

APPENDIX 4E – KOGAN.COM LTD

ABN 96 612 447 293

Kogan.com surpasses half a billion in Gross Sales.

Year ended 30 June 2019

(Previous corresponding period: Year ended 30 June 2018)

	30 June 2019 \$000	30 June 2018 ¹ \$000	Change increase/ (decrease) \$'000	Change increase/ (decrease) %
Revenues from ordinary activities	438,700	412,312	26,388	6.4
Profit before tax	23,403	21,007	2,396	11.4
Profit after tax attributable to members	17,201	14,111	3,090	21.9

Abbreviated explanation of results

Revenue from ordinary activities of \$438.7 million represented an increase of \$26.4 million (6.4%), compared to the prior year. The increase in revenue was driven by growth in our Exclusive Brands product division, Kogan Mobile and the launch of Kogan Marketplace during FY19. This growth was achieved through ongoing investment in Exclusive Brands inventory to broaden our range – including into white goods – and meet consumer demand from the growing base of Active Customers.

Profit before tax was up by \$2.4 million compared to the prior year. Profit before tax and Profit after tax attributable to members in the current and previous corresponding period include an unrealised foreign exchange loss of \$0.2 million in FY19 and gain of \$1.3 million in FY18. Both periods include a non-cash equity-based compensation expense, which was \$1.2 million in FY19 and \$1.1 million in FY18.

Refer to the accompanying market release and the FY19 Results Presentation dated 20 August 2019 for further commentary.

Income statement with notes to the statement

Please refer to the attached preliminary financial report for the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year ended 30 June 2019.

Statement of financial position with notes to the statement

Please refer to the attached preliminary financial report for the Consolidated Statement of Financial Position as at 30 June 2019.

Statement of changes in equity with notes to the statement

Please refer to the attached preliminary financial report for the Consolidated Statement of Changes in Equity for the year ended 30 June 2019.

Cash flow with notes to the statement

Please refer to the attached preliminary financial report for the Consolidated Statement of Cash Flows for the year ended 30 June 2019.

Control gained over entities in the period

Kogan.com Ltd did not acquire any entities for the year ended 30 June 2019.

Kogan.com Ltd established two new subsidiaries during FY19: Kogan Superannuation Pty Ltd and Kogan US Trading Inc.

1. The Group applied AASB 15 & 16 as at 1 July 2018. Under the transition methods chosen, comparative information is not restated.

Net tangible assets per share

	30 June 2019	30 June 2018
Net tangible assets backing per ordinary shares	\$0.48	\$0.44

Dividends

	Amount per Share (cents)	Franked Amount per share at 30% of Tax (cents)
Ordinary shares		
2018 interim – paid 13 March 2018	6.9	6.9
2018 final dividend paid 7 September 2018	6.1	6.1
2019 interim – paid 8 May 2019	6.1	6.1
2019 final dividend declared	8.2	8.2

Current period

The 2019 final dividend was declared subsequent to balance date. The record date for determining entitlement of receipt of the final dividend is 27 August 2019 and the company will pay the dividend on 14 October 2019. The dividend has not been accrued for as at 30 June 2019.

Dividend reinvestment plans

There was no dividend reinvestment plan in operation during the year.

Commentary on the results for the period

The Consolidated Income Statement and Consolidated Statement of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity and Notes to the Unaudited Preliminary Final Report (“financial report”) are included on pages 4 to 18. Further commentary and analysis of the results has been provided in the FY19 Results Presentation dated 20 August 2019.

Principal activities

Kogan.com is a portfolio mix of retail and services businesses that includes Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Health, Kogan Pet, Kogan Life, Kogan Money, Kogan Cars and Kogan Travel.

Kogan.com earns the majority of its Revenue¹ and profit through the sale of goods and services to Australian consumers. Its offering comprises of products released under Kogan.com’s in-house brands, such as Kogan, Ovela, Fortis, Vostok and Komodo (“Exclusive Brands Products”), and products sourced from imported and domestic Third-Party Brands such as Apple, Canon, Swann and Samsung (“Third-Party Brands Products”). In addition to product offerings, Kogan.com earns revenue and profit from Kogan Marketplace and the new verticals including Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Money, Kogan Cars and Kogan Travel (“New Verticals”).

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

Highlights of the full year result:

- Kogan.com achieved 15.9% year-on-year Active Customer growth. The Company had Active Customers of 1,609,000 as at 30 June 2019 (compared with 1,388,000 as at 30 June 2018);
- Statutory net profit after tax (NPAT) was up by \$3.1 million from \$14.1 million to \$17.2 million in FY19. FY19 & FY18 net profit after tax include an unrealised foreign exchange loss of \$0.2 million in FY19 and gain of \$1.3 million in FY18;
- Revenue² of \$438.7 million represented a year-on-year increase of \$26.4 million driven by 41.6% growth in Exclusive Brands and the launch of Kogan Marketplace, which achieved \$1.5 million in commission-based revenue;
- Kogan Mobile Active Customers grew 24.4% during FY19, while Kogan Internet grew Active Customers 273.2% during FY19. Commission-based revenues from Kogan Mobile grew 9.8% year-on-year;
- Statutory EBITDA² of \$30.1 million was up \$4.1 million on FY18; and
- Kogan.com ended the year with a strong balance sheet, with cash of \$27.5 million and an undrawn bank facility of \$30.0 million at 30 June 2019. Inventories of \$75.9 million comprised \$67.5 million of inventory in warehouse and \$8.4 million of inventory in transit. More than 99% of inventory in warehouse was less than 365 days old.

1. The Company has applied AASB 15 & 16 at 1 July 2018. Under the transition method chosen, comparative information is not restated.

2. Kogan believes that non-IFRS measures referred to in this document provide useful information to recipients for measuring the underlying operating performance of the business. Non-IFRS measures are not subject to audit. The Company has applied AASB 15 & 16 at 1 July 2018. Under the transition method chosen, comparative information is not restated.

Foreign entities

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

Kogan US Trading Inc did not trade during the year ended 30 June 2019 and therefore no financial information was compiled in this report in the current financial year.

Status of the audit

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

Annual General Meeting

Kogan.com Ltd advises that its Annual General Meeting will be held on Tuesday, 19 November 2019. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch.

In accordance with the ASX Listing Rules and the Company's constitution, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEST) 1 October 2019.

Signed on behalf of Kogan.com Ltd, on 20 August 2019

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

Greg Ridder
Chairman

kogan.com

ABN 96 612 447 293

**PRELIMINARY FINANCIAL REPORT FOR THE YEAR
ENDED 30 JUNE 2019**

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 2019 \$	2018' \$
Revenue	2	438,699,586	412,312,395
Cost of sales	3	(348,043,359)	(331,718,953)
Gross profit		90,656,227	80,593,442
Selling and distribution expenses		(23,178,478)	(24,526,714)
Warehouse expenses		(13,666,222)	(9,409,514)
Administrative expenses		(28,192,795)	(25,449,124)
Other expenses		(1,625,970)	(1,227,541)
Results from operating activities		23,992,762	19,980,549
Finance income		195,119	309,384
Finance costs		(594,435)	(582,695)
Unrealised foreign exchange gain / (loss)		(190,017)	1,299,973
Net finance costs		(589,333)	1,026,662
Profit before income tax		23,403,429	21,007,211
Tax expense	4	(6,202,203)	(6,896,218)
Net profit for the period attributable to the members of company		17,201,226	14,110,993

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

ASSETS	Note	2019 \$	2018¹ \$
CURRENT ASSETS			
Cash and cash equivalents	12	27,461,870	42,617,940
Trade and other receivables	6	5,365,362	4,999,536
Inventories	5	75,850,076	50,200,175
Financial assets		382,691	572,708
Prepayments and other assets	7	482,211	652,478
TOTAL CURRENT ASSETS		109,542,210	99,042,837
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,566,189	449,088
Intangible assets	9	5,815,193	6,492,748
Deferred tax assets		1,473,779	-
TOTAL NON-CURRENT ASSETS		8,855,161	6,941,836
TOTAL ASSETS		118,397,371	105,984,673
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	52,282,369	45,355,366
Current tax liabilities		3,310,528	3,154,445
Employee benefits		747,673	684,879
Provisions		1,304,082	871,493
Deferred income		7,733,283	7,319,876
TOTAL CURRENT LIABILITIES		65,377,935	57,386,059
NON-CURRENT LIABILITIES			
Lease liability		692,293	-
Deferred tax liabilities		-	577,527
Employee benefits		136,241	110,536
Provisions		-	29,293
Deferred income		1,210,947	-
TOTAL NON-CURRENT LIABILITIES		2,039,481	717,356
TOTAL LIABILITIES		67,417,416	58,103,415
NET ASSETS		50,979,955	47,881,258
EQUITY			
Issued capital	13	167,822,590	167,293,634
Merger reserve	13	(131,816,250)	(131,816,250)
Other reserves		1,537,178	832,851
Retained earnings		13,436,437	11,571,023
TOTAL EQUITY		50,979,955	47,881,258

The accompanying notes form part of these financial statements

1. The group applied AASB 15 & 16 as at 1 July 2018. Under the transition methods chosen, comparative information is not restated.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

Consolidated Group		Share Capital	Retained Earnings	Merger Reserve	Translation Reserve	Share based payments Reserve	Total Equity
Note	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017		167,100,702	7,460,780	(131,816,250)	(290,645)	217,098	42,671,685
Comprehensive income							
Profit for the year		-	14,110,993	-	-	-	14,110,993
Total comprehensive income for the year		-	14,110,993	-	-	-	14,110,993
Transactions with owners, in their capacity as owners, and other transfers							
Issue of ordinary shares, net of issue costs		192,932	-	-	-	(192,932)	-
Equity-settled share-based payments		-	-	-	-	1,099,330	1,099,330
Dividends paid	14	-	(10,000,750)	-	-	-	(10,000,750)
Total transactions with owners, in their capacity as owners		192,932	(10,000,750)	-	-	906,398	(8,901,420)
Balance at 30 June 2018¹		167,293,634	11,571,023	(131,816,250)	(290,645)	1,123,496	47,881,258
Balance at 1 July 2018		167,293,634	11,571,023	(131,816,250)	(290,645)	1,123,496	47,881,258
Adjustment on the initial application of AASB 15 (net of tax)		-	(3,902,089)	-	-	-	(3,902,089)
Adjusted balance as at 1 July 2018		167,293,634	7,668,934	(131,816,250)	(290,645)	1,123,496	43,979,169
Comprehensive income							
Profit for the year		-	17,201,226	-	-	-	17,201,226
Total comprehensive income for the year		-	17,201,226	-	-	-	17,201,226
Transactions with owners, in their capacity as owners, and other transfers							
Issue of ordinary shares under performance plans		528,956	-	-	-	(503,956)	25,000
Equity-settled share-based payments	13	-	-	-	-	1,208,283	1,208,283
Dividends paid	14	-	(11,433,723)	-	-	-	(11,433,723)
Total transactions with owners and other transfers		528,956	(11,433,723)	-	-	704,327	(10,200,440)
Balance at 30 June 2019¹		167,822,590	13,436,437	(131,816,250)	(290,645)	1,827,823	50,979,955

The accompanying notes form part of these financial statements

1. The group applied AASB 15 & 16 as at 1 July 2018. Under the transition methods chosen, comparative information is not restated.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Consolidated Group	
		2019 \$	2018 ¹ \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		497,943,349	448,098,179
Payments to suppliers and employees		(489,176,203)	(416,051,385)
Interest received		195,119	309,384
Finance costs paid		(465,554)	(114,070)
Income tax paid		(6,425,103)	(4,413,508)
Net cash provided by operating activities	16	<u>2,071,608</u>	<u>27,828,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(64,640)	(130,497)
Purchase of intangible assets		(5,403,347)	(7,107,093)
Proceeds from disposal of intangible assets		250,000	-
Net cash provided by/(used in) investing activities		<u>(5,217,987)</u>	<u>(7,237,590)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends/distributions paid		(11,433,723)	(10,000,750)
Repayment of lease liability		(575,968)	-
Net cash provided by / used in financing activities		<u>(12,009,691)</u>	<u>(10,000,750)</u>
Net increase / (decrease) in cash held		(15,156,070)	10,590,260
Cash and cash equivalents at beginning of financial year		42,617,940	32,027,680
Cash and cash equivalents at end of financial year	12	<u><u>27,461,870</u></u>	<u><u>42,617,940</u></u>

The accompanying notes form part of these financial statements

1. The group applied AASB 15 & 16 as at 1 July 2018. Under the transition methods chosen, comparative information is not restated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These preliminary consolidated financial statements relate to Kogan.com Ltd and the entities it controlled at the end of, or during the year ended, 30 June 2019 and has been prepared based on the requirements of rule 4.3A of the ASX listing rules (Appendix 4E).

The Group applied AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* as at 1 July 2018. The Group early adopted AASB 16 *Leases* as at 1 July 2018. This is the first set of the Group's financial information where AASB 16 has been applied.

Under the transition methods chosen, for all newly applied standards above, comparative information is not restated.

Accounting policies

The same accounting policies have been followed in this preliminary financial report as were applied in the most recent audited annual financial statements of the Kogan Group, available on the ASX website.

NOTE 2: REVENUE

	Consolidated Group	
	2019 \$	2018 \$
Revenue		
Sales revenue:		
– sale of goods	418,117,456	389,884,367
– rendering of services	14,448,355	18,986,988
	<hr/>	<hr/>
	432,565,811	408,871,355
Other revenue:		
– marketing subsidies	2,864,325	1,249,736
– other revenue	3,269,450	2,191,304
	<hr/>	<hr/>
	6,133,775	3,441,040
Total revenue	<hr/>	<hr/>
	438,699,586	412,312,395

NOTE 3: EXPENSES

	2019 \$	2018 \$
Expenses		
Cost of sales	347,958,038	325,356,947
Cost of services	85,321	6,362,006
Total Cost of sales	<hr/>	<hr/>
	348,043,359	331,718,953
Employee benefit expense	16,519,214	15,513,108
Depreciation and amortisation expense	6,739,410	5,339,333

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4: TAXATION

	Note	Consolidated Group	
		2019 \$	2018 \$
a. The components of tax expense comprise:			
Current tax		6,550,553	5,703,917
Deferred tax		(158,501)	1,270,983
Under-provision in respect of prior years		(189,849)	(78,682)
		<u>6,202,203</u>	<u>6,896,218</u>
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% (2018: 30%):			
– consolidated group		7,021,029	6,302,163
Add:			
Tax effect of:			
– amortisation of intangibles		14,355	326,331
– shared based payments		-	329,799
– entertainment (non-deductible)		27,398	31,735
– current year revenue losses not recognised		1,395	330
– other items		46,778	49,558
Less:			
Tax effect of:			
– shared based payments		(679,361)	-
– research and development tax benefit		(39,542)	(65,016)
– over provision of prior year income tax		(189,849)	(78,682)
Income tax attributable to the Group		<u>6,202,203</u>	<u>6,896,218</u>
The applicable weighted average effective tax rates are as follows:		27%	33%

The effective tax rate for FY19 of 27% reflects the impact of non-deductible intangible amortisation and other non-deductible costs, offset by share based-payments deductions, research and development tax benefit and an overprovision for income tax in the prior year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: INVENTORIES

	Consolidated Group	
	2019 \$	2018 \$
CURRENT		
Inventory in transit	8,391,265	9,789,279
Inventory on hand	67,458,811	40,410,896
	<u>75,850,076</u>	<u>50,200,175</u>

NOTE 6: TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
CURRENT		
Trade receivables	4,859,126	2,676,873
	<u>4,859,126</u>	<u>2,676,873</u>
Other receivables	506,236	2,322,663
Total current trade and other receivables	<u>5,365,362</u>	<u>4,999,536</u>

NOTE 7: PREPAYMENTS AND OTHER ASSETS

	2019 \$	2018 \$
Prepayments	452,361	546,732
Rental bond	27,469	29,197
Other	2,381	76,549
	<u>482,211</u>	<u>652,478</u>

NOTE 8: TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
CURRENT		
Trade payables	32,390,113	32,504,512
Lease liability	556,702	-
Other payables	17,019,640	10,914,140
Accrued expenses	2,315,914	1,936,714
	<u>52,282,369</u>	<u>45,355,366</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9: INTANGIBLE ASSETS

	Consolidated Group	
	2019 \$	2018 \$
Patents and Trademarks:		
Cost	780,802	625,153
Accumulated amortisation and impairment losses	(539,064)	(355,316)
Net carrying amount	<u>241,738</u>	<u>269,837</u>
Website development costs:		
Cost	5,100,226	4,056,281
Accumulated amortisation and impairment losses	(3,951,372)	(2,870,315)
Net carrying amount	<u>1,148,854</u>	<u>1,185,966</u>
Software costs:		
Cost	849,799	831,792
Accumulated amortisation and impairment losses	(819,115)	(788,011)
Net carrying amount	<u>30,684</u>	<u>43,781</u>
Intellectual Property:		
Cost	17,642,778	13,643,245
Accumulated amortisation and impairment losses	(13,248,861)	(8,650,081)
Net carrying amount	<u>4,393,917</u>	<u>4,993,164</u>
Total intangibles	<u><u>5,815,193</u></u>	<u><u>6,492,748</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2019 \$	2018 \$
Computer Equipment:		
Cost	345,975	307,608
Accumulated depreciation	(313,123)	(253,233)
Net carrying amount	32,852	54,375
Office Equipment:		
Cost	948,657	924,806
Accumulated depreciation	(636,294)	(552,015)
Net carrying amount	312,363	372,791
Leasehold improvements:		
Cost	36,565	34,144
Accumulated amortisation	(16,983)	(12,222)
Net carrying amount	19,582	21,922
Right of use lease asset:		
Cost	1,778,061	-
Accumulated amortisation	(576,669)	-
Net carrying amount	1,201,392	-
Total property, plant and equipment	1,566,189	449,088

NOTE 11: LOAN AND BORROWINGS

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

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

There were no amounts drawn down under the facility at year end (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2019 \$	2018 \$
Cash at bank and on hand	27,461,870	42,617,940
	<hr/>	<hr/>
	27,461,870	42,617,940

NOTE 13: EQUITY

	Consolidated Group			
	2019 \$	2018 \$	2019 No.	2018 No.
Fully paid ordinary shares	167,822,590	167,293,634	93,729,852	93,472,345
	<hr/>	<hr/>	<hr/>	<hr/>
	167,822,590	167,293,634	93,729,852	93,472,345

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

Merger reserve

The acquisition of Kogan Operations Holdings Pty Ltd by Kogan.com Ltd in FY17 was treated as a common control transaction at book value for accounting purposes, and no fair value adjustments was made. Consequently, the difference between the fair value of issued capital and the book value of net assets acquired was recorded within a merger reserve of \$131,816,250.

Performance Rights reserve

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: ISSUED CAPITAL (CONTINUED)

Movement in ordinary share capital

Details	Date	Shares No.	Average 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

NOTE 14: DIVIDENDS

	Consolidated Group	
	2019 \$	2018 \$
Dividends paid during the year	11,433,723	10,000,750
	11,433,723	10,000,750

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: INTERESTS IN SUBSIDIARIES

Information about Principal Subsidiaries

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

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2019 %	2018 %
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	-
Kogan Superannuation Pty Ltd	Australia	100	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16: CASH FLOW INFORMATION

	Consolidated Group	
	2019 \$	2018 \$
a. Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit/(loss) after income tax	17,201,226	14,110,993
Non-cash flows in profit:		
– depreciation & amortisation	6,739,410	5,339,333
– profit on the sale of intangibles	(108,741)	-
– issue of performance rights and shares	1,233,284	1,099,330
– unrealised foreign exchange movement	190,017	(1,299,973)
– adjustment on the initial application of AASB 15	(2,691,141)	-
Changes in assets and liabilities:		
– (increase) in trade and term receivables	(365,826)	(2,954,212)
– decrease/(increase) in prepayments and other assets	96,098	(101,129)
– (increase) in inventories	(25,649,901)	(10,458,188)
– increase in trade payables and accruals	6,417,203	16,850,771
– increase in deferred income	413,407	2,154,460
– increase in provisions	491,795	604,505
– increase in income taxes payable	156,083	991,247
– (decrease)/increase in deferred taxes payable	(577,527)	577,527
– (increase)/decrease deferred taxes receivable	(1,473,779)	913,936
Cash flows from operating activities	2,071,608	27,828,600

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17: INITIAL APPLICATION OF AASB 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS, AASB 9 FINANCIAL INSTRUMENTS & AASB 16 LEASES

a. AASB 15 *Revenue from contracts with customers*

The Group adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018.

The effect of applying these standards is mainly attributed to the following:

- defer the recognition of revenue from extended care.
- recognise the revenue from Kogan Travel on a net basis.

b. AASB 9 *Financial Instruments*

The adoption of AASB 9 has not had a significant effect on the Group's accounting policies.

c. AASB 16 *Leases*

The Group early adopted AASB 16 *Leases* from 1 July 2018.

The effect of applying these standards is mainly attributed to the following:

- recognise a right-of-use asset and lease liability.
- reduce the lease liability by the amount of actual lease principal repayments and interest expenses.
- amortise the right-of use asset over the remaining lease period.
- principal repayments of the lease liability is included in financing activities.

NOTE 18: CONTINGENT LIABILITIES

An entity within the Group is subject to a lawsuit by the ACCC. It is not possible to reasonably predict the outcome of this matter, accordingly no provision was recorded.