

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
The components of tax expense/(benefit) comprise:		
Current Tax	4,439	4,620
Deferred Tax	2,012	16,520
Under/(Over) provision in respect of prior year	122	(3)
Income tax expense attributable to the Group	6,573	21,137
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to income tax as follows:		
(Loss)/profit before tax from continuing operations	(32,892)	21,220
Prima facie tax on (loss)/profit from ordinary activities before income tax at 30% (2024: 30%):	(9,869)	6,366
• Effect of expenses that are not deductible in determining taxable profit ¹⁰	1,094	14,839
• Effect of other deductibles in determining taxable profit	999	(142)
• Effect of Goodwill Impairment that is not deductible in determining taxable profit	13,893	-
• Effect of variations in tax rates of foreign controlled entities	60	(99)
• Under/(Over) provision in respect of prior year	122	(3)
• Other	274	176
Income tax expense attributable to the Group	6,573	21,137
The applicable weighted average effective tax rates are as follows:	n/a	100%

The effective tax rate is a result of the non-deductible Goodwill Impairment expense along with the recognition of Deferred Tax associated with the deductibility of performance rights through the share trust.

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only 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.

10. FY24 includes \$14.7 million non-cash deferred tax asset (DTA) adjustment, with corresponding impact to Income Tax Expense, arising from cash-settlement of the 2020 AGM Executive Options.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
Current and deferred tax balances		
Assets		
Current tax asset	712	217
Deferred tax asset	7,302	9,314
Total	8,014	9,531
Liabilities		
Current tax liabilities	1,703	1,353
Total	1,703	1,353

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Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

Movements in deferred tax balances

2025	BALANCE AT 30 JUNE					
\$000	Net balance at 1 July	Under/ Over	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
Property, plant & equipment	(3,899)	-	1,582	(2,317)	44	(2,361)
Intangible assets	(8,333)	-	883	(7,450)	644	(8,094)
Employee benefits	852	-	81	933	933	-
Provisions	947	-	940	1,887	1,887	-
Lease liability	3,759	-	(1,420)	2,339	2,339	-
Other items	352	-	(338)	14	22	(8)
Share-based payments reserve	2,221	-	(957)	1,264	1,264	-
Tax losses carried forward	13,415	-	(2,783)	10,632	10,632	-
Tax assets/(liabilities) before set-off	9,314	-	(2,012)	7,302	17,765	(10,463)
Set-off of tax				-	(10,463)	10,463
Net tax assets /(liabilities)				7,302	7,302	-
2024	BALANCE AT 30 JUNE					
\$000	Net balance at 1 July	Under/ Over	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
Property, plant & equipment	(3,491)	-	(408)	(3,899)	-	(3,899)
Intangible assets	(9,625)	-	1,292	(8,333)	657	(8,990)
Financial assets	(29)	-	29	-	-	-
Employee benefits	811	-	41	852	852	-
Provisions	2,066	-	(1,119)	947	947	-
Lease liability	2,518	-	1,241	3,759	3,759	-
Other items	493	-	(141)	352	358	(6)
Share-based payments reserve	21,542	-	(19,321)	2,221	2,221	-
Tax losses carried forward	11,549	-	1,866	13,415	13,415	-
Tax assets/(liabilities) before set-off	25,834	-	(16,520)	9,314	22,209	(12,895)
Set-off of tax				-	(12,895)	12,895
Net tax assets/(liabilities)				9,314	9,314	-

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Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

1.4 NOTES TO THE CASH FLOW STATEMENTS

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
Reconciliation of Cash Flows from Operating Activities with Profit/(Loss) after Income Tax		
(Loss)/Profit after income tax	(39,465)	83
Non-cash flows in (loss)/profit:		
• depreciation & amortisation	16,047	15,054
• provision for aged and slow-moving stock	(158)	(2,617)
• share based payments expense	2,270	3,939
• income tax expense	6,573	21,137
• unrealised FX loss	816	107
• realised foreign exchange gain on Mighty Ape Tranche 4 payment	-	(14)
• Goodwill impairment	46,311	-
• accrued short-term incentive payment	-	1,548
• interest expense on lease	448	(73)
• other	30	(47)
Changes in assets and liabilities:		
• (increase) in trade and other receivables	(2,221)	(1,363)
• (increase) in prepayments and other assets	(2,378)	(645)
• decrease/(increase) in inventories	1,004	(2,698)
• increase/(decrease) in trade payables and accruals	10,588	(7,847)
• increase in deferred income	2,622	4,022
• (decrease)/increase in provisions	(524)	324
• (decrease) in tax payable	(4,668)	(2,723)
Cash flows from operating activities	37,293	28,186

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Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

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	
	2025 \$000's	2024 \$000's
CURRENT		
Inventory in transit	12,514	5,487
Inventory on hand	59,672	67,904
Total inventories	72,186	73,391

In 2025, inventories of \$271 million (2024: \$268 million) were recognised as an expense during the year and included in 'cost of sales'.

In addition, inventories were reduced by \$1.1 million (2024: \$1.3 million) as a result of the write-down to net realisable value, which was recognised as an expense during the year.

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 recorded at the transaction price if they do not contain a significant financing component or where the Group has chosen to apply the practical expedient. Subsequently, they are measured at amortised cost using the effective interest method, less any allowance for impairment.

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
CURRENT		
Trade receivables	7,271	3,468
Other receivables	1,720	3,302
Total trade and other receivables	8,991	6,770

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.

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Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

On a geographical basis, the Group has 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:

AUD	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
Australia	8,425	6,329
New Zealand	566	441
	8,991	6,770

2.1.2b Prepayments and Other Current Assets

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
CURRENT		
Prepayments	5,660	3,220
Rental bond	247	247
Total prepayments and other assets	5,907	3,467

2.1.3a Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
CURRENT		
Trade payables	59,970	47,174
Other payables	23,597	25,712
Total Trade and other payables	83,567	72,886

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

2.1.3b Lease liability

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease liability contracts of the Group relate to warehouse space commitments, office premises and logistics equipment, including forklifts. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

As a lessee

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

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

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

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

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

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

When a lease liability is remeasured in this way, an adjustment is made to the lease liability, with a corresponding adjustment to the right-of-use asset.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities separately in the statement of financial position. As at 30 June 2025, the net carrying amount of the right-of-use asset is \$15.2 million (2024: \$21.7 million), please refer to note 2.3.

The lease liability as of 30 June 2025 is presented below:

Lease liability – Maturity analysis

Maturity analysis - contractual undiscounted cash flows	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
Less than one year	9,011	8,737
One to five years	9,473	16,400
More than five years	247	1,052
Total undiscounted lease liabilities as at 30 June	18,731	26,189
Lease liabilities included in the statement of financial position as at 30 June	16,655	23,035
Current	8,191	7,553
Non-current	8,464	15,482

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

2.1.3c Deferred Income

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
CURRENT		
Deferred Income	19,821	17,167
	19,821	17,167
NON CURRENT		
Deferred Income	-	-
Total Deferred Income	19,821	17,167

Deferred Income relates to receipts from the sale of the goods which have not been dispatched and/or delivered, unfulfilled services to be performed under the Group's Kogan FIRST and Mighty Ape PRIMATE loyalty programs and advertising fees received upfront with the obligation to be fulfilled in a future period as per the agreement.

The deferred income balance as at 30 June 2024 was recognised as revenue in its entirety in FY25, subject to any subsequent refunds processed.

2.2 INTANGIBLE ASSETS

(i) Patents and Trademarks

Patents and Trademarks relate to the Company's private label exclusive products as well as brand names and associated images across the various brands including Mighty Ape, Brosa, Matt Blatt, Dick Smith and Kogan.com. They are measured at cost less any accumulated amortisation and accumulated impairment losses.

(ii) 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.

(iii) 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.

(iv) 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

(v) Amortisation

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

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

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

Patents and trademarks	2.5 - 10.0 years
Website development costs	2.0 years
Software costs	2.5 years
Intellectual property	2.0 years
Brand Names	10.0 – 15.0 years

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

(vi) 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 an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in accordance with *AASB 136 Impairment of Assets*.

For impairment testing, assets are grouped into Cash Generating Units (CGU), being the smallest identifiable group of assets that generate largely independent cash inflows. The Group has two CGUs being Kogan.com and Mighty Ape.

The recoverable amount of an asset, or CGU, is the greater of its value-in-use and its fair value less costs of disposal. The value-in-use is based on the estimated future cash flows, discounted to their present value using a post-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 where the carrying amount exceeds the recoverable amount of an asset or CGU. Impairment losses are recognised in the *Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income*. Impairment losses are first applied to reduce the value of any Goodwill allocated to the CGU. Any remaining loss is allocated to other assets within the CGU on a pro-rata basis. Impairment losses recognised for assets other than Goodwill may be reversed in subsequent periods if there has been a change in the estimates used to determine the recoverable amount. Reversals are limited to the carrying amount that would have been recognised had no impairment loss been recorded, net of depreciation or amortisation. Goodwill impairments are never reversed.

(vii) Impairment testing for Goodwill

Goodwill of \$46.3 million was recognised on 3 December 2020 following the acquisition of Mighty Ape Limited. This amount was allocated to the Mighty Ape CGU, which is also a separate operating and reportable segment, based on its expected earnings contribution to the Kogan Group arising from the acquisition.

At 30 June 2025, the Group completed its annual impairment test for the Mighty Ape CGU. The recoverable amount was determined based on a value-in-use model using cash flow projections over a 5-year period based on the Group's Board approved FY26 financial budget, together with future forecasts for FY27 – FY30 that incorporated updated economic outlooks and strategic initiatives.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

The following key assumptions were applied as part of the impairment testing:

- Post-tax discount rate of 12.2%;
- Terminal growth rate of 2.5%;
- Revenue 5-year CAGR¹¹ of 10.2%; and
- A return to positive EBITDA in FY26, with a CAGR¹¹ of 28.3% between FY27 to FY30.

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

- Discount rate – based on Mighty Ape's weighted average cost of capital (WACC). The discount rate is a post-tax measure estimated based on the average rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cashflow, weighted in the proportion to the market value of the debt and equity capital provided.
- Revenue and EBITDA 5-year CAGR¹¹ – reflects Mighty Ape's forecasted operating and financial performance based on past experience, a number of initiatives, improvements from efficiencies and market factors such as forecasted growth in the New Zealand online retail industry.

The recoverable amount determined for the Mighty Ape CGU at 30 June 2025 was \$52.2 million, compared to a carrying value of \$98.5 million. The resulting impairment loss has been directly applied to Goodwill, with \$46.3 million being written off.

The Goodwill impairment reflects impacts from a website upgrade as well as challenging trading conditions in New Zealand. The Company considers the non-cash, one-off write-down to be a prudent step in light of current trading and market conditions. The Company remains confident in a rebound in performance in FY26.

11. Compound Annual Growth Rate

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
Patents, brands and trademarks:		
Cost	46,084	45,695
Accumulated amortisation	(16,112)	(12,801)
Net carrying amount	29,972	32,894
Website development costs:		
Cost	24,410	20,287
Accumulated amortisation	(19,576)	(15,480)
Net carrying amount	4,834	4,807
Software costs:		
Cost	1,288	1,288
Accumulated amortisation	(1,288)	(1,287)
Net carrying amount	-	1
Intellectual property:		
Cost	23,770	23,770
Accumulated amortisation	(23,630)	(23,540)
Net carrying amount	140	230
Goodwill:		
Cost	46,311	46,311
Goodwill Impairment	(46,311)	-
Net carrying amount	-	46,311
Total intangibles	34,946	84,243

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Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

	CONSOLIDATED GROUP					
	Patents, brands and trademarks	Website development costs	Software costs	Intellectual property	Goodwill	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Year ended 30 June 2024						
Balance at the beginning of the year	36,015	5,074	52	701	46,311	88,153
Additions	100	3,352	-	-	-	3,452
Disposals	-	-	-	-	-	-
Amortisation	(3,221)	(3,619)	(51)	(471)	-	(7,362)
Foreign Currency exchange differences	-	-	-	-	-	-
Closing value at 30 June 2024	32,894	4,807	1	230	46,311	84,243
Year ended 30 June 2025						
Balance at the beginning of the year	32,894	4,807	1	230	46,311	84,243
Additions	390	4,123	-	-	-	4,513
Impairment	-	-	-	-	(46,311)	(46,311)
Amortisation	(3,318)	(4,096)	(1)	(90)	-	(7,505)
Foreign Currency exchange differences	6	-	-	-	-	6
Closing value at 30 June 2025	29,972	4,834	-	140	-	34,946

2.3 PROPERTY, PLANT, AND EQUIPMENT

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. 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 the Statement of Comprehensive Income during the financial period in which they are incurred.

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

The carrying amount of property, plant and equipment is reviewed for indicators of impairment annually by management. If an indication of impairment exists, the recoverable amount is assessed for the relevant CGU 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 are discounted to their present values in determining recoverable amounts.

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

Depreciation

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

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

Class of Fixed Asset	Useful lives
Equipment & Vehicles	1.5-15 years
Leasehold improvements	5 years

Class of Fixed Asset	Lease Term
Right of use asset	2-10 years

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

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

	CONSOLIDATED GROUP	
	2025 \$000's	2024 \$000's
Equipment & Vehicles:		
Cost	6,975	6,639
Accumulated depreciation	(4,292)	(3,641)
Net carrying amount	2,683	2,998
Leasehold improvements:		
Cost	39	39
Accumulated depreciation	(39)	(39)
Net carrying amount	-	-
Right-of-use asset:		
Cost	55,454	54,305
Accumulated depreciation	(40,303)	(32,610)
Net carrying amount	15,151	21,695
Total property, plant and equipment	17,834	24,693

Notes to the consolidated financial statements (continued)

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:

	CONSOLIDATED GROUP			
	Equipment & Vehicles	Leasehold improvements	Right-of-use asset	Total
	\$000's	\$000's	\$000's	\$000's
Year ended 30 June 2024				
Balance at the beginning of the year	2,083	1	15,130	17,214
Additions	1,563	-	13,527	15,090
Disposals	(13)	-	-	(13)
Depreciation Expense	(630)	(1)	(7,009)	(7,640)
Foreign Currency exchange differences	(5)	-	47	42
Closing value at 30 June 2024	2,998	-	21,695	24,693
Year ended 30 June 2025				
Balance at the beginning of the year	2,998	-	21,695	24,693
Additions	336	-	1,150	1,486
Disposals	-	-	(1)	(1)
Depreciation Expense	(714)	-	(7,793)	(8,507)
Foreign Currency exchange differences	63	-	100	163
Closing value at 30 June 2025	2,683	-	15,151	17,834

Section 3: Capital Structure & Financing

3.1 LOANS & BORROWINGS

Debt Facilities

The group has multiple available debt facilities. The tables below set out the various structures of the debt facilities for Kogan.com and Mighty Ape as at balance dates. No debt facility was drawn upon as at 30 June 2025 (30 June 2024: Nil).

KOGAN				
Debt Facility	Interest rate ¹²	Maturity	2025	2024
	%		\$000 AUD	\$000 AUD
Trade Finance facility	BBSY+[1.1% to 1.3%]	31 March 2027	15,000	15,000
Cash Advance facility	BBSY+[1.2% to 1.4%]	31 March 2027	20,000	20,000
Total Debt Facility			35,000	35,000

12. The margin added to the BBSY is determined by the leverage ratio.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

MIGHTY APE				
Debt Facility	Interest rate	Maturity	2025	2024
	%		\$000 NZD	\$000 NZD
Overdraft facility	7.27%	N/A	1,500	1,500
Total Debt Facility			1,500	1,500

3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT

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

Financial risk management policies

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

Specific financial risk exposures and management

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

Credit risk

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

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

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

Credit risk exposures

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

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

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

Cash and cash equivalents

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

The Group held cash and cash equivalents of \$42.1 million as at 30 June 2025 and \$41.2 million as at the end of 30 June 2024. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to A-, based on S&P Global Ratings.

With respect to credit risk, the overwhelming majority of the Group's sales are on cash or cash equivalent terms with settlement within 48 business hours.

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

The Group uses a similar approach for assessment of expected credit losses (ECLs) for cash and cash equivalents to those used for debt securities.

No impairment allowance was recognised during FY25 (FY24: Nil).

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

Financial liability and financial asset maturity analysis

		WITHIN 1 YEAR		1 to 5 YEARS		OVER 5 YEARS		TOTAL	
Consolidated Group	Note	2025 \$000	2024 \$000	2025 \$000	2024 \$000	2025 \$000	2024 \$000	2025 \$000	2024 \$000
Financial liabilities due for payment									
Trade and other payables	2.1.3a	(83,567)	(72,886)	-	-	-	-	(83,567)	(72,886)
Lease liabilities	2.1.3b	(9,011)	(8,737)	(9,473)	(16,400)	(247)	(1,052)	(18,731)	(26,189)
Other financial liabilities		(3,918)	(1,756)	-	-	-	-	(3,918)	(1,756)
Total Expected outflows		(96,496)	(83,379)	(9,473)	(16,400)	(247)	(1,052)	(106,216)	(100,831)
Financial assets - cash flows realisable									
Cash and cash equivalents		42,145	41,183	-	-	-	-	42,145	41,183
Trade and other receivables	2.1.2a	8,991	6,770	-	-	-	-	8,991	6,770
Other financial assets		16,862	156	-	-	-	-	16,862	156
Total anticipated inflows		67,998	48,109	-	-	-	-	67,998	48,109
Net (Outflow) on financial instruments		(28,498)	(35,270)	(9,473)	(16,400)	(247)	(1,052)	(38,218)	(52,722)

Market risk

a. Interest rate risk

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

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

b. Foreign exchange risk

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

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

Foreign currency transactions

Functional and presentation currency

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

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Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

Foreign exchange forward contracts

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

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

		CONSOLIDATED GROUP			
		NOTIONAL AMOUNTS		AVERAGE EXCHANGE RATE	
		2025 \$000	2024 \$000	2025 \$	2024 \$
Buy USD/sell AUD					
Settlement	- less than 6 months	16,591	151	0.65	0.67
	- 6 months to a year	-	-	-	-

The fair value of foreign exchange contracts was recognised as a liability of \$223 thousand as at 30 June 2025 (30 June 2024: an asset of \$386).

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 \$000's	Equity \$000's
Year ended 30 June 2025				
+/-10bps in foreign exchange rates			17	17
Year ended 30 June 2024				
+/-10bps in foreign exchange rates			-	-

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

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

Fair values

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

Fair value estimation

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

Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

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

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

a. Financial assets at amortised cost

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

c. Financial liabilities at amortised cost

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

Derivative instruments

The Group enters into forward contracts to manage the cash flow risk attached to inventory purchased in foreign currency. The Group has elected not to adopt hedge accounting, with any period movements in the fair value of the derivative contract taken to the income statement.

Impairment

The Group recognises loss allowances for (ECL) on:

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

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

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

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions.

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

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

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

Measurement of ECLs

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

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2025

	CONSOLIDATED GROUP	
	2025 \$000	2024 \$000
Financial assets		
Cash and cash equivalents	42,145	41,183
Trade and other receivables	8,991	6,770
Other financial assets	125	152
Total financial assets	51,261	48,105
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	83,567	72,886
Lease liability - current	8,191	7,553
Lease liability - non-current	8,464	15,482
Financial liabilities	4,141	1,756
Total financial liabilities	104,363	97,677

Fair value measurements

The Group measures and recognises the assets and liabilities at fair value on a recurring basis after initial recognition of the 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 Measurements 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.