

APPENDIX 4E – KOGAN.COM LTD

ABN 96 612 447 293

Kogan.com thrives in challenging conditions, passing 2 million Active Customers

Year ended 30 June 2020

(Previous corresponding period: Year ended 30 June 2019)

	30 June 2020 \$000's	30 June 2019 \$000's	Change increase/ (decrease) \$000's	Change increase/ (decrease) %
Revenues from ordinary activities	497,904	438,700	59,204	13.5
Profit before tax	38,853	23,403	15,450	66.0
Profit after tax attributable to members	26,820	17,201	9,619	55.9

Abbreviated explanation of results

Revenue from ordinary activities of \$497.9 million represented an increase of \$59.2 million (13.5%), compared to the prior year. The increase in Revenue was driven by growth in our Exclusive Brands product division and Kogan Marketplace. 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.

Profit before tax was up by \$15.5 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 \$1.4 million in FY20 compared to a loss of \$0.2 million in FY19. Both periods include a non-cash equity-based compensation expense, which was \$1.0 million in FY20 compared to \$1.2 million in FY19. Profit before tax and profit after tax attributable to members in the current period is inclusive of a provision for estimated penalties and costs associated with the ACCC matter of \$0.7 million.

Refer to the accompanying market release and the Kogan.com FY20 Results Presentation dated 17 August 2020 for further commentary.

Preliminary final financial statements¹

Please refer to pages 5 through 17 of this report wherein the following are provided:

- Consolidated income statement and consolidated statement of other comprehensive income for the year ended 30 June 2020
- Consolidated statement of financial position as at 30 June 2020
- Consolidated statement of changes in equity for the year ended 30 June 2020
- Consolidated statement of cash flows for the year ended 30 June 2020
- Notes to the consolidated financial statements

Control gained per entities in the period

Kogan.com Ltd acquired the intellectual property of Matt Blatt in May 2020 for a purchase price of \$4.4 million.

Kogan.com Ltd did not establish any new subsidiaries during FY20 other than that acquired by the Matt Blatt acquisition: Matt Blatt Pty Ltd.

1. All reports are based on preliminary unaudited results.

Net tangible assets per share

	30 June 2020	30 June 2019
Net tangible assets backing per Ordinary Shares	\$1.50	\$0.48

Dividends

	Amount per share (cents)	Franked Amount per share at 30% of Tax (cents)
Ordinary Shares		
2019 interim Dividend paid 8 May 2019	6.1	6.1
2019 final Dividend paid 14 October 2019	8.2	8.2
2020 interim Dividend paid 10 March 2020	7.5	7.5
2020 final Dividend declared	13.5	13.5

Current period

The 2020 final Dividend was declared subsequent to the balance sheet date. The record date for determining entitlement of receipt of the final Dividend is 24 August 2020 and the Company will pay the Dividend on 19 October 2020. The Dividend has not been accrued for as at 30 June 2020.

Dividend Reinvestment Plans

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.

Commentary on the results for the period

The Consolidated Income Statement and Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Notes to the Unaudited Preliminary Financial Report ("financial report") are included on pages 5 to 17. Further commentary and analysis of the results has been provided in the FY20 Results Presentation dated 17 August 2020.

Principal activities

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

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

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

Highlights of the full year result:

- Kogan.com achieved 35.7% year-on-year Active Customer growth. The Company had Active Customers of 2,183,000 as at 30 June 2020 (compared with 1,609,000 as at 30 June 2019)
- Statutory net profit after tax (NPAT) was up by \$9.6 million from \$17.2 million to \$26.8 million in FY20. FY20 & FY19 net profit after tax includes an unrealised foreign exchange loss of \$1.4 million in FY20 and unrealised foreign exchange loss of \$0.2 million in FY19
- Revenue of \$497.9 million represented a year-on-year increase of \$59.2 million driven by 26.4% growth in Exclusive Brands and 768.4% growth of Kogan Marketplace, where only seller fees are recorded as Revenue
- 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 with commission-based Revenues growing 36.0% year-on-year
- EBITDA¹ of \$46.5 million was up \$16.4 million on FY19
- Kogan.com 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. Inventories of \$112.9 million comprised \$80.4 million of inventory in-warehouse and \$32.5 million of inventory in transit. Intangible assets at 30 June 2020 includes \$4.0 million of intellectual property acquired as part of the Matt Blatt purchase

1. 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.

Foreign entities

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.

Status of the audit

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

Annual General Meeting

Kogan.com Ltd advises that its Annual General Meeting will be held on Friday, 20 November 2020. 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) 2 October 2020.

Signed on behalf of Kogan.com Ltd, on 17 August 2020

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

Greg Ridder
Chairman



ABN 96 612 447 293

**PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

**CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$000's	2019 \$000's
Revenue	2	497,904	438,700
Cost of sales	3	(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		(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	4	(12,033)	(6,202)
Net profit and other comprehensive income for the period attributable to the members of the Company		26,820	17,201

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

ASSETS	Note	2020 \$000's	2019 \$000's
CURRENT ASSETS			
Cash and cash equivalents	12	146,726	27,462
Trade and other receivables	6	5,760	5,365
Inventories	5	112,882	75,850
Financial assets		-	383
Prepayments and other assets	7	1,403	482
TOTAL CURRENT ASSETS		266,771	109,542
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,603	1,566
Intangible assets	9	8,279	5,815
Deferred tax assets		2,387	1,474
TOTAL NON-CURRENT ASSETS		13,269	8,855
TOTAL ASSETS		280,040	118,397
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	82,868	51,725
Lease liability		1,987	557
Financial liabilities		1,060	-
Current tax liabilities		5,451	3,311
Employee benefits		1,134	748
Provisions		3,159	1,304
Deferred income		19,334	7,733
TOTAL CURRENT LIABILITIES		114,993	65,378
NON-CURRENT LIABILITIES			
Lease liability		453	692
Employee benefits		197	136
Deferred income		372	1,211
TOTAL NON-CURRENT LIABILITIES		1,022	2,039
TOTAL LIABILITIES		116,015	67,417
NET ASSETS		164,025	50,980
EQUITY			
Issued capital	13	269,033	167,823
Merger reserve	13	(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's)	Note	Share capital	Retained earnings	Merger reserve	Translation reserve	Share-based payments reserve	Total Equity
Adjusted balance as at 1 July 2018¹		167,294	7,669	(131,816)	(291)	1,124	43,980
Comprehensive income							
Profit for the year		-	17,201	-	-	-	17,201
Total comprehensive income for the year		-	17,201	-	-	-	17,201
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Ordinary Shares under performance plans		529	-	-	-	(504)	25
Equity-settled share-based payments		-	-	-	-	1,208	1,208
Dividends paid	14	-	(11,434)	-	-	-	(11,434)
Total transactions with owners and other transfers		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							
Profit for the year		-	26,820	-	-	-	26,820
Total comprehensive income for the year		-	26,820	-	-	-	26,820
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Ordinary Shares under performance plans		1,217	-	-	-	(1,217)	-
Tax deduction for difference between accounting expense and funds paid to issue incentive plans		1,042	-	-	-	-	1,042
Equity-settled share-based payments		-	-	-	-	1,032	1,032
Reclass of translation reserve		-	-	-	-	-	-
Dividends paid	14	-	(14,800)	-	-	-	(14,800)
Dividend reinvestment plan		804	-	-	-	-	804
Institutional placement net of tax impact		98,147	-	-	-	-	98,147
Total transactions with owners and other transfers		101,210	(14,800)	-	-	(185)	86,225
Balance at 30 June 2020		269,033	25,456	(131,816)	(291)	1,643	164,025

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 2020

	Note	Consolidated Group	
		2020 \$000's	2019 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		577,973	497,943
Payments to suppliers and employees		(522,836)	(489,176)
Interest received		52	196
Finance costs paid		(589)	(466)
Income tax paid		(8,972)	(6,425)
Net cash provided by operating activities	16	45,628	2,072
CASH FLOWS from INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(219)	(65)
Purchase of intangible assets		(7,931)	(5,403)
Proceeds from disposal of intangible assets		-	250
Net cash provided used in investing activities		(8,150)	(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/distributions paid net of DRP		(13,996)	(11,434)
Repayment of lease liability		(1,572)	(576)
Net cash provided by /(used in) financing activities		81,786	(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	12	146,726	27,462

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These preliminary consolidated financial statements relate to Kogan.com Ltd and its controlled entities ("the Group"; "Kogan.com") for the year ended 30 June 2020 and have been prepared based on the requirements of rule 4.3A of the ASX listing rules (Appendix 4E).

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

Kogan.com is a Company of the kind referred to in ASIC Corporations (Rounding in Financial Report) Instrument 2016/191 and in accordance with that instrument, amounts in the Financial Report are rounded to the nearest thousand dollars, except where otherwise indicated.

NOTE 2: REVENUE

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

NOTE 3: EXPENSES

Expenses

Cost of sales	371,374	347,959
Cost of services	-	85
Total Cost of sales	371,374	348,044
Employee benefit expense	20,154	16,519
Depreciation and amortisation expense	7,419	6,739

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)**

NOTE 4: TAXATION

	Consolidated Group	
	2020 \$000's	2019 \$000's
a. The components of tax expense comprise:		
Current tax	12,146	6,551
Deferred tax	(120)	(159)
Under-provision in respect of prior years	7	(190)
	<u>12,033</u>	<u>6,202</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% (2019: 30%):		
– consolidated group	11,656	7,021
Add:		
Tax effect of:		
– Amortisation of intangibles	53	14
– Entertainment (non-deductible)	11	27
– Other non-allowable items	277	47
– Current year revenue losses not recognised	75	1
Less:		
Tax effect of:		
– Share-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)
	<u>12,033</u>	<u>6,202</u>
The applicable weighted average effective tax rates are as follows:	31%	27%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)**

NOTE 5: INVENTORIES

	Consolidated Group	
	2020 \$000's	2019 \$000's
CURRENT		
Inventory in transit	32,467	8,391
Inventory on hand	80,415	67,459
	112,882	75,850

NOTE 6: TRADE AND OTHER RECEIVABLES

	2020 \$000's	2019 \$000's
CURRENT		
Trade receivables	5,197	4,859
	5,197	4,859
Other receivables	563	506
Total current trade and other receivables	5,760	5,365

NOTE 7: PREPAYMENTS AND OTHER ASSETS

	2020 \$000's	2019 \$000's
Prepayments	1,373	452
Rental bond	27	27
Other	3	3
	1,403	482

NOTE 8: TRADE AND OTHER PAYABLES

	2020 \$000's	2019 \$000's
CURRENT		
Trade payables	35,910	32,390
Other payables	43,166	17,019
Accrued expenses	3,792	2,316
	82,868	51,725

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)**

NOTE 9: INTANGIBLE ASSETS

	Consolidated Group	
	2020 \$000's	2019 \$000's
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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2020 \$000's	2019 \$000's
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 lease 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

NOTE 11: 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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)**

NOTE 12: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2020 \$000's	2019 \$000's
Cash at bank and on hand	146,726	27,462
	146,726	27,462

NOTE 13: EQUITY

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

Merger reserve

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

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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)**

NOTE 13: ISSUED CAPITAL (CONTINUED)

Details	Date	No. of shares	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 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 incentives 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 incentives plan	3 July 2017	128,357	\$1.43	183,562
Shares issued to eligible employees under an incentives 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 incentives plan	6 July 2018	232,181	\$1.66	386,227
Shares issued to eligible employees under an incentives plan	6 July 2018	3,613	\$6.92	25,000
Shares issued to eligible employees under an incentives 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
Shares issued at Institutional Placement	17 June 2020	8,733,625	\$11.45	100,000,006
Transaction costs incurred during Institutional Placement	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

NOTE 14: DIVIDENDS

	Consolidated Group	
	2020 \$000's	2019 \$000's
Dividends paid during the year	14,800	11,434
	14,800	11,434

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 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	
		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	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

NOTE 16: CASH FLOW INFORMATION

	Consolidated Group	
	2020 \$000's	2019 \$000's
a. Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit/(loss) 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	1,032	1,233
– unrealised foreign exchange movement	1,443	190
– Extended warranties	(2,010)	(2,691)
– income tax expense	12,033	6,202
Changes in assets and liabilities:		
– (increase) in trade and other receivables	(395)	(366)
– (increase)/decrease in prepayments and other assets	(927)	96
– (increase) in inventories	(37,032)	(25,650)
– increase in trade payables and accruals	31,143	6,417
– increase/(decrease) in deferred income	12,772	(1,258)
– increase in provisions	2,302	492
– tax paid	(8,972)	(6,425)
Cash flows from operating activities	45,628	2,072

NOTE 17: 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.

NOTE 18: SUBSEQUENT EVENTS

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.

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.