jun 2021	30 Jun 2021		31 Dec 2021
Dividend yield	5.2%	5.1%	5.7%	5.7%

	LONG-TERM INCENTIVE PLANS			
Grant Dates	**29 June 2017**	**29 June 2017**	**29 June 2017**	**29 June 2017**
Number	436,365	12,121	18,182	212,121
Fair value at grant date	$617,699	$17,667	$27,295	$290,244
Share price at grant date	$1.70	$1.70	$1.70	$1.70
Rights life	1 to 5 years	1 to 4 years	1 to 3 years	3 & 4 years
Vesting dates	30 Jun 2018	30 Jun 2018	30 Jun 2018	30 Jun 2020
	30 Jun 2019	30 Jun 2019	30 Jun 2019	30 Jun 2021
	30 Jun 2020	30 Jun 2020	30 Jun 2020	
	30 Jun 2021	30 Jun 2021		
	30 Jun 2022			
Dividend yield	6.3%	6.3%	6.3%	6.3%

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)*

5.2 INCENTIVE PLANS *(continued)*

Incentive Plans inputs *(continued)*

Long-term incentives – Equity *(continued)*

	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
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	**25 September 2018**	**25 September 2018**	**27 February 2019**	**27 February 2019**
Number	4,259	3,388	10,491	15,152
Fair value at grant date	$24,489	$19,427	$42,908	$23,837
Share price at grant date	$5.83	$5.83	$4.09	$4.09
Rights life	1 year	1 to 2 years	1 to 3 years	1 to 2 years
Vesting dates	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2020
		30 Jun 2020	31 Dec 2020	30 Jun 2021
			31 Dec 2021	
Dividend yield	2.5%	2.5%	2.0%	2.0%

	LONG-TERM INCENTIVE PLANS			
Grant Dates	**20 August 2019**	**20 August 2019**	**18 February 2020**	**18 February 2020**
Number	30,711	36,548	9,766	3,906
Fair value at grant date	$160,000	$190,420	$50,000	$20,000
Share price at grant date	$5.21	$5.21	$5.12	$5.12
Rights life	1 to 4 years	1 to 4 years	1 year	1 to 2 years
Vesting dates	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2022
	31 Dec 2020	30 Jun 2021		30 Jun 2023
	31 Dec2021	30 Jun 2022		
	31 Dec 2022	30 Jun 2023		
Dividend yield	1.3%	1.3%	1.5%	1.5%

Reconciliation of outstanding Performance Rights

The following table details the total movement in Performance Rights issued by the Group during the year:

	LONG-TERM INCENTIVE PLANS	
	Performance Rights	
	No. 2020	No. 2019
Outstanding at beginning of period	2,342,370	2,716,885
Granted during the period	80,931	33,290
Exercised during the period	(887,037)	(253,894)
Forfeited during the period	(22,126)	(153,911)
Expired during the period	–	–
Outstanding at the end of the period	1,514,138	2,342,370
Exercisable at the end of the period	343,440	229,360

SECTION 6: OTHER

6.1 SUBSEQUENT EVENTS

Dividends

The Directors have declared a final Dividend of 13.5 cents per Ordinary Share, fully franked. The record date of the Dividend is 24 August 2020 and the final Dividend will be paid on 19 October 2020. The final Dividend was not determined until after the Balance Sheet date and accordingly no provision has been recognised as at 30 June 2020.

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

Legal proceedings

On 17 July 2020 the Federal Court announced its decision to upheld allegations made by the ACCC. Based on all current information available at the time of this report, management have estimated penalties and costs relating to this matter of $0.7 million, and have provided for these at 30 June 2020.

6.2 REMUNERATION OF AUDITORS

	CONSOLIDATED GROUP	
	2020 $	2019 $
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	246,958	236,988
– other advisory services (including R&D tax)	6,700	96,027
	253,658	333,015

6.3 CONTINGENT LIABILITIES

As at 30 June 2020, the Group had bank guarantees amounting to $1.2 million with Westpac Banking Corporation in relation to its ordinary course of business.

6.4 COMPANY INFORMATION

The registered office of the Company is:

Kogan.com Ltd
Level 7
330 Collins Street
Melbourne VIC 3000

The principal place of business is:
Kogan.com Ltd
139 Gladstone Street
South Melbourne VIC 3205

DIRECTORS' DECLARATION

1 In the opinion of the Directors of Kogan.com Ltd ('the Company'):

(a) the consolidated financial statements and notes that are set out on pages 33 to 70 and the Remuneration report in sections 24 to 31 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 30 June 2020 and of its performance and its cash flows, for the financial year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; 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.

2 There are reasonable grounds to believe that the Company and the group entities identified in Note 4.1 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

3 The Directors draw attention to the Basis of Preparation note to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

4 This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2020.

Signed in accordance with a resolution of the Directors:

David Shafer
Executive Director

Melbourne, 22 September 2020

Independent Auditor's Report

To the shareholder of Kogan.com Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Kogan.com Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020;
- Consolidated income statement and consolidated statement of other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recognition of revenue; and
- Valuation of inventory.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue (AUD $497.9m)	
Refer to Note 1.1 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Revenue recognition is a key audit matter due to the significant audit effort to test the: • high volume of sale of goods transactions recorded as revenue and the significant value of revenue recognised; • Group's judgement related to determining the timing of revenue recognition driven by the conditions, associated with each of the types of services offered by the Group, such as Kogan Marketplace, Kogan Mobile and Kogan First; and • judgement to assess the Group's recognition basis as a principal on a gross basis or an agent on a net of costs paid basis using the relevant terms of the underlying contract against the requirements of the accounting standard.	Our procedures included: • evaluating the appropriateness of the Group's revenue recognition policies against the requirements of the accounting standard; • testing key controls related to the sale of goods and rendering of services, including approval of revenue rates and matching of invoices to delivery documents; • for a sample of sale of goods and services income, we verified the transactions to the respective invoices and cash received from the customer in the bank statement; • developing an expectation of the current year revenue by using cash receipts from customers and comparing with the Group's recorded revenue; • for a sample of sale of goods that were sold and service income that was earned before and after year end, we performed procedures to ascertain that revenue was recorded in the correct financial year; • analysing the revenue recognition requirements for accurate presentation in terms of gross or net presentation, in the financial statements; and • analysing the relevant terms for a sample of the underlying contracts across each revenue stream to the criteria in the accounting standards, those in the Group's policy, and against what the Group identified as performance obligations.

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Valuation of inventory (AUD $112.9m)	
Refer to Note 2.1.1 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group sells high volumes of private label and third-party branded products. In valuing inventory at the lower of cost and net realisable value, there are factors subject to judgement or estimation including: • consideration of market and consumer factors that could impact the Group's ability to sell certain inventory items at profitable margins, such as seasonality of demand, changing consumer preferences, and obsolescence due to technological or product change (particularly relevant to electronic products); and • establishing a provision for slow moving inventory based on relevant factors such as inventory ageing and inventory turnover. We identified the valuation of inventory as a key audit matter due to the significant audit effort arising from the subjective nature and level of judgement involved in determining the level of provisioning.	Our procedures included: • analysing the level of inventory by ageing categories for each product type, including movements in ageing categories compared to prior periods, in order to highlight products or categories at higher risk of impairment; • obtaining an understanding of how the inventory system computes ageing, and assessed the accuracy of inventory ageing by comparing the inventory receipt date for a sample of purchases to underlying documentation such as supplier invoices; • comparing product unit cost to most recent sales price information for a sample of products in order to identify inventory that may not be able to be sold above cost; and • assessing the Group's inventory provision, based on the ageing of product category and other relevant factors such as those identified above, for consistency with the Group's established accounting policy and accounting standards.

Other Information

Other Information is financial and non-financial information in Kogan.com Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Director is responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Director for the Financial Report

The Director is responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

http://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Kogan.com Ltd for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 24 to 31 of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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Simon Dubois

Partner

Melbourne

22 September 2020

SHAREHOLDER INFORMATION

The Shareholder information set out below was applicable as at 9 September 2020.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

A. NUMBER OF HOLDERS OF EQUITY SECURITIES

Ordinary Share Capital

105,621,879 fully paid Ordinary Shares are held by 21,235 individual shareholders.

All issued Ordinary Shares carry one vote per share and the rights to Dividends.

Performance Rights

1,211,454 performance rights are held by 76 individuals.

All Performance Rights are unvested and do not carry a right to vote.

B. DISTRIBUTION OF EQUITY SECURITY

	Fully paid Ordinary Shares	Performance rights
1 – 1000	16,405	30
1,001 – 5,000	3,935	11
5,001 – 10,000	535	9
10,001 – 100,000	333	24
100,001 and over	27	2
	21,235	76
Holding less than a marketable parcel	289	–

C. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

Name	Units	% units
Kogan Management Pty Ltd <The Ruslan Tech A/C>	15,853,321	15.01
Shafer Corporation Pty Ltd <The Shafer Family A/C>	6,075,642	5.75
Fidelity Mgt & Research	5,777,373	5.47
Acadian Asset Mgt	3,399,696	3.22
Hosking Partners	3,116,186	2.95
Vinva Investment Mgt	2,830,008	2.68
BlackRock Investment Mgt (Australia)	2,537,602	2.40
OC Funds Mgt	1,605,000	1.52
T Rowe Price International	1,591,105	1.51
Vanguard Investments Australia	1,578,639	1.49
Grandeur Peak Global Advisors	1,467,068	1.39
Arrowstreet Capital	1,348,529	1.28
River Capital	1,308,617	1.24
Dimensional Fund Advisors	1,195,224	1.13
UBS Securities	1,112,000	1.05
Greenscape Capital	1,084,326	1.03
Morgan Stanley	1,033,705	0.98
Norges Bank Investment Mgt	947,900	0.90
Ausbil Investment Mgt	934,342	0.88
State Street Bank & Trust	925,000	0.88
Total	**55,721,283**	**52.76**
Total Remaining Holders Balance	**49,900,596**	**47.24**

D. SUBSTANTIAL SECURITY HOLDERS

The Company has received the following substantial holder notices from shareholders who hold relevant interest in the Company's Ordinary Shares as at 21 September 2020:

Disclosed Holder	Number of Shares held at time of notice	% of Issued Capital disclosed at time of notice
Ruslan Kogan and Kogan Management Pty Ltd as Trustee for The Ruslan Tech Trust	15,853,321	15.01%
David Shafer and Shafer Corporation Pty Ltd as Trustee for the Shafer Family Trust	6,075,642	5.75%
Citigroup Global Markets Australia	7,356,539	6.96%
Fidelity Mgt & Research	6,615,924	6.26%

E. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

Ordinary Shares

Each Share is entitled to one vote when poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Performance Rights

All Performance Rights are unvested and do not carry a right to vote.

F. STOCK EXCHANGE LISTING

Quotation has been granted for all of the Ordinary Shares of the Company on all Member Exchanges of the ASX Limited.

G. UNQUOTED SECURITIES

1,211,454 performance rights held by 76 holders.

H. SECURITIES SUBJECT TO VOLUNTARY ESCROW

There are no securities subject to voluntary escrow.

I. ON MARKET BUY-BACK

There is currently no on market buy-back.

CORPORATE DIRECTORY

COMPANY SECRETARY

Mark Licciardo, Mertons Corporate Services

PRINCIPAL REGISTERED OFFICE

KOGAN.COM LTD

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

kogan.com