

ANNUAL REPORT

2018

HIGHLIGHTS 2018

1,388,000 Active Customers



\$26_m

EBITDA



\$122.8_m

YOY REVENUE
GROWTH



108%

YOY EBITDA
GROWTH¹



¹ The FY17 Pro Forma results represent the results of the business after removing the impact of transaction costs relating to the IPO, as set out in Table 1.3 in the FY17 Annual Report (released to the ASX on 21 September 2017). The impact of mark-to-market on unrealised foreign exchange contracts has not been removed from EBITDA in FY17, which is consistent with the treatment in FY18.



45.3%

**GROWTH IN ACTIVE
CUSTOMERS**



**STRONG GROWTH
THROUGH KEY
INITIATIVES:**

KOGAN MOBILE

**INVESTMENTS
IN INVENTORY
& MARKETING**



**NEW
VERTICALS
EXPANSION:**

KOGAN HEALTH

KOGAN LIFE

KOGAN PET

KOGAN INTERNET



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A CLEAR AND WELL EXECUTED STRATEGY

I am delighted to report a year of excellent performance across our portfolio of retail and services businesses. EBITDA more than doubled FY17 Pro Forma¹ EBITDA, reflecting both revenue growth and margin expansion. Kogan.com has now doubled earnings for three years in a row.

CHAIRMAN'S LETTER

These strong results reflect the benefits of a clear and well executed strategy; fantastic consumer offerings; and a committed, talented and decisive team.

In the last 12 months, the business has launched five New Verticals: Kogan Insurance, Kogan Health, Kogan Pet & Kogan Life, all of which fall under the Kogan Insurance umbrella, and Kogan Internet. The expansion of our service offerings is consistent with our strategy to leverage our brand in partnership with industry leaders, bringing best-in-market offers to our customer base.

In addition to launching these New Verticals, we have seen our Kogan Mobile Vertical continue to flourish and expanded our product offering, with Product Divisions achieving year-on-year revenue growth of 40.5%. We have a growing portfolio of brands, both established and nascent, and have continued to invest in inventory and to leverage digital efficiencies to bring the most in-demand products to our customers at market-leading prices.

Our aim is always to delight our customers and, with this in mind, we keep a laser focus on meeting our customers' needs and delivering great value. Our performance in FY18 is a tremendous credit to the commitment and passion of everyone at Kogan.com in meeting that objective.

STRATEGIC OPPORTUNITIES

At Kogan.com, we do not stand still. We see huge opportunities for growth in both our existing businesses and in expansion of our portfolio. In the last couple of months, we have announced agreements with partners for New Verticals set to launch during FY19. FY19 will see the launch of Kogan Mobile New Zealand and Kogan Money Home Loans. These new partnerships will strengthen and complement our existing portfolio of businesses. Ruslan will discuss these opportunities in his review on page 3.

The New Verticals launched in FY18 were predominantly in the second half of the financial year and we expect them to scale in FY19 and beyond. Additionally, we continue to on-board new and market-leading brands to our Partner Brands Product Division, as well as broadening our Exclusive Brands product range.

We see significant opportunities for growth in our Product Divisions.

PEOPLE

We are fortunate to have a great team of committed and talented people, who bring our business strategy to life each and every day across all areas of the business. I would like to recognise the commitment and contribution of the entire Kogan.com team, and thank them on behalf of the Board for delivering another stellar year.

DIVIDEND

Following the strong results in FY18, the Board was pleased to declare a final dividend of 6.1 cents per share, fully franked. This brings the total dividend paid in relation to FY18 to 13.0 cents per share, fully franked, and represents year-on-year growth of 68.8%.

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 customers and shareholders into FY19 and beyond.

Greg Ridder **Chairman**



OPPORTUNITY FOCUSED

We exist to make the most in-demand products and services more accessible and affordable for all Australians. In FY18 we delivered on that promise, creating incredible offerings for our customers and value for our shareholders. We doubled earnings for the third year in a row, and significantly invested in and improved our customer offering.

FOUNDER & CEO'S REPORT

We now operate in more industries than ever, with a compelling offering in each sector. We continue to invest in the Kogan brand to drive our growing portfolio of businesses and improve our value proposition.

The strength of our brand creates significant opportunities for continued growth. Our pipeline of initiatives will further enhance our competitive offering in the near future and continue to delight our customers.

FY18 saw the ongoing implementation of our strategy to grow the Kogan brand, accelerate New Verticals, onboard new Partner Brands, and invest in inventory. By doing all this, we have built an exceptional portfolio of businesses. This strategy led to year-on-year revenue growth of 42.4% (\$122.8 million) to \$412.3 million and EBITDA of \$26.0 million (FY17 Pro Forma: \$12.5 million).

The FY18 highlights include:

- accelerating growth in Active Customers, growing 45.3% year-on-year in FY18 to 1,388,000 Active Customers;
- achieving strong growth from key initiatives like Kogan Mobile and investments in marketing & inventory;
- the launch of 5 New Verticals – Kogan Insurance, Kogan Health, Kogan Pet, Kogan Life and Kogan Internet; and
- the announcement of Kogan Mobile New Zealand, due to launch in FY19.

These highlights are testament to the commitment of the Kogan.com team to continue to strengthen and grow our brand by consistently delivering on our promises to customers, and bringing the most in-demand products and services to Australians at market-leading prices.

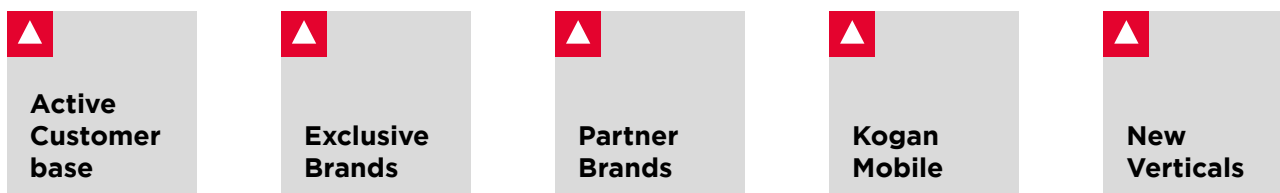
BUILDING THE KOGAN.COM PORTFOLIO

At Kogan.com we pride ourselves on our commitment to continually improve, push boundaries and deliver on our promises to customers. It is our duty to our customers to continuously bring better and better value across a broader range of products and services. The strength of the brand we have built through constantly delighting our customers has allowed us to become a portfolio of products and services businesses with market-leading offers. Thus allowing us to delight our customers in new ways, with offers across more sectors. In the twelve months to 30 June 2018, more than 1.3 million people purchased from our retail channels and a significant amount of our traffic continues to come from free sources. Our commitment to bring the most in-demand products and services to our Kogan Community at market-leading prices continues to resonate with Aussies.

In FY18, we engaged with that Community through Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance and Kogan Travel. We are continually evolving as a business to respond to the demands of our customers and to strengthen our competitive advantage in the market. As such, we continue to explore opportunities for future growth in our Portfolio. We see many more opportunities ahead.

With that in mind, FY19 will see the launch of more New Verticals. In June 2018, we announced a new partnership with Vodafone New Zealand Limited, that will see Kogan.com offering telecommunications services in New Zealand. Kogan Mobile New Zealand will enable Kogan.com to bring market-leading telecommunications offers to New Zealand consumers in partnership with the largest mobile network operator in New Zealand.

Outlook – continued accelerated growth across the business



We also recently announced a new brand, Kogan Money, which will offer a suite of financial products. Kogan Money will focus on simplifying financial services for all Australians and making them more affordable through digital efficiency. The first of these financial products will be Kogan Money Home Loans, in partnership with Adelaide Bank and Pepper Group Limited, set to launch during FY19. Kogan Money Home Loans will offer competitively priced home loans to Australian homeowners and investors.

These verticals are in line with our win-win-win philosophy. 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 brand to provide incredible offers to our customers.

Kogan Mobile is a fantastic example of the potential of our portfolio strategy. Kogan Mobile, which launched during October 2015, represented 14.9% of overall gross profit in FY18 (FY17: 7.0%) and achieved gross profit of \$12 million. So, less than 3 years since launch, Kogan Mobile has become a significant contributor to our business.

We are extremely excited about our New Verticals and the opportunities they present for our customers, our partners and our business. The New Verticals launched in FY18 were mostly launched in the second half of the financial year. As such, we expect them to scale in FY19 and beyond.

PRODUCT OFFERING EXPANSION

FY18 saw us continue to invest in inventory of new and in-demand products across our Product Divisions. Our Partner Brands Product Division, where we directly partner with brands, onboarded new and market-leading brands, with more to come. This is now a larger contributor to gross profit than the Global Brands Product Division, in which we direct import brands from distributors overseas. This shift in product mix also helped drive the increase in gross margin, alongside the growth in New Verticals. FY18 gross margin of 19.5% was up 1.6pp on the prior year.

Our Exclusive Brands Product Division, right at the core of our business, remains the largest contributor to gross profit, representing 44.2% of overall gross profit in FY18. Kogan.com has over 12 years' experience in private label manufacturing and supply chain optimisation. Our Exclusive Brands continue to demonstrate strong growth, as we continue to service strong consumer demand across a wide array of products.

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. We have delivered on that promise and will continue to work hard to exceed the expectations of our customer community.

In FY18, we invested in inventory to bring new in-demand products to our customers. We expanded the range within our Exclusive Brands using our precision sourcing and demand driven analytics systems and processes. This resulted in year-on-year revenue growth of 39.6% in Exclusive Brands.

We are excited about the growth opportunities ahead of us. Our driven and talented team remains focused on growth across our Portfolio of existing businesses and exploring new opportunities to expand

AWARDS AND ACCOLADES

During FY18, Kogan.com was recognised through a number of prestigious industry awards. The Australian public voted Kogan.com as their favourite online shopping destination at the Australia Post Online Retail Industry Awards for the second year in a row. We are extremely proud and humbled by this vote of confidence from the Australian public. There is no more important vote than that of our customers, and our team is committed to continuing to delight our customers day in, day out.

Also this year, our Kogan TVs won the Canstar Televisions 2018 Value for Money Award once again, having been rated 5 star value for money in 2017 by Canstar. And our Kogan Steam Mops won the 2017 Canstar Most Satisfied Customers Award. These awards further demonstrate Kogan's commitment to price leadership and quality.

FY19 & BEYOND

We are excited about the growth opportunities ahead of us. Our driven and talented team remains focused on growth across our Portfolio of existing businesses and exploring new opportunities to expand.

We are relentless and ambitious. We have achieved more than 1% market share in Kogan Retail and Kogan Mobile, and our ambition is to do the same in each New Vertical, while further growing our market share in Kogan Retail and Kogan Mobile.

Our Retail business will continue to get more compelling as we launch more products and continue to on-board market-leading brands across more categories to service the demand from our fast growing Active Customer base. We will continue to drive growth through our various New Verticals, including launching Kogan Mobile New Zealand and Kogan Money.

In addition, we are always assessing opportunities to expand the Kogan Portfolio of products and services in ways that serve the Kogan Community, whether that be through selective and opportunistic M&A, or partnering with industry leaders.

We look forward to delighting our customers in the year ahead.



Ruslan Kogan
Founder & CEO

OPERATING & FINANCIAL REVIEW

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 Mobile New Zealand, Kogan Money and Kogan Travel. Kogan 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 brand to seize opportunities like Kogan Mobile, Kogan Insurance and Kogan Internet 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 continues to grow at pace.

At 30 June 2018, we had 1,388,000 Active Customers², representing year-on-year growth of 45.3%.



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 Private Label 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 1,388,000 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.

In addition to Kogan.com, key channels for Kogan Retail and Kogan Marketplace include: Dick Smith, eBay, Amazon and TradeMe.

² Active customers refers to unique customers who have purchased in the last twelve months from X date, rounded to the nearest thousand.



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.



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).



NEW VERTICALS LAUNCHED IN FY18

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 the 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 10.9 million premises.



NEW VERTICALS LAUNCHING IN FY19

Kogan Mobile New Zealand

In June 2018, Kogan.com announced a new partnership with Vodafone New Zealand Limited that will see Kogan.com offering telecommunications services in New Zealand. Kogan Mobile New Zealand will launch during FY19 and will enable Kogan.com to bring market-leading telecommunications offers to New Zealand consumers in partnership with the largest mobile network operator in New Zealand.



Kogan Money

In August 2018, Kogan.com announced Kogan Money Home Loans in partnership with Adelaide Bank and Pepper Group Limited. These partnerships will see Kogan.com offering competitively priced home loans to Australian homeowners and investors under a new brand, Kogan Money. Kogan Money Home Loans will be the first of a suite of financial products to be rolled out under the Kogan Money brand in FY19. Kogan Money will focus on simplifying financial services for all Australians and making them more affordable through digital efficiency.

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 12 years' experience in Exclusive Brands, extensive Third Party brand offering, and using the strength of the Kogan brand to partner with industry leaders for Kogan Mobile, Kogan Insurance and Kogan Internet.

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

Recognition:

Kogan TVs won the Canstar Value for Money Award in 2018.

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:

Back to back winner of the People's Choice Award at the Australia Post Online Retail Industry Awards (ORIAS) in July 2018, after having also won the coveted award in 2017. The People's Choice Award is awarded on the basis of a vote from more than 200,000 Australian online retail customers for the best Australian online retailer.

Industry leading IT platform & data driven culture:

The Kogan brand 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 BRAND

In the twelve months to June 2018, the business achieved 45.3% growth in Active Customers. Our consistent month on month growth of Active Customers illustrates that we continue to outpace the growth of the online retail industry in Australia.

Most importantly, we are keeping and growing our customer base. Kogan.com's Net Promoter Score³ has been stable with an average 58.8 (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 is the direct result of our strong brand. It's a brand that keeps existing customers coming back and drives them to tell their friends about their positive experience. In turn, this generates marketing efficiencies in our business and enables us to delight those customers with the most competitive offers in the market.

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-17	Dec-17	Jun-18	Jun-17 vs Jun-18 variance
Active Customers	955,000	1,166,000	1,388,000	45.3%

Figure 1.1 LTM Active customers

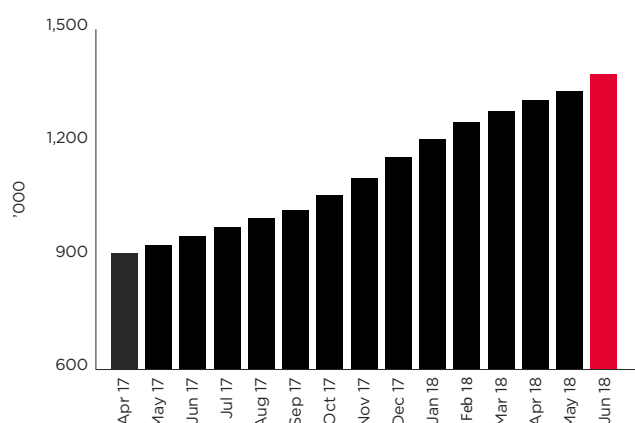


Figure 1.2 Net Promoter Score

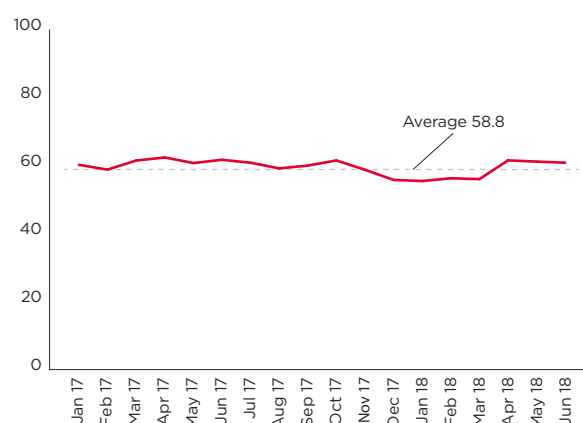


Figure 1.3 Annual revenue per customer

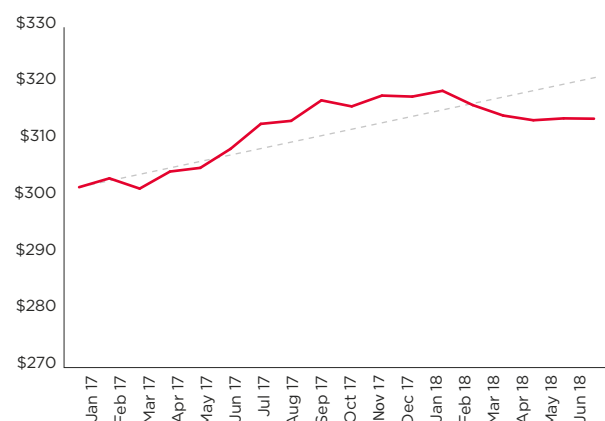
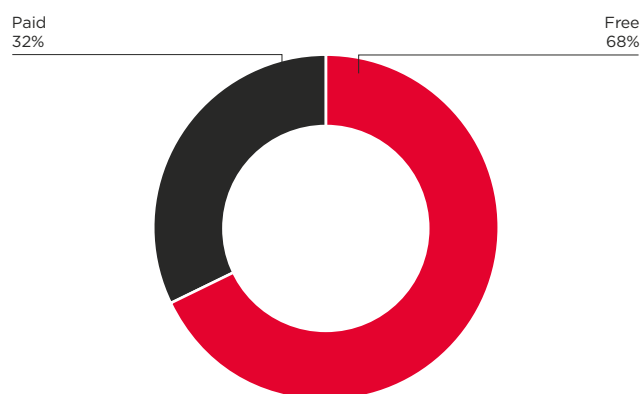


Figure 1.4 Traffic – Free vs paid marketing



³ The net promoter score 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 product and service 9 or 10 out of a possible 10, less the percentage of 'detractors', rating Kogan.com's products and services 0 to 6 out of a possible 10. The maximum possible NPS score is 100 and the minimum possible is -100.

PERFORMANCE REVIEW & OUTLOOK

Results Summary

Refer to Table 1.7 for an explanation of non IFRS measures used throughout this report.

Figure 1.5 Financial highlights

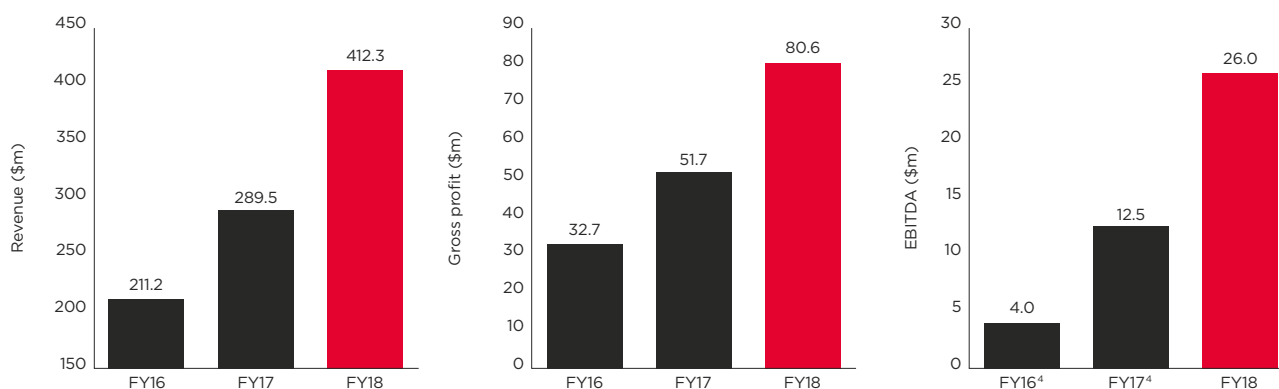


Table 1.2 FY18 results compared to FY17⁵

\$m	FY18	FY17 ⁵	Variance
Revenue	412.3	289.5	42.4%
Cost of sales	(331.7)	(237.8)	39.5%
Gross profit	80.6	51.7	55.9%
Gross margin	19.5%	17.9%	1.6pp/8.9%
Operating costs	(54.6)	(39.2)	39.3%
EBITDA	26.0	12.5	108.0%
EBITDA margin	6.3%	4.3%	2.0pp/46.5%
EBIT	20.7	8.7	137.9%
Profit before tax	21.0	9.1	130.8%
NPAT	14.1	6.7	110.4%
NPATA	15.2	8.1	87.7%

Revenue increased by \$122.8 million year on year, driven by growth across all Product Divisions, Active Customers and New Verticals. Kogan Mobile grew by 233.3%, and successful implementation of the Exclusive Brands strategy led to year-on-year revenue growth of 39.6% in that Product Division.

Gross margin increased by 1.6pp to 19.5% as a result of rapid growth in New Verticals and continued strong growth in the Partner Brands Product Division.

4 The FY17 Pro Forma results represent the results of the business after removing the impact of transaction costs relating to the IPO, as set out in Table 1.3 in the FY17 Annual Report (released to the ASX on 21 September 2017). The impact of mark-to-market on unrealised foreign exchange contracts has not been removed from EBITDA in FY17, which is consistent with the treatment in FY18. The FY16 Pro Forma results are consistent with the FY16 Investor Presentation (released to the ASX on 23 August 2016).

5 The FY17 Pro Forma results represent the results of the business after removing the impact of transaction costs relating to the IPO, as set out in Table 1.3 in the FY17 Annual Report (released to the ASX on 21 September 2017). The impact of mark-to-market on unrealised foreign exchange contracts has not been removed from EBITDA in FY17, which is consistent with the treatment in FY18.

During FY18 we on-boarded new and market-leading brands, expanded our Exclusive Brands range, and invested in inventory across our Product Divisions to bring the most in-demand products to our customers at best-in-market prices. The Partner Brands division, where we directly partner with brands, is now a larger contributor to gross profit than the Global Brands division, in which we direct import brands from distributors overseas.

In line with our growth strategy, we launched five New Verticals in FY18:

- Kogan Insurance;
- Kogan Health;
- Kogan Pet;
- Kogan Life; and
- Kogan Internet.

These New Verticals achieved gross profit of \$0.8 million in FY18, \$0.6 million of which was from Kogan Internet. All but the general insurance offering launched during 2HFY18, so we are excited to scale these New Verticals during FY19 and beyond.

Operating costs increased by less than revenue year-on-year, indicating some efficiency improvements, allowing the business to benefit from ongoing operating leverage. The key operating costs are Marketing and People Costs.

Given strong ROI metrics, the Company took the decision to invest further in Marketing, which is expected to yield benefits over the short to medium term. As mentioned earlier in this report, Active Customers increased by 45.3% in the 12 months to 30 June 2018.

We continue to recognise the contribution of our high-performing team and, as such, short-term and long-term incentives remain in place to retain key talent and align their interests with shareholders. Much of the year-on-year increase in People Costs was driven by equity based compensation expenses, and short-term incentive bonuses arising as a result of the FY18 outperformance.

EBITDA margin increased by 2.0pp to 6.3% as the business is benefitting from ongoing operating leverage, as mentioned above. This resulted in a more than doubling of prior year earnings.

Table 1.3 Statutory results FY18 versus FY17

\$m	Statutory FY18	Statutory FY17	Variance
Revenue	412.3	289.5	42.4%
Cost of sales	(331.7)	(237.8)	39.5%
Gross profit	80.6	51.7	55.9%
<i>Gross margin</i>	<i>19.5%</i>	<i>17.9%</i>	<i>1.6pp/8.9%</i>
Operating costs	(60.6)	(45.2)	34.1%
Results from operating activities	20.0	6.5	207.7%
Unrealised FX gain or loss	1.3	(0.7)	
Net finance costs	(0.3)	0.3	
Profit before tax	21.0	6.1	244.3%
NPAT	14.1	3.7	281.1%
EBITDA	26.0	9.5	173.7%

The results presented in Table 1.2 and discussed earlier in this report are consistent with the statutory results, with the exception of the prior year statutory operating costs, which include \$3.0 million of transaction costs related to the IPO of Kogan.com Ltd on 7 July 2016. The transactions costs comprise \$1.2 million of bonus shares issued to certain senior management on IPO and \$1.8 million of adviser, legal and similar transaction costs.

EBITDA of \$26.0 million represents a year on year increase of \$16.5 million.

PRODUCT & BUSINESS MIX

Kogan Mobile increased as a % of gross profit to 14.9% from 7.0% in FY17. Exclusive Brands continues to be the largest contributor to gross profit.

Figure 1.6 FY18 Gross profit mix

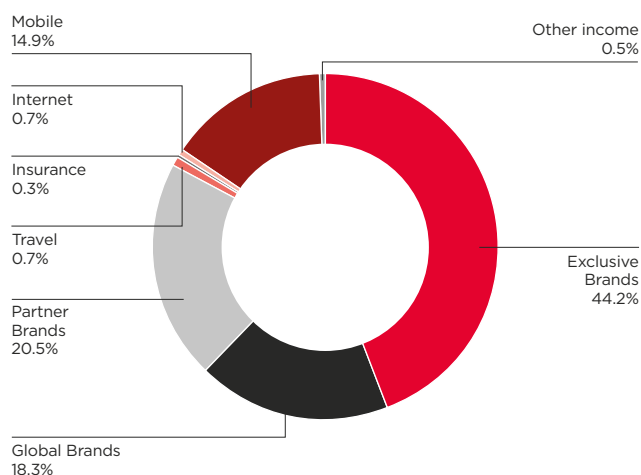


Table 1.4 New Verticals Gross Sales

\$m	FY17	FY18	Variance YoY
Kogan Travel	6.9	7.8	13.0%
Kogan Insurance	-	0.3	n/a
Kogan Internet	-	0.6	n/a
Kogan Mobile	3.6	12.0	233.3%
Gross Sales	10.5	20.7	97.1%

Kogan Mobile gross profit of \$12.0 million represents a year on year increase of 233.3% (FY17: \$3.6 million). Kogan Mobile brought on ~1% of the total number of mobile phone users in Australia⁶ within 2 years of launching, and is approaching 2%. The success of Kogan Mobile demonstrates the strength of the Kogan brand in powering New Verticals.

Kogan Insurance includes the new insurance verticals launched in 2HFY18 – Kogan Health, Kogan Pet & Kogan Life, as well as the general insurance offering launched in August 2017. Kogan.com is focussed on working with our partners in Kogan Insurance to implement strategies to accelerate Kogan Insurance growth in FY19.

Kogan Internet launched during April 2018 offering competitively priced NBN plans. Kogan.com has a strong commercial relationship with Vodafone, and there is a joint ambition to grow Kogan Internet significantly in FY19

6 Source: According to Statista, there were forecast to be 19.4 million mobile phone users in Australia in 2017.

Figure 1.7 Kogan Mobile Active Customers

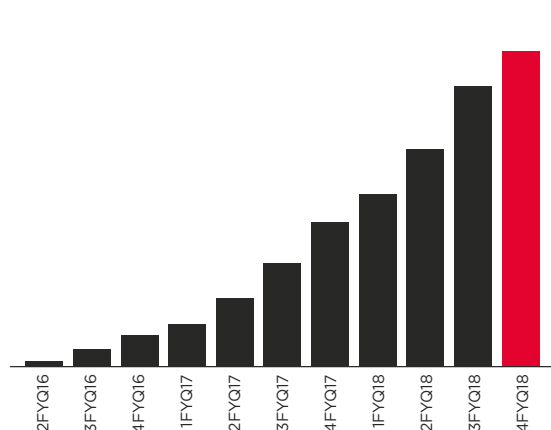
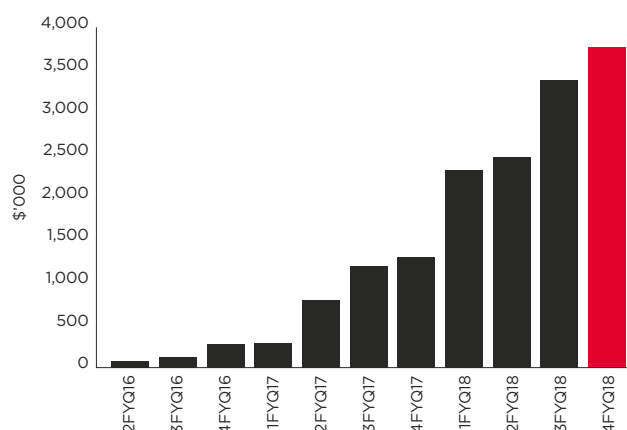


Figure 1.8 Kogan Mobile Quarterly Gross Profit



OPERATING LEVERAGE & COSTS

Figure 1.9 Operating leverage
- YoY % increase in Revenue and EBITDA

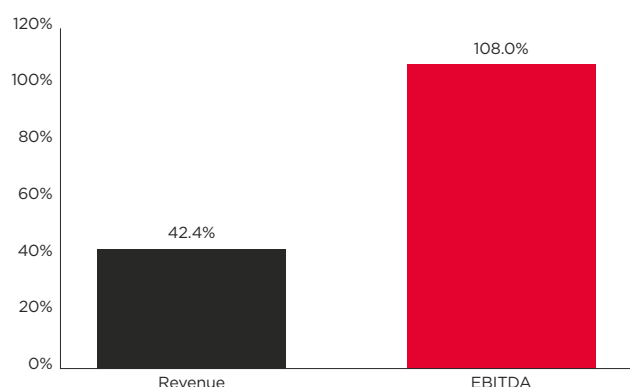
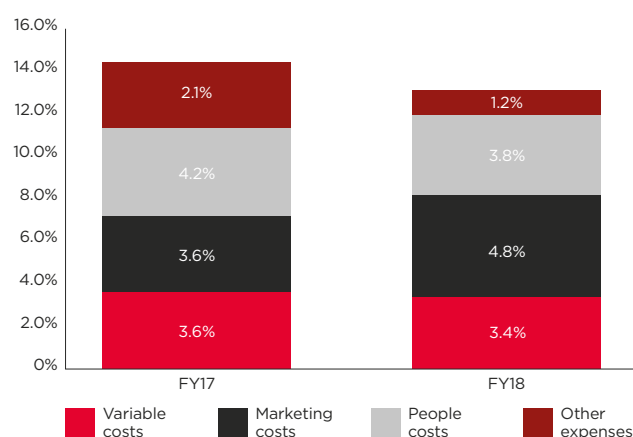


Figure 1.10 Operating costs as a % of revenue
- FY18 versus FY17⁷



The acceleration of EBITDA materially outpaced revenue in FY18, as the business is experiencing significant operating leverage.

As mentioned earlier in this report, the business continues to invest in marketing, following better than expected ROI. Effective, targeted marketing is a key component of our growth strategy. With the exception of marketing, all other operating costs decreased as a % of revenue year-on-year.

⁷ The FY17 Pro Forma results represent the results of the business after removing the impact of transaction costs relating to the IPO, as set out in Table 1.3 in the FY17 Annual Report (released to the ASX on 21 September 2017). The impact of mark-to-market on unrealised foreign exchange contracts has not been removed from EBITDA in FY17, which is consistent with the treatment in FY18.

STATEMENT OF FINANCIAL POSITION

Table 1.5 Summary net assets at 30 June 2018 and 30 June 2017

\$m	30-Jun-18	30-Jun-17
Current assets	99.0	74.4
Non-current assets	6.9	5.9
Total assets	106.0	80.3
Current liabilities	(57.4)	(37.6)
Non-current liabilities	(0.7)	(0.1)
Total liabilities	(58.2)	(37.7)
Net assets	47.9	42.6

The business continues to enjoy a healthy financial position, including a closing cash balance of \$42.6 million (30 June 2017: \$32.0 million).

In line with growth strategies, Kogan.com invested in Exclusive Brands and Third Party inventory. As at 30 June 2018, Kogan.com had inventory of \$50.2 million, comprising \$40.4 million of inventory on hand and \$9.8 million of inventory in transit. The year on year increase in payables is largely driven by the increase in inventory.

CASH FLOWS

Table 1.6 Statutory cash flow FY18

\$m	FY18 Statutory	FY17 Statutory
Statutory EBITDA	26.0	9.5
Non-cash in EBITDA	(0.2)	0.7
Transaction costs of share issue in EBITDA	-	3.0
EBITDA excluding non-cash and financing costs	25.8	13.2
Change in net working capital	5.9	(2.4)
Operating cash flow before capital expenditure	31.7	10.8
Purchase of PP&E	(0.1)	(0.1)
Investment in intangibles	(7.1)	(3.5)
Cash flow before financing and taxation	24.5	7.2
<i>Operating cash flow conversion</i>	<i>122.9%</i>	<i>81.8%</i>

The business generated operating cash flow before capital expenditure of \$31.7 million in FY18, resulting in an operating cash flow conversion ratio of 122.9%.

Net working capital decreased by \$5.9 million in FY18. Given 30 June 2018 fell on a Saturday, this resulted in higher deferred income and payables at year-end.

Kogan Mobile was a significant contributor to the FY18 results and operating cash flows following strong growth. During FY18, the business launched five New Verticals, as discussed earlier. Management expects that as the New Verticals, in which we receive commission-based revenue, accelerate in growth in the future, operating cash flow conversion will continue to benefit.

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.

Our retail business will continue to get more compelling as we launch more products and continue to on-board market-leading brands across more categories to service the demand from our fast growing Active Customer base. We will continue to drive growth through our existing New Verticals: Kogan Mobile, Kogan Insurance, Kogan Internet and Kogan Travel. Additionally, we will launch Kogan Mobile New Zealand and Kogan Money Home Loans during FY19.

We are very excited about the growth opportunities ahead of us. We believe we have barely scratched the surface and, as such, we will continue to explore ways to leverage the Kogan brand to grow the Kogan portfolio of businesses into New Verticals that will be beneficial for our customers, our partners and our business.

In FY19, we expect:

- growth in the Active Customer base;
- growth in Exclusive Brands;
- growth in Partner Brands;
- growth in Kogan Mobile; and
- growth in Kogan Health, Kogan Life, Kogan Pet, Kogan Insurance and Kogan Internet.

NON IFRS MEASURES

Throughout this report, Kogan.com has included certain non-IFRS financial information, including EBITDA, NPATA and Gross Sales. 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 1.7 Non IFRS measures

EBITDA	Earnings before interest, tax, depreciation and amortisation.
NPATA	Net profit after tax (NPAT) plus the non-cash amortisation of the Dick Smith Assets.
Gross Sales	Gross Sales represents sales on a cash basis and prior to cancellations and refunds. Gross Sales is a key measure which management uses to track financial performance and to make management decisions at a product group level.

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



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 FY19 and beyond. In FY18, Kogan.com achieved year-on-year revenue growth of 39.6% in Exclusive Brands. In addition, Exclusive Brands continues to be the largest contributor to gross profit, representing 44.2% of gross profit in FY18.

In FY19, 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;
- Compelling consumer offering; and
- Over 12 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. FY19 will see the launch of Kogan Mobile New Zealand and Kogan Money, as discussed earlier in this report, in addition to the 5 New Verticals launched during FY18 that will scale in FY19.

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.
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.
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 Private Label 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 Private Label brand 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.
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 staff	Kogan.com relies on the expertise, experience and strategic direction provided by its Executive Directors and key staff. 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 employees.
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 2018 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 – Chief Executive Officer and Executive Director

David Shafer – Chief Financial Officer, Chief Operating Officer and Executive Director

Harry Debney – Independent, Non-Executive Director

Particular 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 and Adam Sutherland acting jointly as Kogan.com's company secretaries.

PRINCIPAL ACTIVITIES

Kogan.com is a portfolio of product and services businesses that included Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance and Kogan Travel during the year ended 30 June 2018.

Kogan.com earns the majority of its revenue and profit through the sale of goods and services to Australian consumers. Its offering comprises 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 Branded Products"). In addition to product offerings, Kogan.com earns revenue and profit from Kogan Mobile, Kogan Internet, Kogan Insurance and Kogan Travel ("New Verticals").

Kogan.com has signed an agreement with Vodafone New Zealand Limited that will see Kogan.com offering telecommunications services in New Zealand.

Kogan.com has also signed agreements with Adelaide Bank and Pepper Group Limited. These agreements will see Kogan.com offering competitive home loan products to Australian homeowners and investors under a new brand, Kogan Money.

Both Kogan Mobile New Zealand and Kogan Money Home Loans will launch during FY19.

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

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

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors have declared a final dividend of 6.1 cents per ordinary share, fully franked. The record date of the dividend is 24 August 2018 and the dividend will be paid on 7 September 2018. The dividend was not determined until the 17 August 2018 and accordingly no provision has been recognised as at 30 June 2018.

Changes in the goods and services tax in Australia ("GST") came into effect from 1 July 2018.

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 and its related bodies corporate until seven years after a Director ceases to hold office as a Director or a related 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

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

DIVIDENDS

In respect of the financial year ended 30 June 2018, the Directors:

- declared a fully franked interim dividend of 6.9 cents per ordinary share. The record date of the dividend is 1 March 2018 and the dividend was paid on 13 March 2018.
- declared a fully franked final dividend of 6.1 cents per ordinary share. The record date of the dividend is 25 August 2017 and was paid on 4 September 2017.

Details with respect to the distributions paid during the year are provided in Note 3.3.2.

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

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 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.

DIRECTORS' REPORT CONTINUED

The following fees were paid or payable to KPMG for non-audit services provided during the year ended 30 June 2018:

	\$
Advisory services	46,000
Taxation services	55,622
	101,622

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the financial year ended 30 June 2018 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)
Non-Executive Chairman

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, Greg led growth and diversification from its traditional Australian base through joint ventures and acquisitions in China and Southeast Asia. Recently he has focused on intensive business improvement, acting as CEO at the Australian Institute of Architects, CEO at Phoenix Australia and as CFO at World Vision Australia. Greg is experienced in leading businesses in multiple countries, cultures, economic circumstances and market conditions.

Greg 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. Greg is a CPA and graduated 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



Ruslan Kogan

(BBS)
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.

Board Committee membership

- Member of the Remuneration and Nomination Committee

**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 Operating Officer and Executive Director in November 2010.

Prior to joining Kogan.com, Mr Shafer was a 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.

Board Committee membership

- Member of the Audit and Risk Management Committee
 - Member of the Remuneration and Nomination Committee until June 2018.
-

**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 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
-

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.

Adam Sutherland (Mertons Corporate Services Pty Ltd)

Joint Company Secretary

Adam Sutherland is an experienced corporate governance professional and is Company Secretary for a number of ASX listed entities. He has expertise in corporate compliance obligations, including ASX and ASIC requirements. Currently a Corporate Governance Advisor at Mertons Corporate Services Pty Ltd, Adam has also held legal support and corporate compliance roles with Crown Resorts Limited and Crown Melbourne Limited.

He holds an Advanced Diploma of Business (Legal Practice) from RMIT and Certificate in Corporate Governance from the Governance Institute of Australia.

MEETINGS OF DIRECTORS

Directors' meetings held between 1 July 2017 and 30 June 2018:

	BOARD		AUDIT AND RISK		REMUNERATION AND NOMINATION	
	A	B	A	B	A	B
Greg Ridder	10	10	3	3	2	2
Harry Debney	10	9	3	3	2	2
Ruslan Kogan	10	10	3 ⁽¹⁾	3 ⁽¹⁾	2	2
David Shafer	10	10	3	3	2	2

(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 interests 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.

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 Director's relevant interest in shares of the Company at the date of this report.

	Ordinary Shares
Ruslan Kogan	24,904,461
David Shafer	9,543,688
Greg Ridder	160,500
Harry Debney	245,198

SHARE RIGHTS

Unissued Shares under Rights

All rights were granted during the current financial year.

At 30 June 2018 unissued shares of the Group under right are:

Vest Date	Average Rights Price	Number of Shares
30 June 2018	2.48	232,181
31 December 2018	5.26	21,713
30 June 2018	2.91	234,083
31 December 2019	4.15	708,535
30 June 2020	2.66	338,741
31 December 2020	4.05	727,903
30 June 2021	2.73	333,015
31 December 2021	4.95	21,759
30 June 2022	4.09	97,809
31 December 2022	8.02	1,146
		2,716,885

All unissued shares are ordinary shares of the Company.

Shares Issued on Exercise of Rights

During the financial year, the Group issued 135,764 ordinary shares as a result of the rights vesting.

REMUNERATION REPORT (AUDITED)

INTRODUCTION

The directors are pleased to present the FY18 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, Non-executive Director
RUSLAN KOGAN	Chief Executive Officer and Executive Director
DAVID SHAFER	Chief Financial Officer, Chief Operating Officer and Executive Director
HARRY DEBNEY	Non-executive Director

REMUNERATION GOVERNANCE

The Board has appointed the Remuneration and Nomination 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 the Directors.

The responsibilities of the Remuneration and Nomination 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 employees;
- 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, member of senior management.

A full charter outlining the Remuneration and Nomination 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 employees. 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 employees 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 Remuneration and Nomination Committee and reported to the Board. The remuneration of senior managers will be reviewed annually by the Remuneration and Nomination Committee. At the absolute discretion of the Remuneration and Nomination 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 employee benefits which include superannuation, leave entitlements and other benefits.

The salaries are normally paid monthly and are based on:

- responsibilities, abilities, experience and performance
- employee's performance in the period since the last review
- the Group's pay structure

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

All KMPs received an adjustment to their fixed remuneration in the 2018 financial year.

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 employees to take more ownership over the EBITDA.
Eligibility	Offers of cash incentive may be made to any employee of the Kogan 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 of Kogan 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 employees in fixed proportions.
Maximum opportunity	The maximum payable is 25% of the outperformance and 35% of the employee's annual salary.
Performance conditions	Outperformance of the actual EBITDA. Continuation of employment.
Why were the performance condition chosen	To achieve successful and sustainable financial business outcomes as well as and annual objectives that drive short-term and long-term business success and sustainability.

Performance period	1 July 2017 to 30 June 2018
Timing of assessment	July 2018, following the completion of the 30 June 2018 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.

Long term incentives – Equity Incentive Plan

The Group has established an Equity Incentive Plan (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.

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 employees more closely with the interests of Shareholders. Reward individual for their contribution to the success of the Group over the long term.
Eligibility	Offers of Incentive Securities may be made to any employee of the Kogan 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	Individual must be employed by the Kogan Group at time of vesting.
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 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'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).
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.

Non-executive directors' remuneration

Kogan.com 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 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 Non-Executive Directors' fees paid or payable to Greg Ridder (as Chairman) and to Harry Debney for FY18 are \$170,000 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.

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 Remuneration and Nomination Committee has regard to 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 people
- 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:

	FY2018	FY2017
Net profit attributable to owners of the company (in \$'m)	14.1	3.7
Earnings per share	0.15	0.04
EBITDA (in \$'m)	26.0	9.5
Dividends paid (in \$'m)	10.0	3.6
Operating income growth	42%	37%
Share Price at 30 June 2018	6.82*	1.67

* Share Price as at Friday 29 June 2018.

Profit is one of the financial performance targets considered in setting the Short Term Incentive (STI). Profit amounts have been calculated in accordance with Australian Accounting Standards (AASBs).

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

Operating income is operating profit as reported in the statement of profit or loss.

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 \$	Superannuation \$	Annual & long service leave \$	Total \$
R. Kogan	2018	385,000	87,068	34,014	36,258	542,340
D. Shafer	2018	330,000	74,663	31,963	31,239	467,865
Total		715,000	161,731	65,977	67,497	1,010,205
R. Kogan	2017	350,000	64,498	25,743	30,374	470,615
D. Shafer	2017	300,000	55,308	24,870	25,874	406,052
Total		650,000	119,806	50,613	56,248	876,667

REMUNERATION REPORT (AUDITED) CONTINUED

Non-executive directors' remuneration

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

		SHORT-TERM BENEFITS	POST- EMPLOYMENT BENEFITS	
	Year	Total fees \$	Superannuation \$	Total \$
Greg Ridder	2018	170,000	-	170,000
Harry Debney	2018	95,000	-	95,000
Total		265,000	-	265,000
Greg Ridder	2017	146,118	13,882	160,000
Harry Debney	2017	85,000	-	85,000
Total		231,118	13,882	245,000

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 2018	% ownership 2018	No. shares held 2017	% ownership 2017
Ruslan Kogan	24,904,461	26.6%	47,430,205	50.8%
David Shafer	9,543,688	10.2%	17,802,705	19.1%
Greg Ridder	160,500	0.2%	111,110	0.2%
Harry Debney	245,198	0.3%	222,221	0.3%

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	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. Dividends paid in FY18 and FY17 are disclosed in the notes to the Financial Statements.

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 Ruslan to govern his employment with Kogan.com.

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

Upon termination of Ruslan's employment, Ruslan will be subject to a restraint of trade period of 12 months during which time Ruslan 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 Ruslan 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 David to govern his employment with Kogan.com.

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

Upon termination of David's employment, David will be subject to a restraint of trade period of 6 months during which time David 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 David 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. Ruslan Kogan is a minority shareholder and director of eStore. The agreement was entered into on arm's length terms.

CONSOLIDATED GROUP			
KMP	Transaction type	2018 \$	2017 \$
Ruslan Kogan	Purchases from eStore warehousing	9,734,113	6,335,297

Kogan Australia Pty Ltd had an amount payable to eStore of \$450,177 as at 30 June 2018 (2017: \$398,261).

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



Greg Ridder

Non-Executive Chairman

Melbourne, 25 September 2018

AUDITOR'S INDEPENDENCE DECLARATION



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

To the Directors 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 2018 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

A handwritten signature in blue ink, appearing to be 'BW Szentirmay', written over a horizontal line.

BW Szentirmay
Partner

Melbourne

25 September 2018

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

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CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

CONSOLIDATED GROUP			
	Note	2018 \$	2017 ¹ \$
Revenue	1.1	412,312,395	289,517,780
Cost of sales	1.2a	(331,718,953)	(237,824,300)
Gross profit		80,593,442	51,693,480
Selling and distribution expenses		(24,526,714)	(15,275,422)
Warehouse expenses		(9,409,514)	(5,810,443)
Administrative expenses		(25,449,124)	(23,108,076)
Other expenses		(1,227,541)	(993,060)
Results from operating activities		19,980,549	6,506,479
Finance income		309,384	469,845
Finance costs	1.2b	(582,695)	(124,694)
Unrealised foreign exchange gain / (loss)		1,299,973	(727,265)
Net finance costs		1,026,662	(382,114)
Profit before income tax		21,007,211	6,124,365
Tax expense	1.3	(6,896,218)	(2,384,500)
Net profit for the period attributable to the members of company		14,110,993	3,739,865
Basic earnings per share	3.4	0.15	0.04
Diluted earnings per share	3.4	0.15	0.04

The accompanying notes form part of these financial statements.

¹ Pursuant to ASIC relief granted on 26 September 2016, the prior reporting period represents the period from 19 May 2016 (Kogan.com Ltd date of incorporation) to 30 June 2017. As Kogan.com Ltd acquired the Kogan group of companies just prior to the date of listing on the Australian Stock Exchange on 7 July 2016, and was previously non-operational, the reporting period represents the trading results of the Kogan group of companies for the twelve months ended 30 June 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		42,617,940	32,027,680
Trade and other receivables	2.1.2a	4,999,536	2,045,324
Inventories	2.1.1	50,200,175	39,741,987
Financial assets		572,708	-
Prepayments and other current assets	2.1.2b	652,478	625,517
TOTAL CURRENT ASSETS		99,042,837	74,440,508
NON-CURRENT ASSETS			
Plant and equipment	2.3	449,088	489,372
Intangible assets	2.2	6,492,748	4,480,040
Deferred tax assets	1.3	-	913,936
TOTAL NON-CURRENT ASSETS		6,941,836	5,883,348
TOTAL ASSETS		105,984,673	80,323,856
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.1.3	45,355,366	28,504,597
Financial liabilities		-	727,265
Current tax liabilities		3,154,445	2,163,197
Employee benefits		684,879	508,188
Provisions		871,493	488,337
Deferred income		7,319,876	5,165,416
TOTAL CURRENT LIABILITIES		57,386,059	37,557,000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	1.3	577,527	-
Employee benefits		110,536	65,614
Provisions		29,293	29,557
TOTAL NON-CURRENT LIABILITIES		717,356	95,171
TOTAL LIABILITIES		58,103,415	37,652,171
NET ASSETS		47,881,258	42,671,685
EQUITY			
Issued capital	3.3.1	167,293,634	167,100,702
Merger reserve	3.3.1	(131,816,250)	(131,816,250)
Other reserves		832,851	(73,547)
Retained earnings		11,571,023	7,460,780
TOTAL EQUITY		47,881,258	42,671,685

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

CONSOLIDATED GROUP

	Note	Share Capital \$	Retained Earnings \$	Merger Reserve \$	Translation Reserve \$	Share based payments Reserve \$	Total Equity \$
Balance at 1 July 2016		343	7,361,042	-	(290,645)	-	7,070,740
Comprehensive income							
Profit for the year		-	3,739,865	-	-	-	3,739,865
Total comprehensive income for the year		-	3,739,865	-	-	-	3,739,865
Transactions with owners, in their capacity as owners, and other transfers							
Issue of ordinary shares, net of issue costs	3.3.1 b	167,100,359	-	-	-	-	167,100,359
Kogan Group restructure		-	(131,816,250)				(131,816,250)
Equity-settled share-based payments	5.2	-	-	-	-	217,098	217,098
Dividends paid	3.3.2	-	(3,640,127)	-	-	-	(3,640,127)
Total transactions with owners, in their capacity as owners		167,100,359	(3,640,127)	(131,816,250)	-	217,098	31,861,080
Balance at 30 June 2017		167,100,702	7,460,780	(131,816,250)	(290,645)	217,098	42,671,685
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 under performance plans	3.3.1 b	192,932	-	-	-	(192,932)	-
Equity-settled share-based payments	5.2	-	-	-	-	1,099,330	1,099,330
Dividends paid	3.3.2	-	(10,000,750)	-	-	-	(10,000,750)
Total transactions with owners and other transfers		192,932	(10,000,750)	-	-	906,398	(8,901,420)
Balance at 30 June 2018		167,293,634	11,571,023	(131,816,250)	(290,645)	1,123,496	47,881,258

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		448,098,179	291,236,987
Payments to suppliers and employees		(416,051,385)	(280,322,571)
Interest received		309,384	469,845
Finance costs paid		(114,070)	(159,806)
Income tax paid		(4,413,508)	(287,785)
Net cash provided by operating activities	1.4	27,828,600	10,936,670
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(130,497)	(87,311)
Purchase of intangible assets		(7,107,093)	(3,465,506)
Net cash (used in) investing activities		(7,237,590)	(3,552,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		-	34,999,999
Transaction costs related to the issue of shares		-	(3,624,346)
Repayment of borrowings		-	(4,900,000)
Dividends/distributions paid		(10,000,750)	(3,640,127)
Net cash provided by/(used in) financing activities		(10,000,750)	22,835,526
Net increase in cash held		10,590,260	30,219,379
Cash and cash equivalents at beginning of financial year		32,027,680	1,808,301
Cash and cash equivalents at end of financial year	3.2	42,617,940	32,027,680

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

BASIS OF PREPARATION

The financial report of Kogan.com Ltd and its controlled entities ("the Group") for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 25 September 2018.

Pursuant to ASIC relief granted on 26 September 2016, the prior reporting period represents the period from 19 May 2016 (Kogan.com Ltd date of incorporation) to 30 June 2017. As Kogan.com Ltd acquired the Kogan group of companies just prior to the date of listing on the Australian Stock Exchange on 7 July 2016, and was previously non-operational, the reporting period represents the trading results of the Kogan group of companies for the twelve months ended 30 June 2017.

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.

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2007*, Australian Accounting Standards and Interpretations of the Australian 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 2017.

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.

A. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Kogan.com Ltd) and all of the subsidiaries (including any structured entities), in line with AASB 10 *Consolidated Financial Statements*. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its 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.

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 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 Australian 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 Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Estimates and judgments that have the most significant effect on the amounts recognised in the financial statements are:

- The provisions for warranties and sales returns are based on estimates from historical warranty and sales returns data associated with similar products and services. The Group expects to incur most of the liability over this next year.
- The assessment of the carrying value of non-current assets, including intangible assets, is based on management's assessment of the nature of the capitalised costs and their expected continued contribution of economic benefit to the Group, having regard to actual and forecast performance and profitability.
- The provision for slow moving and obsolete inventory is based on estimates of net realisable value of aged items over 365 days.

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 of \$131,816,250 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.

The prior year comparatives, reflect a full 12 months of trading for all Kogan group entities as if they were a consolidated group in both reporting periods. This ensures consistency of presentation with historical and forecast financial information contained in the prospectus.

E. Functional and Presentation Currency

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

SECTION 1: BUSINESS PERFORMANCE

1.1 Revenue

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Prior to these conditions being met, receipts from the sale of goods are recorded in deferred income. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sale of goods, the transfer usually occurs upon dispatch of the goods, where risks and rewards contractually transfer 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 in providing mobile and travel services 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 obligation to the customer, in line with the terms and conditions of sale.

SECTION 1: BUSINESS PERFORMANCE *(continued)***1.1 Revenue** *(continued)*

	CONSOLIDATED GROUP	
	2018	2017
	\$	\$
Revenue		
Sales revenue:		
– sale of goods	389,884,367	276,496,962
– rendering of services	18,986,988	9,971,911
	408,871,355	286,468,873
Other revenue:		
– marketing subsidies	1,249,736	893,198
– ispONE settlement	–	399,094
– other revenue	2,191,304	1,756,615
	3,441,040	3,048,907
Total revenue	412,312,395	289,517,780

1.2a Profit for the Year**Expenses**

	2018	2017
	\$	\$
Cost of sales	325,356,947	232,281,905
Cost of services	6,362,006	5,542,395
Total Cost of sales	331,718,953	237,824,300
Employee benefit expense	15,513,108	13,369,326 ¹
Depreciation and amortisation expense	5,339,333	3,823,701
Costs associated with the group's Initial Public Offering not eligible to be offset against issued share capital	–	1,799,602

¹ Includes \$1,183,749 of bonus shares issued to certain senior management (excluding Ruslan Kogan and David Shafer) upon the company's IPO.

1.2b Finance Costs

	2018	2017
	\$	\$
Realised foreign exchange (gains)/losses	468,625	(35,112)
Finance costs on debt facilities	114,070	159,806
Total Finance costs	582,695	124,694

1.3 Tax Balances

The 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 asset 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 asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to 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 liabilities 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	
	2018 \$	2017 \$
a. The components of tax expense comprise:		
Current tax	5,703,917	3,310,357
Deferred tax	1,270,983	(574,400)
Under-provision in respect of prior years	(78,682)	(351,457)
	6,896,218	2,384,500
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% (2017: 30%):		
- consolidated group	6,302,163	1,837,309
Add:		
- Tax effect of:		
- amortisation of intangibles	326,331	444,985
- shared based payments	329,799	436,424
- entertainment (non-deductible)	31,735	51,567
- other items	49,558	4,290
Less:		
Tax effect of:		
- prior year losses now recognised	-	(111,604)
- rebateable fully franked dividends	-	70,560
- Research and development tax benefit	(65,016)	-
- current year revenue losses not recognised	330	2,425
- over provision of prior year income tax	(78,682)	(351,456)
Income tax attributable to the Group	6,896,218	2,384,500
The applicable weighted average effective tax rates are as follows:	33%	39%

SECTION 1: BUSINESS PERFORMANCE *(continued)***1.3 Tax Balances** *(continued)*

The effective tax rate for FY18 of 33% reflects the impact of non-deductible intangible amortisation and other non-deductible costs, offset by research and development tax benefit and an overprovision for income tax in the prior year.

	CONSOLIDATED GROUP	
	2018	2017
	\$	\$
Current and deferred tax balances:		
Assets		
CURRENT/NON-CURRENT		
Deferred tax asset	-	913,936
Total	-	913,936
Liabilities		
CURRENT		
Current tax liabilities	3,154,445	2,163,197
Deferred tax liabilities	577,527	-
Total	3,731,972	2,163,197

Movements in Deferred tax balances

								BALANCE AT 30 JUNE		
2018	Net balance at 1 July	Under/Over	Recognised in profit or loss	Recognised in OCI	Recognised directly to equity	Acquisitions	Other	Net	Deferred tax assets	Deferred tax liabilities
Property, plant & equipment	11,745	-	4,361	-	-	-	-	16,106	16,106	-
Intangible assets	(736,663)	-	(758,513)	-	-	-	-	(1,495,176)	-	(1,495,176)
Financial assets	218,180	-	(389,992)	-	-	-	-	(171,812)	-	(171,812)
Employee benefits	155,266	-	45,986	-	-	-	-	201,252	201,252	-
Provisions	337,845	-	7,467	-	-	-	-	345,312	345,312	-
Other items	926,494	-	(406,268)	-	-	-	-	520,226	520,226	-
Tax losses carried forward	1,069	-	5,496	-	-	-	-	6,565	6,565	-
Net tax assets (liabilities)	913,936	-	(1,491,463)	-	-	-	-	(577,527)	1,089,461	(1,666,988)

								BALANCE AT 30 JUNE		
2017	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	6,723	-	5,022	-	-	-	-	11,745	11,745	-
Intangible assets	(50,642)	(355,354)	(330,667)	-	-	-	-	(736,663)	-	(736,663)
Financial assets	-	-	218,180	-	-	-	-	218,180	218,180	-
Employee benefits	115,379	-	39,887	-	-	-	-	155,266	155,266	-
Provisions	247,380	2,100	88,365	-	-	-	-	337,845	337,845	-
Other items	18,951	-	575,519	-	332,024	-	-	926,494	926,494	-
Tax losses carried forward	1,745	-	(676)	-	-	-	-	1,069	1,069	-
Net tax assets (liabilities)	339,536	(353,254)	595,630	-	332,024	-	-	913,936	1,650,599	(736,663)

1.4 Notes to the Cash Flow Statement

			CONSOLIDATED GROUP	
			2018 \$	2017 \$
a. Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax				
Profit/(loss) after income tax			14,110,993	3,739,865
Non-cash flows in profit:				
- depreciation & amortisation			5,339,333	3,823,701
- transaction cost related to the issue of shares			-	1,799,602
- issue of performance rights and shares			1,099,330	1,743,603
- write off of intangibles			-	3,762
- unrealised foreign exchange movement			(1,299,973)	727,265
Changes in assets and liabilities:				
- (increase)/decrease in trade and term receivables			(2,954,212)	936,557
- (increase)/decrease in prepayments and other assets			(101,129)	779,406
- (increase) in inventories			(10,458,188)	(19,209,612)
- increase in trade payables and accruals			16,850,771	13,617,571
- increase in deferred income			2,154,460	782,649
- increase in provisions			604,505	471,287
- increase in income taxes receivable			-	132,217
- increase in income taxes payable			991,247	2,163,197
- increase in deferred taxes payable			577,527	-
- decrease/(increase) in deferred taxes receivable			913,936	(574,400)
Cash flows from operating activities			27,828,600	10,936,670

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	
	2018 \$	2017 \$
CURRENT		
Inventory in transit	9,789,279	9,013,522
Inventory on hand	40,410,896	30,728,465
	50,200,175	39,741,987

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	
	2018 \$	2017 \$
CURRENT		
Trade receivables	2,676,873	1,785,268
	2,676,873	1,785,268
Other receivables	2,322,663	260,056
Total current trade and other receivables	4,999,536	2,045,324

Credit risk

The Group has no significant concentration of credit risk with respect to 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	
AUD	2018 \$	2017 \$
Australia	4,999,536	2,045,324
	4,999,536	2,045,324

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 transaction. 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) are considered to be of high credit quality.

The Group had one customer that owed more than \$499,954 as at 30 June 2018 (2017: \$204,532).

		PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)				
	Gross Amount \$	Past Due and Impaired \$	< 30 \$	31-60 \$	61-90 \$	> 90 \$
2018						
Trade and term receivables	2,676,873	-	2,522,174	76,032	56,537	22,130
Other receivables	2,322,663	-	2,322,663	-	-	-
Total	4,999,536	-	4,844,837	76,032	56,537	22,130
2017						
Trade and term receivables	1,785,268	-	1,776,142	1,647	1,882	5,597
Other receivables	260,056	-	260,056	-	-	-
Total	2,045,324	-	2,036,198	1,647	1,882	5,597

2.1.2b Other Current Assets

CONSOLIDATED GROUP		
	2018 \$	2017 \$
Prepayments	546,732	445,287
Rental bond	29,197	29,197
Other	76,549	151,033
	652,478	625,517

2.1.3 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. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

CONSOLIDATED GROUP		
	2018 \$	2017 \$
CURRENT		
Trade payables	32,504,512	21,176,695
Other payables	10,914,140	5,936,089
Accrued expenses	1,936,714	1,391,813
	45,355,366	28,504,597

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 probable 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 profit or loss.

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 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 CGUs.

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 market 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 profit or loss. 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

	2018 \$	2017 \$
Patents and Trademarks:		
Cost	625,153	358,425
Accumulated amortisation	(355,316)	(227,715)
Net carrying amount	269,837	130,710
Website development costs:		
Cost	4,056,281	2,893,581
Accumulated amortisation	(2,870,315)	(2,049,982)
Net carrying amount	1,185,966	843,599
Software costs:		
Cost	831,792	784,946
Accumulated amortisation	(788,011)	(697,809)
Net carrying amount	43,781	87,137
Intellectual Property:		
Cost	13,643,245	8,012,425
Accumulated amortisation	(8,650,081)	(4,593,831)
Net carrying amount	4,993,164	3,418,594
Total intangibles	6,492,748	4,480,040

	Patents and Trademarks \$	Website Development costs \$	Software costs \$	Intellectual Property \$	Total \$
Consolidated Group:					
Year ended 30 June 2017					
Balance at the beginning of the year	108,428	643,410	349,303	3,532,332	4,633,473
Additions	113,748	747,184	17,244	2,555,154	3,433,330
Write offs	(3,762)	-	-	-	(3,762)
Effect of movements in exchange rates	-	-	-	-	-
Amortisation charge	(87,704)	(546,995)	(279,410)	(2,668,892)	(3,583,001)
Closing value at 30 June 2017	130,710	843,599	87,137	3,418,594	4,480,040
Year ended 30 June 2018					
Balance at the beginning of the year	130,710	843,599	87,137	3,418,594	4,480,040
Additions	266,728	1,162,700	46,846	5,630,819	7,107,093
Effect of movements in exchange rates	-	-	-	-	-
Amortisation charge	(127,601)	(820,333)	(90,202)	(4,056,249)	(5,094,385)
Closing value at 30 June 2018	269,837	1,185,966	43,781	4,993,164	6,492,748

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 or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of 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 plant and equipment is reviewed annually by directors 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 consolidated 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 probable 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 profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated 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 and furniture (reducing balance & straight line basis)	10-25%
Leasehold improvements	20%

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 profit or loss in the period in which they arise.

CONSOLIDATED GROUP

	2018 \$	2017 \$
Plant and Equipment		
Computer Equipment:		
At cost	307,608	234,996
Accumulated depreciation	(253,233)	(183,776)
	54,375	51,220
Office Equipment:		
At cost	924,806	878,010
Accumulated depreciation	(552,015)	(455,037)
	372,791	422,973
Leasehold improvements:		
At cost	34,144	23,055
Accumulated amortisation	(12,222)	(7,876)
	21,922	15,179
Total plant and equipment	449,088	489,372

a. 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:

	Computer Equipment \$	Office Equipment \$	Leasehold improvements \$	Total \$
Consolidated Group:				
Balance at 1 July 2016	33,854	519,674	17,774	571,302
Additions	67,963	18,643	705	87,311
Depreciation expense	(50,597)	(115,344)	(3,300)	(169,241)
Balance at 30 June 2017	51,220	422,973	15,179	489,372
Additions	72,612	46,796	11,089	130,497
Depreciation expense	(69,457)	(96,978)	(4,346)	(170,781)
Balance at 30 June 2018	54,375	372,791	21,922	449,088

SECTION 3: CAPITAL STRUCTURE AND FINANCING

3.1 Loan and Borrowings

The group's interest-bearing loans and borrowings are measured at amortised cost.

On 31 May 2016, the Group signed a new multi-option facility agreement with Westpac Banking Corporation, maturing on 31 May 2019. The Facility includes a Cash Advance Facility, Trade Finance Facility and LC Facility with a total limit of \$10.0 million.

There were no amounts drawn down under the facility at 30 June 2018 (30 June 2017: nil).

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)***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 and derivatives.

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the consolidated 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 the maintenance of 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 securing the 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 of purchase.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 2.1.2a.

Credit risk related to balances with banks and other financial institutions is managed by the Board. The following table provides information regarding the credit risk relating to cash and money market securities.

CONSOLIDATED GROUP

	2018 \$	2017 \$
Cash and cash equivalents	42,617,940	32,027,680
	42,617,940	32,027,680

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:

- preparing forward-looking cash flow analyses 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	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Financial liabilities due for payment								
Borrowings		-	-	-	-	-		-
Trade and other payables	(45,355,366)	(28,504,597)	-	-	-	-	(45,355,366)	(28,504,597)
Total expected outflows	(45,355,366)	(28,504,597)	-	-	-	-	(45,355,366)	(28,504,597)
Financial assets – cash flows realisable								
Cash and cash equivalents	42,617,940	32,027,680	-	-	-	-	42,617,940	32,027,680
Trade, term and loan receivables	4,999,536	2,045,324	-	-	-	-	4,999,536	2,045,324
Total anticipated inflows	47,617,476	34,073,004	-	-	-	-	47,617,476	34,073,004
Net (outflow)/inflow on financial instruments	2,262,110	5,568,407	-	-	-	-	2,262,110	5,568,407

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)***3.2 Capital and Financial Risk Management** *(continued)***c. Market risk****(i) 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.

Subsequent to 30 June 2017, the balance of borrowings was fully repaid out of IPO proceeds.

(ii) 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 AUD 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 the exception of ageing and obsolete inventory) according to specified target Gross Margins, rather than to sacrifice Gross Margin in order to drive sales volumes. In an environment in which the Australian dollar is 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 these contracts.

		NOTIONAL AMOUNTS		AVERAGE EXCHANGE RATE	
		2018 \$	2017 \$	2018 \$	2017 \$
Consolidated Group					
Buy USD / sell AUD:					
Settlement	- less than 6 months	47,053,962	28,508,771	0.75	0.75
	- 6 months to 1 year	-	-	-	-

The fair value of foreign exchange contracts at 30 June 2018 totalled \$572,708 (2017: \$(727,265)).

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 2018			
+/-10bps in foreign exchange rates		4,705,396	4,705,396
Year ended 30 June 2017			
+/-10bps in foreign exchange rates		2,850,877	2,850,877

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 Standard.

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.

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)***3.2 Capital and Financial Risk Management** *(continued)***Financial Instruments** *(continued)*

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.

I. Loans and receivables

Loans and receivables 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.

II. Financial liabilities

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

Derivative instruments

The group enters into forward exchange 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

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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

CONSOLIDATED GROUP			
	Note	2018 \$	2017 \$
Financial assets			
Cash and cash equivalents		42,617,940	32,027,680
Loans and receivables	2.1.2a	4,999,536	2,045,324
Financial assets		572,708	-
Total financial assets		48,190,184	34,073,004
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	2.1.3	45,355,366	28,504,597
- borrowings		-	-
- financial liabilities		-	727,265
Total financial liabilities		45,355,366	29,231,862

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 13: *Fair Value Measurement* 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.

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.

Cash and cash equivalents are level 1 measurements, whilst foreign exchange contracts are level 2. The fair value of foreign exchange contracts at 30 June 2018 totalled \$572,708 (asset) (2017: \$727,265 (liability)). This represented the amount 'in the money' on outstanding forward foreign exchange contracts as at 30 June 2018.

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 when material.

The fair value of forward exchange contracts is determined based on an external valuation report using forward exchange rates at the balance sheet date.

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)***3.3.1 Issued Capital And Reserves****a. Ordinary Shares**

CONSOLIDATED GROUP				
	2018 \$	2017 \$	2018 No.	2017 No.
Fully paid ordinary shares	167,293,634	167,100,702	93,472,345	93,336,581
	167,293,634	167,100,702	93,472,345	93,336,581

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

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.

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. The gearing ratios for the years ended 30 June 2018 and 30 June 2017 are as follows:

CONSOLIDATED GROUP			
	Note	2018 \$	2017 \$
Total borrowings		-	-
Less cash and cash equivalents		(42,617,940)	(32,027,680)
Net debt		(42,617,940)	(32,027,680)
Total equity		47,881,258	42,671,685
Gearing ratio		-%	-%

3.3.2 Distributions

CONSOLIDATED GROUP		
	2018 \$	2017 \$
Dividends/Distributions paid during the year	10,000,750	3,640,127
	10,000,750	3,640,127

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 2018 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 2018 and will be recognised in subsequent financial reports.

Dividends	2018 Final	2018 Interim	2017 Final	2017 Interim
Dividend per share (in cents)	6.1	6.9	3.8	3.9
Franking percentage	100%	100%	100%	100%
Payment date	7 September 2018	13 March 2018	4 September 2017	24 March 2017
Dividend record date	24 August 2018	1 March 2018	25 August 2017	9 March 2017

b. Franking credits

The franking account balance as at 30 June 2018 is \$4,982,464 (2017: nil).

SECTION 3: CAPITAL STRUCTURE AND FINANCING *(continued)***3.4 Earnings Per Share****a. Basic earnings per share**

	CONSOLIDATED GROUP	
	2018 \$	2017 \$
Net profit for the reporting period	14,110,993	3,739,865
Adjustments to reflect dividends paid	-	-
Net profit for the reporting period used in calculating EPS	14,110,993	3,739,865
Weighted average number of ordinary shares of the entity	93,466,568	91,801,537
Basic earnings per share	0.15	0.04

b. Diluted earnings per share

	CONSOLIDATED GROUP	
	2018 \$	2017 \$
Net profit for the reporting period	14,110,993	3,739,865
Weighted average number of ordinary shares of the entity – diluted		
Weighted average number of ordinary shares of the entity on issue	93,466,568	91,801,537
Adjustments to reflect potential dilution for performance rights	1,247,616	509,062
Diluted weighted average number of ordinary shares of the entity	94,714,184	92,310,599
Diluted earnings per share	0.15	0.04

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 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	
		2018 %	2017 %
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

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 all 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 the subsidiaries listed above. As all 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.

SECTION 4: GROUP STRUCTURE *(continued)***4.3 Parent Entity Disclosures**

	2018 \$	2017 \$
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	36,121,929	36,620,011
Non-current assets	-	-
TOTAL ASSETS	36,121,929	36,620,011
LIABILITIES		
Current liabilities	-	-
Non-current liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	36,121,929	36,620,011
EQUITY		
Issued capital	35,477,041	35,278,377
Performance rights reserve	1,123,496	217,098
Distribution of profit	(10,000,750)	(3,640,127)
Retained earnings	9,522,142	4,764,663
TOTAL EQUITY	36,121,929	36,620,011

Statement of Profit or Loss and Other Comprehensive Income

Total profit	(599,661)	(2,801,637)
Total comprehensive income	(599,661)	(2,801,637)

The parent did not have any material contingent liabilities at period end (2017: \$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 that entity, are considered key management personnel (refer to 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 (2017: 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.

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		
	2018 \$	2017 \$
Purchases from eStore warehousing	9,734,113	6,335,297
Amounts payable to eStore as at 30 June	450,177	398,261

SECTION 5: EMPLOYEE REWARD AND RECOGNITION

5.1 Key Management Personnel Compensation

Ruslan Kogan and David Shafer are subject to employment contracts with base salaries of \$385,000 and \$330,000, respectively, plus superannuation. The Board may invite Ruslan Kogan and David Shafer to participate in Kogan.com's incentive programs (refer to the Remuneration Report).

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:

	Held at 1 July 2017	Received on exercise of rights	Shares purchased	Shares sold	Held at 30 June 2018
Ruslan Kogan	47,095,205	–	–	(17,689,279)	29,405,926
David Shafer	17,802,705	–	–	(6,510,482)	11,292,223

Non-executive directors

	Held at 1 July 2017	Received on exercise of rights	Shares purchased	Shares sold	Held at 30 June 2018
Greg Ridder	111,110	–	41,390	–	152,500
Harry Debney	222,221	–	22,977	–	245,198

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)***5.2 Incentive Plans**

Kogan.com Ltd has adopted an equity incentive plan to assist in the motivation and retention of management and selected employees.

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 employees. 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 employees will consist of the following components:

- Fixed remuneration (inclusive of superannuation); and
- Equity based long-term incentives.

The Group has established an Equity Incentive Plan (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. 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.

Kogan.com Ltd has adopted the EIP in order to assist in the motivation and retention of senior management and other selected employees of Kogan.com. The EIP is designed to align the interests of eligible employees more closely with the interests of Shareholders, by providing an opportunity for eligible employees to receive an equity interest in Kogan.com.

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 employees to take more ownership over the EBITDA.
Eligibility	Offers of cash incentive may be made to any employee of the Kogan 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 of Kogan shall exceeds 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 employees in fixed proportions.
Maximum opportunity	The maximum payable is 25% of the outperformance and 35% of the employee's annual salary.
Performance conditions	Outperformance of the actual EBITDA. Continuation of employment.
Why were the performance condition chosen	To achieve successful and sustainable financial business outcomes as well as and annual objectives that drive short-term and long-term business success and sustainability.
Performance period	1 July 2017 to 30 June 2018
Timing of assessment	July 2018, following the completion of the 30 June 2018 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.

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 Kogan 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 Kogan Group at time of vesting.
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

Equity-settled transactions

The charge related to equity-settled transactions with employees 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 employees, whereby employees 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 are recognised in the 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. Individual must be employed by the Kogan Group at time of vesting to be entitled to the equity incentive.

Cash-settled transactions

The amount payable to employees in respect of cash-settled share-based payments is recognised as an expense, with a corresponding increase in liabilities, over the period which the employees 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.

SECTION 5: EMPLOYEE REWARD AND RECOGNITION *(continued)***5.2 Incentive Plans** *(continued)***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 June 2017	30 June 2017	31 Dec 2019	31 Dec 2017
	30 June 2018	30 June 2018	31 Dec 2020	31 Dec 2018
	30 June 2019	30 June 2019		31 Dec 2019
	30 June 2020	30 June 2020		31 Dec 2020
	30 June 2021	30 June 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 June 2018	30 June 2018	30 June 2018	30 June 2020
	30 June 2019	30 June 2019	30 June 2019	30 June 2021
	30 June 2020	30 June 2020	30 June 2020	
	30 June 2021	30 June 2021		
	30 June 2022			
Dividend yield	6.3%	6.3%	6.3%	6.3%

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 June 2018	31 Dec 2018	30 June 2019
	31 Dec 2019	30 June 2019	31 Dec 2019	30 June 2020
	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2021
	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2022
		30 June 2022	31 Dec 2022	
Dividend yield	2.1%	2.1%	1.5%	1.9%

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. 2018	No. 2017
Outstanding at beginning of period	2,809,450	-
Granted during the period	145,395	2,841,395
Exercised during the period	(135,764)	-
Forfeited during the period	(102,196)	(31,945)
Expired during the period	-	-
Outstanding at the end of the period	2,716,885	2,809,450
Exercisable at the end of the period	232,181	134,745

Expense recognised in profit or loss

During the period the Group recognised a share-based payment expense of \$1,099,330 (2017: \$217,098) which relates to performance rights granted during the year or in previous years.

The Group also recognised an expense of \$762,064 (2017: \$584,705) in relations to cash based short term incentives.

SECTION 6: OTHER**6.1 Subsequent Events****Dividends**

The Directors have declared a final dividend of 6.1 cents per ordinary share, fully franked. The record date of the dividend is 24 August 2018 and the dividend will be paid on 7 September 2018. The dividend was not determined until the 17 August 2018 and accordingly no provision has been recognised as at 30 June 2018.

Changes in the goods and services tax in Australia ("GST") came into effect from 1 July 2018.

6.2 Remuneration of Auditors

	CONSOLIDATED GROUP	
	2018 \$	2017 \$
Remuneration of the auditor for:		
- auditing or reviewing the financial statements	207,093	189,625
- IPO related advisory services including due diligence, taxation and remuneration	-	295,048
- Other advisory services (including R&D tax)	101,622	42,204
	308,715	526,877

6.3 Capital and Leasing Commitments

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

	2018 \$	2017 \$
Payable - minimum lease payments:		
- not later than 12 months	594,446	575,027
- between 12 months and 5 years	1,305,257	1,899,703
- later than 5 years	-	-
	1,899,703	2,474,730

The property lease is a non-cancellable lease with a 4-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the lower of the change in the consumer price index (CPI) or 3.5% per annum. An option exists to renew the lease at the end of the 4-year term for an additional term of 3 years.

6.4 New Accounting Standards

a. New and amended accounting standards adopted by the Group

In the current year, the Group has applied a number of new and revised accounting standards issued by the Australian Accounting Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2017.

The new and revised standards adopted by the Group for its annual reporting period beginning on 1 July 2017 are AASB 2016-1: *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* and AASB 2016-1: *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*. The adoption of these standards has not resulted in any impact to the financial reporting of the Group.

b. New accounting standards and interpretations issued but not yet effective

Title of Standard	Summary and impact on Group's financial statements	Application date of Standard	Application date for Group for financial year ending
AASB 16 <i>Leases</i>	AASB 16 introduces three main changes: 1. Enhanced guidance on identifying whether a contract contains a lease. 2. A completely new lease accounting model for lessees that requires lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. 3. Enhanced disclosures. As at the reporting date, the group has non-cancellable operating lease commitments of \$1,899,703. The Group has decided not to early adopt AASB 16, this is in line with the requirement to adopt AASB 15 at the same time. Once adopted, the structure of cash flows and the presentation of the balance sheet and income statement will change. Based on the entity's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have a material impact on the transactions and balances recognised in the financial statements, in particular: • lease assets and financial liabilities on the balance sheet will increase (based on the facts at the date of the assessment); • there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities; • EBIT and EBITDA in the consolidated income statement and consolidated statement of comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses. This will impact the cash-based short term incentive payment calculations as payment is based on the actual EBITDA exceeding the management forecast for the full financial year; • Covenants calculation will also be impacted through the fixed charge cover ratio. The entity is not expecting any breaches of covenants following the first-time adoption; • operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.	1 January 2019	30 June 2020

SECTION 6: OTHER *(continued)***6.4 New Accounting Standards** *(continued)*

Title of Standard	Summary and impact on Group's financial statements	Application date of Standard	Application date for Group for financial year ending
AASB 15 <i>Revenue from contracts with customers</i>	AASB 15 replaces AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue and related Interpretations</i>. The core principle of AASB 15 is that revenue is recognised when control of a good or service transfers to a customer at the transaction price. An entity recognises revenue by applying the following steps: Step 1: Identify the contract with a customer Step 2: Identify the performance obligations in the contract Step 3: Determine the transaction price Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. The Group has decided not to early adopt AASB 15 as a detailed assessment of the impact, additional disclosures and reporting requirements is still in progress. A preliminary analysis of AASB 15 Revenue from Contracts with Customers has been completed. Based on the entity's assessment, it is expected that the first-time adoption will have an impact on the transactions and balances recognised in the financial statements, in particular: • Principal vs Agent transactions; • Customers' unexercised contractual rights; • Warranties. Principal vs Agent AASB 15 clarifies the principal versus agent considerations. When another party is involved in providing goods or services to an entity's customer, the entity must determine whether its performance obligation is to provide the good or service itself (i.e., the entity is a principal) or to arrange for another party to provide the good or service (i.e., the entity is an agent). It requires for the entity to assess whether it controls the specified goods or services before they are transferred to the customer. When the entity is the principal in the contract, the revenue recognised is the gross amount to which the entity expects to be entitled. When the entity is the agent, the revenue recognised is the net amount. The Group currently recognises the revenue for Kogan Travel on a gross basis. Kogan Mobile is recorded on a net basis. Upon application of AASB 15, the Group determined that Kogan.com Ltd is an agent in the contract for both Kogan Travel and Kogan Mobile and will therefore record its revenues as the net amount it retains as a commission. It is expected that revenues and cost of sale for Kogan Travel will decrease by the same amount. The net impact on profit and loss will be nil.	1 January 2018	30 June 2019

Title of Standard	Summary and impact on Group's financial statements	Application date of Standard	Application date for Group for financial year ending
	Customers' unexercised contractual rights When an entity receives a non-refundable prepayment from the customer, the customer has an unexercised right to receive goods/services in the future, which some customers may not use (typically termed as 'breakage'). For example, these would include gift vouchers, Kogan travel vouchers, Mobile vouchers. With the new AASB 15, an entity is required to consider whether or not the customer will eventually exercise their rights which will impact the entity's pattern of revenue recognition. The associated amounts paid are treated as variable consideration and recognised as revenue in proportion to the pattern of rights expected to be exercised by the customer. The Group has undertaken an assessment and concluded that customers' unexercised contractual rights is unlikely to materially impact recorded revenue. The Group will continue to recognise breakage when it is highly probable that a significant revenue reversal will not occur.		
	Warranties The new revenue standard identifies two types of warranties: • Warranties that provide a service to the customer in addition to assurance that the delivered product is as specified in the contract (i.e., service-type warranties); and • Warranties that promise the customer that the delivered product is as specified in the contract (i.e., assurance-type warranties). Kogan provides two types of warranties, a standard warranty of 12 months and an extended warranty. We consider the extended warranty we provide beyond 12 months to be a distinct service. We will continue to calculate the warranty liability as per previous financial years. However, upon adoption of AASB 15 the Group will recognise the extended warranty revenue in deferred income and recognise revenue over the warranty period on a straight-line basis. Based on our assessment, it is expected that the liabilities recognised for the extended warranty as a distinct service will increase by \$3,019,471 as at 1 July 2018. The balance will start decreasing and be recognised as revenue on a straight-line basis, once the 12 month period related to the standard warranty is over.		
AASB 9 <i>Financial Instruments</i>	AASB 9 replaces AASB 139 and addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also addresses the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs and risk components that can be hedged. AASB 9 introduces a new expected-loss impairment model that will require entities to account for expected credit losses at the time of recognising the asset. The Group does not expect the adoption of the new Standard to have a material impact on its classification and measurement of the financial assets and liabilities, its hedging arrangements or its results on adoption of the new impairment model. The Group has decided not to early adopt AASB 9.	1 January 2018	30 June 2019

SECTION 6: OTHER *(continued)*

6.5 Company Information

The registered office of the company is:

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

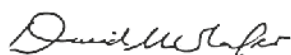
The principal places of business are:

Kogan.com Limited
139 Gladstone Street
South Melbourne VIC

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 34 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 2018 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 2018.

Signed in accordance with a resolution of the directors:



David Shafer
Director

Melbourne, 25 September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOGAN.COM LTD AND CONTROLLED ENTITIES



Independent Auditor's Report

To the shareholders 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 2018 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 2018;
- Consolidated income statement and consolidated statement of 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* (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.



Key Audit Matters

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

- Valuation of inventory
- Provisions for warranties and sales returns

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.

Valuation of inventory (AUD \$40.4m)

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 an appropriate 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 write-downs.	The key procedures we performed included: • We analysed 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; • We gained an understanding of how the inventory system calculates 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; • We compared 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 • We assessed 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 Australian Accounting Standards.


Provisions for warranties and sales returns (AUD \$0.7m)

Refer to Note 1.1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
It is the Group's policy that: - Sales are recorded at the time that goods are shipped to customers based on the price specified in the sales contract; and - Estimated costs associated with warranties and returns are recorded at the time that the sale is recognised based on historical claim and return experience. At year-end, provisions for expected warranty claims and sales returns that have been incurred and not yet paid are estimated by the Group. We identified these provisions as a key audit matter as there is a risk that the year-end provision is not representative of the underlying warranty and sales return profile taking into account factors such as changes in the product mix, or specific product quality or performance issues. Significant audit effort is required to respond to this risk.	The key procedures we performed included: - We assessed historical product warranty claim and sales returns profiles and trends, and compared this historical data to what was used in the Group's year-end provision; - We compared the warranty claims and sales returns recorded subsequent to 30 June 2018 to the year-end composition for consistency; - We challenged the use of historical data as the best estimate for expected future warranty claims and sales returns. We did this by inquiring with management and inspecting relevant reports to understand any specific product quality issues that arose during the year which may impact the year-end provision; and - We assessed the Group's provision determination for consistency with the Group's established accounting policy and Australian 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 Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do 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 Directors for the Financial Report

The Directors are 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
- assessing the Group'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 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/auditors_responsibilities/ar1.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 2018, 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 2018.

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

KPMG
KPMG

A handwritten signature in blue ink, appearing to be 'BW Szentirmay', with a long horizontal flourish extending to the right.

BW Szentirmay

Partner

Melbourne

25 September 2018

SHAREHOLDER INFORMATION

The Shareholder information set out below was applicable as at 12 September 2018.

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

93,708,139 fully paid ordinary shares are held by 8,160 individual shareholders.

All issued ordinary shares carry one vote per share and the rights to dividends.

Performance Rights

2,484,704 performance rights are held by 56 individuals.

All performance rights are unvested and do not carry a right to vote.

B. DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

	Fully paid ordinary shares	Performance rights
1 – 1000	5,022	6
1,001 – 5,000	2,416	7
5,001 – 10,000	450	8
10,001 – 100,000	244	28
100,001 and over	28	7
	8,160	56
Holding less than a marketable parcel	82	-

C. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

Name	Units	% units
Kogan Management Pty Ltd <The Ruslan Tech A/C>	24,569,461	26.22
HSBC Custody Nominees (Australia) Limited	14,613,845	15.60
J P Morgan Nominees Australia Limited	10,132,896	10.81
Shafer Corporation Pty Ltd <The Shafer Family A/C>	9,543,688	10.18
Citicorp Nominees Pty Limited	5,606,562	5.98
National Nominees Limited	3,009,743	3.21
BNP Paribas Noms Pty Ltd <DRP>	1,156,995	1.23
Ecapital Nominees Pty Limited <Accumulation A/C>	1,149,255	1.23
UBS Nominees Pty Ltd	967,541	1.03
Bainpro Nominees Pty Limited	907,901	0.97
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	616,060	0.66
Brispot Nominees Pty Ltd <House Head Nominee A/C>	557,352	0.59
HSBC Custody Nominees (Australia) Limited - A/C 2	517,727	0.55
BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient DRP>	417,671	0.45
Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	404,973	0.43
Mr Goran Stefkovski	297,854	0.32
Mr Richard Ewan Bromley Mews + Mrs Wee Khoon Mews <Mews Superannuation Fund A/C>	223,609	0.24
AET CT Pty Limited <Henroth Pty Limited>	200,000	0.21
Polylux Pty Ltd	200,000	0.21
BNP Paribas Noms (NZ) Ltd <DRP>	186,188	0.20
Totals: Top 20 holders of Issued Capital - Ord and Escrow (Total)	75,279,321	80.33
Total Remaining Holders Balance	18,428,818	19.67

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 12 September 2018:

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	24,904,461	26.58%
David Shafer and Shafer Corporation Pty Ltd as Trustee for the Shafer Family Trust	9,543,688	10.18%
Challenger Limited	5,046,495	5.39%
Greenscape Capital Pty Ltd	4,876,495	5.20%

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

2,484,704 performance rights held by 56 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 and Adam Sutherland, Mertons Corporate Services

PRINCIPAL REGISTERED OFFICE

KOGAN.COM LIMITED

7/330 Collins Street
Melbourne VIC 3000

LOCATION OF SHARE REGISTRY

COMPUTERSHARE

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
+61 3 9415 4000

STOCK EXCHANGE LISTING

Kogan.com Limited (KGN) shares are listed on the ASX.

AUDITORS

KPMG

727 Collins Street
Melbourne Victoria 3008

