annual report 2019

amaysim Australia Ltd

amaysim

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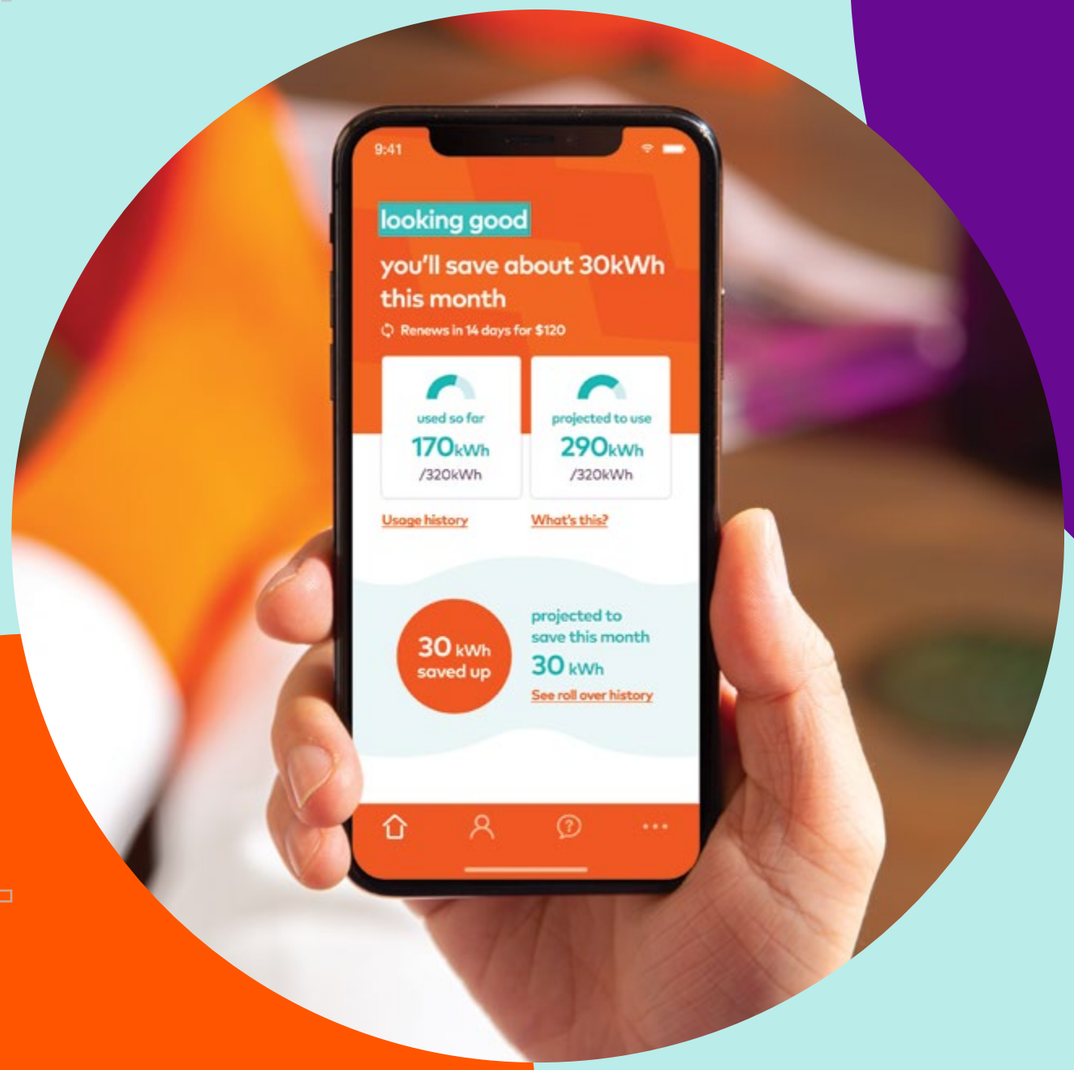


Our mission is to be Australia's best subscription utilities provider

We want to make things simple; to provide Australians with fair and transparent plans for their utilities.

We are an asset-light utility service provider, focusing on mobile and energy. A key focus for our business is on delivering simple and transparent plans and excellent customer service.

All amaysim branded plans feature no lock-in contracts, transparent pricing, and are built to deliver great customer experience, convenience and outstanding value.

amaysim is the largest mobile virtual network operator (MVNO) in Australia and the fourth largest mobile service provider overall. We are focused on maintaining a dominant market position in mobile and continuing to drive subscriber growth and brand awareness.

The energy market is our next target for disruption. It has all the hallmarks of the mobile market from over a decade ago, including low customer satisfaction, opaque pricing and lack of transparency.

Leveraging our established brand and our background and expertise in innovation we are focused on disrupting the retail energy market with better, transparent and simple subscription plans that put the power back in the hands of the consumer.

Following a successful capital raise this year we are bolstering our sales and marketing activities to accelerate subscriber growth.

At its core, amaysim is a technology-driven company and we continue to enhance our technology platforms to provide a customer-centric and superior user experience.

The funding received this year has also allowed us to invest further capital into our technology stack to consolidate and simplify operational systems and processes. This development is improving the speed to market for new plans and will provide a robust and agile platform for future growth.

Highlights

$508.3m
statutory net revenue
(7.8%)

$43.9m
statutory EBITDA
(8.9%)

$152.2m
gross profit
(2.0%)

$47.3m
underlying EBITDA
(14.5%)

- Strengthened the Board and Management team with two new Non-executive Director appointments and a new Chief Executive Officer and Chief Financial Officer
- Launched first subscription energy plans in Victoria in April 2019
- Revitalised Optus network supply agreement and launched new and improved mobile plans within a week of signing the agreement
- Awarded 'Best Mobile Solution' at the 2018 ACOMM Awards[1]
- Successfully completed an Entitlement Offer raising a total of $50.6 million to support strategic growth initiatives
- Launched increased marketing activity to support the release of new mobile plans
- amaysim mobile reported to have the lowest number of customer complaints compared to the other top three Australian telecom companies[2]

1. ACOMM Awards selected amaysim as the Best Mobile Solution for introducing its $10 Unlimited mobile plan featuring 1GB of data plus unlimited talk & text on the Optus 4G Plus network.
2. Data compiled by the Communications Alliance and data cited is from the April – June 2019 results. Number of complaints is calculated by dividing participants total Telecommunications Industry Ombudsman new complaints by participants total services in operation (SIOs). amaysim reported to have 0.4 complaints per 10,000 SIOs.

Letter to shareholders

The amaysim Group is well positioned as we move into next year. We are focused on growth and the coming year will see us reinvest in the business as we exectute on our strategic growth initiatives.

Dear shareholders

We are pleased to present amaysim's annual report for the full year ended 30 June 2019.

2019 has been a pivotal year for amaysim. We progressed our strategy to become Australia's best subscription utilities provider and in March completed a highly successful $50.6 million capital raising.

The funding has allowed amaysim to reduce and restructure its debt and provides additional balance sheet strength to invest in growing the mobile subscriber base, to launch new energy plans and to invest in our technology platforms. The success of the capital raise reflects our shareholders' strong conviction in our bold approach and long term growth strategy.

We are Australia's fourth largest mobile service provider and have cemented our position as an innovator in the retail energy market with the launch of our new subscription energy plans in Victoria.

At the core of our subscription energy plans is our drive to bring much needed simplicity, customer centricity and transparency to household utilities, as we did in mobile, while creating long term shareholder value.

FY19 performance

We are pleased to have delivered a solid financial performance, while maintaining market share in mobile, growing our energy business and launching our innovative subscription energy plans in Victoria. We achieved a reported Underlying EBITDA (refer to page 40 for a reconciliation of Underlying to Statutory EBITDA) of $47.3 million, at the top end of guidance given at the half year, on net revenue of $508.3 million.

Our FY19 result reflects intense competition in the mobile market and a noisy environment in energy. Throughout the year, the mobile market continued to be driven by lower prices and rising inclusions. However, we are seeing a return to sustainable pricing and expect 5G to have a positive flow on effect for 3G and 4G.

During the year, we dedicated considerable resources responding to an unprecedented number of regulatory changes in the energy market.

Despite the heavy regulatory workload, our team delivered strong subscriber growth of 8.3% to finish at 207k at 30 June 2019.

The energy business reported underlying EBITDA up 33.2% to $32.1 million, on net revenue of $304.8 million (FY18: $310 million).

Mobile underlying EBITDA was down 51.3% to $15.2 million, on net revenue of $203.5 million (FY18: $241.5 million excluding devices) amid the intensely competitive environment.

This year, we have changed the way we report our mobile subscriber base by splitting out our recurring mobile subscribers from 'As You Go' (AYG) customers. AYG customers are, by nature, sporadic and unpredictable users and the majority of mobile revenue (95%) comes from the recurring subscriber base.

Splitting out the recurring mobile subscribers therefore provides better clarity around the recurring revenue nature of the business and is aligned with our focus on being a subscription business and growing recurring revenue.

We finished the year with 624k recurring mobile subscribers, which was a 4.8% decline on the comparative mobile subscriber base in FY18.

This was in-line with expectations given intense competition and the delay to our marketing investment to support more competitive mobile plans. The plans launched immediately on completion of the renegotiation of our wholesale network supply agreement with Optus.

Since the launch of the new mobile plans, mobile growth has accelerated and over 8k net recurring subscribers were added in less than 7 weeks to 16 August 2019. The recurring mobile subscriber base totaled 632k as at 16 August 2019 and this growth is expected to accelerate.

Strategy progress

The capital raised in March 2019 strengthened the balance sheet and enabled us to begin implementing our key strategic growth initiatives. The three key strategic pillars and our progress in each of these areas is set out below:

Grow and defend mobile

- maintained market share; 34% of total MVNO market.
- revitalised wholesale network supply agreement (NSA) with Optus and changed the way we acquire inclusions and network services. amaysim now has competitive prices and inclusions and is capable of fast deployment of new plans and features, providing an agile platform for growth.
- Refreshed $20, $30, $40 and $50 mobile plans that were launched within a week of signing the new NSA with Optus in late May.
- Increased marketing activities and launched new radio and TV campaigns and commenced out of home advertising to grow awareness.

Disrupt retail energy

- In April 2019, amaysim soft-launched three new subscription energy plans in Victoria with simple monthly pricing, flat rates and no lock-in contracts.
- The plans start from $80 a month and provide an unprecedented level of transparency, bill predictability and flexibility. Customers can monitor their usage online, top up or roll over unused energy monthly, and switch plans at any time.
- New features and functionality continue to be developed and tested, continuously improving the plans and expanding the target market.

Invest in technology stack to support growth

- amaysim's technology team is consolidating existing systems and processes to create a unified technology architecture to drive operational efficiencies, our ability to service customers more effectively and accelerate the time-to-market for new features, plans and services.
- Implemented new cutting-edge technology stack that was purpose built for subscription services and launched energy subscription plans on the platform.
- amaysim is a technology driven business and this investment will create the technology infrastructure to support long term growth.

Industry drivers and outlook

Mobile

Australia's telecommunications sector remains highly competitive and is undergoing a significant period of change with the beginning of the rollout of 5G across the country.

There are early signs of reasonable mobile pricing returning and signs of the average revenue per user (ARPU) stabilising as more operators are expected to focus on a fair return on investment in customer acquisition, as opposed to subscriber growth at any cost.

Australians enjoy some of the best 3G and 4G networks in the world. This is made possible by the significant capital invested by our network operators who must turn their focus to profitable growth to support their investment in 5G, while paying the costs associated with maintaining

existing networks.

With this in mind, we are optimistic about the opportunities that 5G presents for amaysim in the future and the positive flow-on effect for 4G in the medium term as the network operators turn to 5G.

Our revitalised NSA with Optus provides increased agility and the foundation for us to deliver highly competitive plans. Coupled with increased marketing investment and high quality customer service we are well positioned to continue to grow our mobile subscriber base.

Energy

A raft of regulatory changes introduced on 1 July 2019, including the Victorian government's regulated energy price, known as the "Victorian Default Offer" has changed the way that retailers offer energy plans and compete.

We actively support any regulatory change which benefits consumers and stimulates competition, however, if the current pace of change continues unabated it will likely result in less competition and higher prices for consumers in the future.

We have been engaging with regulators and have begun implementing initiatives to mitigate the impact of new regulation on our energy business, including;

- driving operational efficiencies by further streamlining our business and integrating Click Energy into the amaysim Group;
- subscription energy plans which we believe, in time, will become the new industry standard; and
- moving away from a reliance on price rises. We are going to lead positive change in the energy industry by acquiring customers on plans with fair and sustainable margins.

The retail energy market has all the hallmarks of mobile over a decade ago: confusing pricing constructs, limited access to usage data, bill shock, excessively long switching times, and low customer satisfaction.

> *The energy and mobile markets have been under pressure and we expect this to continue. Notwithstanding this pressure, we see numerous opportunities for growth and are well positioned to take advantage of these opportunities.*

Our research shows that more than half of consumers (55%) experienced bill shock over the past year and that 73% of Australians don't know how much their next electricity bill will be. This highlights an industry that is ripe for product and service-led disruption.

We want to be part of this change and see long term benefits for our customers as well as our shareholders. Disruption of a market as large as energy doesn't happen overnight and we will continue to monitor the regulatory environment and work with the regulators on the best outcome for retailers and consumers.

Our subscription energy plans are the first step in changing how the energy market operates. They bring more transparency and simplicity that puts the power back into the hands of the customer.

We're confident that these plans will change the market in time. The plans leverage our expertise in disrupting the mobile market and what's more we have a substantial mobile customer base and are optimistic about the long term benefits of cross-selling energy plans which look and act like mobile plans to that customer base.

Capital allocation

The Board continually reviews the suitability of its dividend policy against future growth opportunities and capital requirements.

The Company's focus for FY20 is squarely set on growth.

We continue to see strong growth opportunities in mobile and energy that will deliver long term value to shareholders. We anticipate a degree of consolidation in the retail energy and MVNO markets and we remain open to opportunities for growth through disciplined acquisitions.

We consider that the most effective allocation of capital at this time is to continue to significantly reinvest in the organic growth of the business and the Board and Management have made the decision not to declare a dividend for the 2019 financial year.

Board and management changes

We welcomed two new Non-executive Directors this year resulting in a refreshed Board with the right mix of skills and expertise to navigate future opportunities and challenges, and to capitalise on the changing dynamics of the mobile and energy markets.

Following Non-executive Director Maria Martin's retirement in October 2018, Craig Jackson was appointed to the Board and chair of the Company's audit and risk management committee. Craig's experience in audit, accounting, risk and governance in industries including telecommunications and energy add significant value to amaysim as it grows.

Goetz Maeuser also joined amaysim's Board in 2018, filling the vacancy created by Rolf Hansen who retired in November 2017. With extensive international and board experience as both an adviser and director of private and listed businesses, Goetz perfectly complements the amaysim board.

On 1 July 2018, amaysim co-founder Peter O'Connell assumed the position of Chief Executive Officer and Managing Director, succeeding Julian Ogrin who left the Company after five years. Peter was Executive Chairman of amaysim from inception until June 2015, then spent three years on the Board as a Non-executive Director and brings a wealth of industry, business and management experience to the Company.

In October, Chief Financial Officer, Leanne Wolski retired from the business and Gareth Turner was appointed Chief Financial Officer in November. Gareth is held in high regard and his 16 years' experience, including his role in the acquisition of Click Energy, makes him perfectly placed to lead the finance team.

Click Energy CEO, Mr Dominic Drenen, also departed the business at the end of the financial year. This change was a reflection of amaysim's desire to further integrate the Click business and the view that a separate Click CEO was no longer required.

Our people and culture

Our enduring success is due to the dedication and hard work of our people, that is supported by our core values and our culture.

We practise our values of agility, simplicity, reliability and empathy on a daily basis, in our internal interactions, in our business relationships, through our services and with our customers. They are at the core of everything that we do.

A great company culture is key to the success of any business and we have spent many years investing in developing ours.

Among other initiatives, we host regular company-wide Culture Days that are focused on reinforcing our values, enhancing the potential of our people, as both individuals and within a team environment, and helping us to better understand each other. We also celebrate the achievements of our team with quarterly values awards and empower our team with timely, frank and transparent updates about the business.

Thank you

We would like to thank the Board, management team and our people for their dedication and relentless commitment and our shareholders for their ongoing support.

We are excited for the year to come and look forward to updating you, our shareholders, as we continue to implement our strategy to achieve long term profitable growth.

Andrew Reitzer
Chairman

Peter O'Connell
CEO & Managing Director

Corporate Governance Statement

The Board of Directors of amaysim is responsible for the overall governance of the Company and its subsidiaries.

To promote stakeholder confidence and protect shareholder value, amaysim is committed to ensuring it maintains a corporate governance system reflective of best practice. Accordingly, amaysim has established a framework for overseeing the Group's corporate governance which is designed to comply with regulatory requirements applicable to entities listed on the ASX.

This Corporate Governance Statement is structured with reference to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th Edition) (the "Principles").

ASX Corporate Governance Principles and Recommendations	
Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to be effective and add value
Principle 3	Instil a culture of acting lawfully, ethically and responsibly
Principle 4	Safeguard integrity in corporate reports
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

This Corporate Governance Statement reports amaysim's implementation of its corporate governance framework and practices. We intend to regularly review our governance arrangements as well as developments in market practice, expectations and regulation. This statement, together with our ASX Appendix 4G, have both been lodged with the ASX.

More information on specific matters to note in relation to our current corporate governance arrangements, including policies and charters, can be found on the Company's investor website at https://investor.amaysim.com.au.

This statement provides an outline of the main corporate governance policies and practices amaysim had in place during the financial year and how the Company's framework aligns with the Principles (unless otherwise noted).

This statement was approved by the Board of Directors of the Company on 26 August 2019.

Lay solid foundations for management and oversight

The Board Charter governs the operations of the Board and sets out the responsibilities of the Board and management, as well as the Board's composition, roles and responsibilities, structure and membership requirements.

Shareholders should refer to the Corporate Governance section of the Company's investor website at https://investor.amaysim.com.au for a comprehensive list of governance documents.

Responsibilities of the Board and management

The role of the Board in respect of strategy includes:

- providing input to, and approval of, the Company's strategic direction and budgets as developed by management;
- directing, monitoring and assessing the Company's performance against strategic and business plans, to determine if appropriate resources are available; and
- approving and monitoring capital management and major capital expenditure, acquisitions and divestments.

The role of the Board in respect of establishing acceptable levels of risk within which the Board expects management of the Company to operate, risk management and reporting includes:

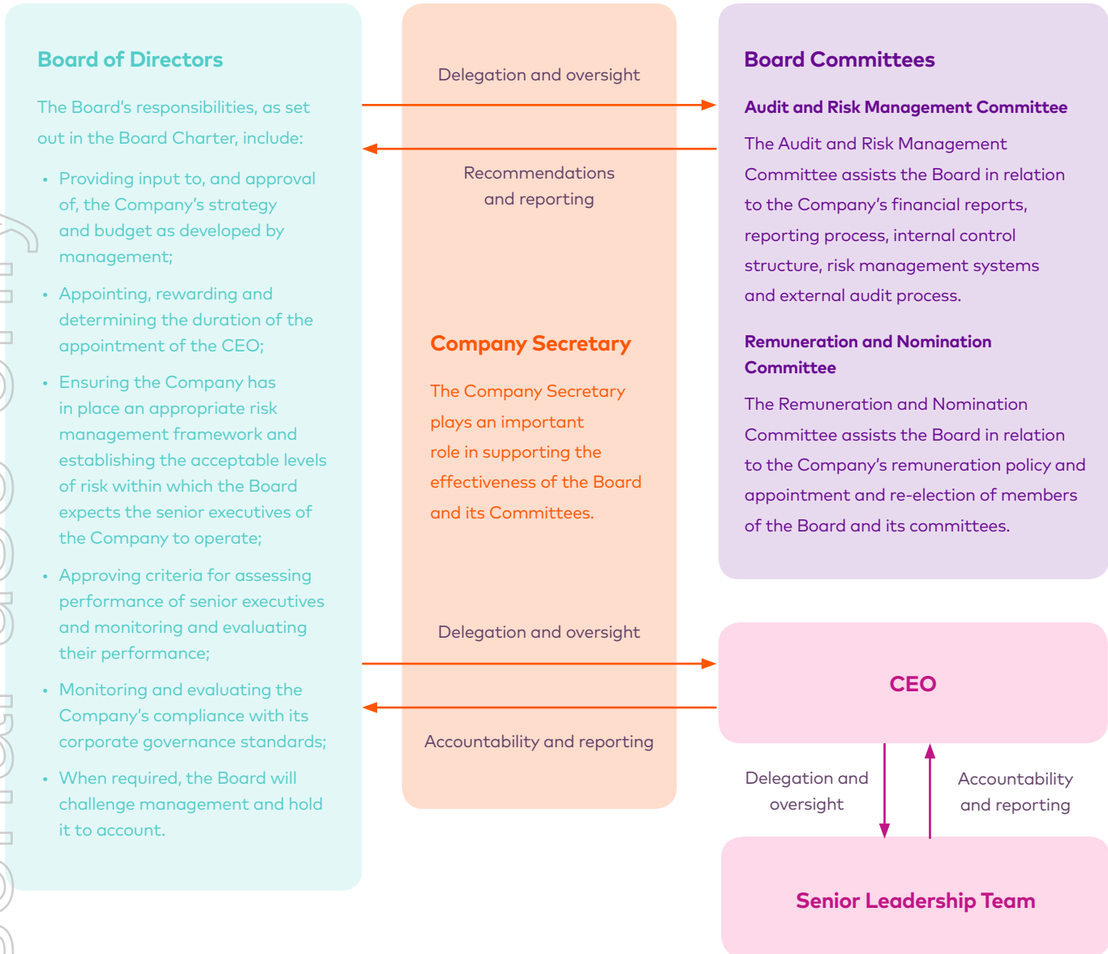
- ensuring the Company has in place an appropriate risk management framework and establishing the acceptable levels of risk within which the Board expects the management of the Company to operate which may include economic, environmental and social sustainability risks, as well as operational, financial and strategic risks;
- reviewing and ratifying the Company's systems of internal compliance and control, risk management frameworks and legal compliance systems, to determine the integrity and effectiveness of those systems; and
- approving and monitoring material internal and external financial and other reporting, including:
  - periodic reporting to shareholders, the ASX and other stakeholders; and
  - overseeing the Company's processes for making timely and appropriate disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The role of the Board in relation to management includes:

- appointment and removal of the Chief Executive Officer (or equivalent) and the Company Secretary;
- ratifying the appointment and removal of senior executives (which includes all executives who report directly to the Chief Executive Officer);
- approving the Company's remuneration policies and framework and determining whether the remuneration and conditions of service of senior executives are appropriate and consistent with the approved remuneration policies and framework;
- establishing and monitoring executive succession planning;
- delegating the day to day decision making and implementation of Board approved strategy to the Chief Executive Officer; and
- setting specific limits of authority for management.

The Board has delegated certain responsibilities and authorities to the CEO and management team to enable them to conduct the Company's day-to-day activities. The management team's role is to support the CEO and to implement the running of the general operations and financial business of the Company. This includes developing business plans, budgets and strategies and operating the business within the parameters set by the Board.

The Company Secretary is accountable to the Board through the Chairman and will be responsible for the proper functioning of the Board and the Board Committees. The decision to appoint and remove the Company Secretary is the decision of the Board.



Appointment

Directors receive formal letters of engagement setting out the key terms, conditions and expectations of their engagement. This includes disclosure of:

- Director interests;
- compliance with corporate policies;
- requirements when accepting a new role;
- indemnity and insurance arrangements;
- policy on seeking independent professional advice at the expense of the entity;
- access to corporate information; and
- confidentiality obligations.

Appropriate checks are undertaken before the appointment of a director or when putting someone forward for election as director. This includes checks of the person's character, experience, education, criminal record and bankruptcy. For candidates standing for election or re-election as a Director, all material information is disclosed within the Notice of Meeting, relevant to a decision on whether or not to elect or re-elect a Director.

Performance evaluation

The Company is committed to carrying out periodic Board performance evaluations. The Remuneration and Nomination Committee has been established to assist the Board in reviewing the performance of senior executives and members of the Board at least annually.

This process includes undertaking an evaluation of the performance of the Board, each Board Committee and individual Directors, comparing their performance with the requirements of the Board Charter, relevant Board Committee Charters and the reasonable expectations of individual Directors.

In the 2019 financial year, the Company conducted an independent external review which consisted of peer-assessments, where each individual Director assesses the performance of each other Director and the Chair, both in their roles as Directors and Committee members. The Chair also assessed the performance of individual Directors and of the overall Board.

In addition to evaluating the performance of the Board, the Remuneration and Nomination Committee is also responsible for developing and implementing a plan for identifying, assessing and enhancing competencies of senior executives and non-executive Directors.

The Company undertakes 360-degree reviews of all staff, including its senior executives. In addition, the Board and its Committees regularly include time without management as an agenda item, allowing for discussion and consideration of senior executive and Board and Committee performance. The Company regularly undertook these informal reviews during the 2019 financial year.

In addition, the remuneration structure (including long term and short term incentives) focuses on retaining talent and rewarding performance over and above expectations and various performance indicators (refer to the Remuneration Report as applicable).

Diversity

The Company is proud of its diverse and inclusive workplace and team which is made up of individuals with diverse skills, values, experiences, backgrounds and attributes. The Company is committed to developing measurable objectives to further promote gender diversity and inclusion in its workplace.

The Company has implemented the Diversity Policy which is overseen by the Remuneration and Nomination Committee and which aligns the Company's management systems with its commitment to develop a culture and business model that values and achieves diversity in its workforce and on its Board.

In order to transform its diversity goals into achievable outcomes, the Company intends to consider the implementation of measurable objectives for achieving gender diversity across the organisation moving forward. It is intended that these objectives will complement policies already in place which facilitate the development of a diverse workforce.

The Company is aware of the Australian Council of Superannuation Investors' proposal for companies to achieve a gender balance of 40:40:20 on boards and will endeavour to work towards achieving gender balance across the workforce.

Gender Diversity statistics as at 30 June 2019 are outlined in the following table.

Level	Number of Directors/ employees at 30 June 2019	Number of women at 30 June 2019	Percentage of women at 30 June 2019
Board composition (NEDs)	5	1	20%
Senior Leadership Team (SLT) (inc. CEO)	6	1	16%
Manager/Team Leaders	72	31	43%
Non-management	591	322	54%
All employees (excl. Board)	669	354	53%

The above table includes all amaysim Group employees, including our offices in Sydney, Melbourne and Manila.

We are required by the Workplace Gender Equality Act 2012 (WGEA) to report our workforce gender profile as at 31 March each year. Our latest report was lodged with the WGEA and is available on the Corporate Governance page of our online Investor Centre.

Structure the board to be effective and add value

Board composition and Director independence

Two Non-executive Directors were appointed in 2018, being Craig Jackson on 27 November and Goetz Maeuser on 26 October. Both fill the retirement of Non-executive Directors, Maria Martin and Rolf Hansen.

On 1 July 2018, amaysim co-founder Peter O'Connell assumed the position of Chief Executive Officer and Managing Director, succeeding Julian Ogrin who left the Company after five years. Peter was Executive Chairman of amaysim from inception until June 2015, spent three years on the Board as a Non-executive Director and brings a wealth of industry, business and management experience to the Company.

With the exception of Peter O'Connell, the Board is comprised of independent, Non-executive Directors. This view is formed on the basis of information made available to the Board by its Directors. The roles of Chairman and CEO are not exercised by the same individual.

The Board considers the independence of each Director in light of the interests disclosed by them from time to time. That assessment is made at least annually at, or around the time, the Board considers the composition of the Board, and each Director is required to provide the Board with all relevant information for this purpose.

If the Board determines that a Director's independent status has changed, that determination will be disclosed to the market. The Company is of the opinion that currently there is no independent Director that has an interest, position, association or relationship of the type as described in the 4th Edition ASX Corporate Governance Principles and Recommendations, that would compromise the independence of that Director.

The following outlines the composition of the Board at 30 June 2019:

Name	Independent	Position	Appointed
Andrew Reitzer	Yes	Non-executive Chair	22 June 2015
Peter O'Connell	No	Managing Director and Chief Executive Officer	1 July 2018
Craig Jackson	Yes	Non-executive Director	27 November 2018
Jodie Sangster	Yes	Non-executive Director	26 June 2015
Thorsten Kraemer	Yes	Non-executive Director	6 August 2010
Goetz Maeuser	Yes	Non-executive Director	26 October 2018

Induction and training

In accordance with the Board Charter and the Remuneration and Nomination Committee Charter, the Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them. All Directors receive briefings on material developments in laws, regulations and accounting standards relevant to amaysim.

The Company organises and facilitates the induction and professional development of Directors from time to time.

Director succession planning

The Board, together with the Remuneration and Nomination Committee, plans for its own succession by:

- considering the skills, background, knowledge and experience, and gender diversity necessary to allow it to meet the Group's objectives;
- assessing the skills, backgrounds, knowledge, experience and diversity currently represented;
- identifying any inadequate representation of the above attributes and establishing a process necessary to ensure a candidate is selected who brings them to the Board;
- assessing how Board performance could be enhanced; and
- for candidates standing for election or re-election as a Director, all material information is disclosed within the Notice of Meeting, relevant to a decision on whether or not to elect or re-elect a Director.

The Remuneration and Nomination Committee will continue to ensure the Board monitors its succession requirements and implements an approach to Board renewal through a regular cycle of Director elections.

Composition and responsibilities of Committees

As at the date of this statement, the following standing Committees have been established to assist the Board in carrying out its responsibilities:

- Audit and Risk Management Committee; and
- Remuneration and Nomination Committee.

Each Committee is governed by a formal charter approved by the Board documenting composition and responsibilities. Copies of these Charters are available on the Company's investor website.

The table below outlines the composition and responsibilities of each of these Committees:

	Audit and Risk Management Committee	Remuneration and Nomination Committee
Roles and responsibilities	The Committee assists the Board in carrying out its corporate governance and oversight responsibilities. Specifically, this is in relation to the Company's financial reports, financial reporting process, internal control structure, risk management systems (financial and non-financial) and the external audit process. The Committee is to review and make recommendations to the Board regarding their view of the risk culture within the Company and oversee the steps taken to address any desirable changes to risk culture.	The main role of the Committee is to assist the Board with a view to establish an effective composition, size, diversity and expertise on the Board, to adequately discharge its responsibilities and duties. Its other role is to assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders.
Membership as at 30 June 2019	Craig Jackson (Chair); Jodie Sangster; Thorsten Kraemer	Andrew Reitzer (Chair); Thorsten Kraemer; Goetz Maeuser
Composition	During the relevant reporting period, the Committee was comprised of three Non-executive Directors, a majority of whom are independent Directors (including an independent Director as Chair). Certain members of management, external advisors and the external auditor may attend meetings of the Committee by invitation of the Committee Chair.	During the relevant reporting period, the Committee was comprised of two Non-executive Directors, a majority of whom are independent Directors (including an independent Director as Chair). Certain members of management and external advisors may attend meetings of the Committee by invitation of the Committee Chair.

Board skills matrix

The Board and its Remuneration and Nomination Committee focus on ensuring the Board maintains the appropriate balance of experience, skills, independence and knowledge which is needed to meet its responsibilities in accordance with recognised governance standards. It also endeavours to ensure the composition of skills and experiences align with achieving amaysim's strategic goals which are set out in the letter to shareholders on page 8 of this report.

The following table outlines the experience and skills represented by the current composition of the Board, and of those desirable by the Board. This revised matrix has been consolidated and reconfigured, and more detailed descriptions have been provided of each skill and experience. The matrix now includes 'energy industry experience' and 'sustainability'. The Company is continually updating the matrix to reflect its strategy and direction and will consider periodic enhancements.

Skills and experience	Requirements Overview
Leadership	• Non-executive Director and Board Committee and/or senior executive experience in a publicly listed company • Experience and involvement in organisational change and transformation
Technology and innovation	• Knowledge of privacy, data management and security • Experience in innovation, digital disruption and an understanding of cyber threat
Commercial capability	• Expertise in financial accounting and reporting and internal financial controls • Proven experience of developing and implementing successful strategy
Capital markets	• Experience in acquisitions and post-acquisition integration • Knowledge and experience with debt facilities, hedging and capital raisings
International experience	• Global business experience • Exposure to multiple cultural, regulatory and business environments
Risk and compliance	• Experience in identifying and managing risks and regulatory compliance, especially in the telecommunications sector • Understanding of geo-political risks and global economic disruption in relation to the supply chain
Sales and marketing	• Possess a broad range of skills across communications, marketing and business operations • Deep understanding of customer behaviour
People	• Experience in managing human capital, remuneration and reward, industrial relations and strategic workforce planning • Understanding, implementation and monitoring good organisational culture
Telecommunications industry experience	• Understanding of the Australian telecommunications market
Energy industry experience	• Understanding of the Australian energy market
Sustainability	• Understanding of risks and opportunities regarding the environment • Former or current role with direct accountability for health and safety practices and environmental management

Instil a culture of acting lawfully, ethically and responsibly

Values

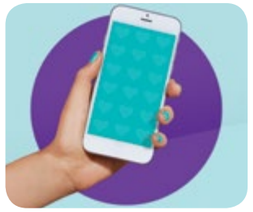
We practise our values of agility, simplicity, reliability and empathy on a daily basis, in our internal interactions, in our business relationships, through our products and with our customers. They are at the core of everything that we do.

A great company culture is key to the success of any business and we have spent many years investing in developing ours.


agility


simplicity


reliability


empathy

Code of conduct

The Board is committed to a high level of integrity and ethical standards in all business practices. Our values of empathy, agility, reliability and simplicity underpin amaysim's culture. Accordingly, the Board has adopted a formal Code of Conduct which outlines how amaysim expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

All employees of amaysim (including temporary employees, contractors and Directors) must comply with the Code of Conduct. The Chair of the Audit and Risk Management Committee, the Company Secretary or the Company auditors may be contacted for any suspected fraudulent or unethical behaviour or breach of applicable law or Code of Conduct.

The Code of Conduct is available on the Company's investor website on the Corporate Governance page.

Whistleblowing policy

amaysim is committed to a culture of respect and ethical conduct. amaysim does not tolerate corrupt, illegal or other undesirable conduct nor condone victimisation of anyone who intends to disclose or has disclosed misconduct. The Board continues to endorse the Whistleblowing Policy and has engaged an independent whistleblower service provider to encourage and assist with disclosure. This provides further anonymity and confidentiality of reportable conduct.

The Whistleblowing Policy is available on the Company's website on the Corporate Governance page.

Safeguard the integrity of corporate reporting

The Audit and Risk Management Committee is responsible for overseeing processes to ensure there is an adequate system of internal control, reviewing internal control systems and the operational effectiveness of the policies and procedures related to risk and control.

The Audit and Risk Management Committee will ensure that the Board is made aware of audit, financial reporting, internal control, risk management and compliance matters which may significantly impact upon the Company in a timely manner and will be responsible for engaging external parties to provide internal audit services to the Company (if required).

amaysim does not publish any periodic reports that are not audited or formally reviewed by its auditors.

Relevant governance documents:

- Communications Policy; and
- Continuous Disclosure Policy.

These policies can be found on the Corporate Governance page of our online Investor website.

CEO and CFO declarations

Before the Board approves the Company's financial statements for a financial period, the CEO and CFO are required to issue a written declaration to the Audit and Risk Management Committee that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External audit

Under the Audit and Risk Management Committee Charter, the Committee will make recommendations to the Board on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness and independence of the external auditors and resolution of disagreements between management and the auditor regarding financial reporting. The Committee will also consider the scope and adequacy of the external audit.

The Audit and Risk Management Committee Charter contains a requirement for the external auditor to attend the AGM and to be available to answer questions relevant to the audit.

Make timely and balanced disclosure

amaysim is committed to observing its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. The Company has adopted a Continuous Disclosure Policy, which establishes procedures aimed at ensuring Directors and executive management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. The Board receives copies of all material market announcements promptly after they have been made.

amaysim complies with its continuous disclosure obligations by ensuring that price sensitive information is identified, reviewed by management and disclosed to the ASX and any applicable regulators in a timely manner and that all such information is posted on the Company's website as soon as possible after disclosure.

The Company Secretary manages compliance with the Company's continuous disclosure obligations and communications with applicable regulators.

amaysim releases a copy of any new and substantive investor or analyst presentations on the ASX Market Announcements Platform ahead of the presentation.

Respect the rights of security holders

The Company has designed and implemented an investor relations function which facilitates effective two way communication with investors. The Company communicates with its shareholders by making timely market announcements, by posting relevant information on to its website, by inviting shareholders to make direct inquiries to the Company via its website and through the use of general meetings which shareholders are encouraged to attend.

amaysim respects the environment and has a policy of communicating electronically with shareholders. However, shareholders may still elect to receive certain information from the Company and its registry by post. The Company encourages all shareholders to receive information electronically as this reduces costs, waste and is better for the environment. All substantive resolutions at a meeting of shareholders are decided by poll.

amaysim's investor website, located at https://investor.amaysim.com.au provides all the relevant information for shareholders, including financial reports, ASX announcements, presentations and corporate governance documents.

Recognise and manage risk

Risk

Proper management of the Company's risks is an important priority of the Board. The Board has adopted a Risk Management Policy appropriate for its business which includes that the Board or Committee of the Board will review the entity's risk management framework at least annually.

This policy highlights the Company's commitment to designing and implementing systems and methods appropriate to identify, minimise and control its risks.

Relevant governance documents:

- Audit and Risk Management Committee Charter
- Risk Management Policy

The Board is responsible for establishing risk parameters, overseeing and approving the risk management system and monitoring its effectiveness. The Board may delegate these functions to the Audit and Risk Management Committee or a separate risk committee in the future. The Board will periodically undertake reviews of its risk management procedures to ensure that they comply with its legal obligations. The Board has in place a system whereby management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

The Company's risk management framework includes various internal controls and written policies, such as a hedging policy and other policies regarding authority levels for expenditure, commitments and general decision making and procedures relating to health and safety to ensure a high standard of performance and regulatory compliance.

Communication to investors of any material changes to the Company's risk profile is covered by amaysim's Continuous Disclosure Policy.

Additional information on the Company's risk management framework is described in the Risks section of this report.

Given the size of the Company, it does not have an internal audit function. However, this position will be reviewed from time to time and may change if the size of the Company materially changes.

Sustainability

For additional information on the Company's exposure to material risks and, how it manages or intends to manage these risks, please refer to the Risks section of this report.

The Company has a set of key values: simplicity, empathy, agility and reliability.

These values drive the Company's strong culture. The pillars and our remuneration practices enable us to attract and retain high quality Directors and senior executives while aligning the interests of these individuals with the creation of value for shareholders.

We regularly review skills, offer training programs to fill perceived gaps, and foster continuous improvement of our people.

Remunerate fairly and responsibly

Relevant governance documents:

- Remuneration and Nomination Committee Charter; and
- Remuneration Policy

Remuneration for Non-executive Directors

The Board maintains a Remuneration and Nomination Committee responsible for making recommendations to the Board regarding remuneration. The Remuneration and Nomination Committee Charter is available on the Company's investor website.

The Remuneration and Nomination Committee Charter forms the basis for the Company's remuneration policies and procedures. The policies regarding remuneration of Non-executive Directors and the remuneration and employment arrangements of Executive Directors are disclosed separately in this Report.

Equity-based remuneration scheme

Under the Company's Remuneration Policy, the entry into transactions which limit the economic risks of participating in an equity based remuneration scheme is not permitted unless the contemplated transaction is permitted under the Securities Trading Policy.

The Securities Trading Policy expressly prohibits Directors and all employees from using, or allowing to be used, any derivatives or other products which operate to limit the economic risk of unvested Company securities.

Furthermore, no Director or employee may enter into a margin loan or similar funding arrangement to acquire any Company securities, or grant lenders any rights over their Company securities without first obtaining prior written approval.

Further information

This Corporate Governance Statement has been approved by the Board of amaysim Australia Limited and the information contained in it is current as at 26 August 2019, unless stated otherwise.

This statement, together with our 2019 ASX Appendix 4G (which is a checklist cross-referencing the ASX Recommendations to the relevant disclosures in this statement and our website (our ASX Appendix 4G)), have both been lodged with the ASX and can be found on the Corporate Governance page of our online Investor Centre. More information on our governance arrangements, including our Board and Board Committee Charters and key policies, can also be found on our Investor Centre.

Risks

The amaysim Group operates in a highly competitive and rapidly changing environment, characterised by profound change in the way people interact with their service providers, connect and communicate.

Risk management

The Company operates within a highly competitive, technology-based industry and is exposed to a range of risks that have the potential to impact on our financial, operational and strategic business performance. Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies.

Board responsibility

The Board is responsible for establishing acceptable levels of risk within which the Board expects management of the Company to operate and report on. This includes ensuring the Company has in place an appropriate risk management framework, reviewing and ratifying the Company's systems of internal compliance and approving and monitoring material internal and external financial and other reporting.

Audit and Risk Management Committee

The Audit and Risk Management Committee has been established to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process and internal control structure, risk management systems (financial and non-financial) and the audit process.

Accordingly, the Committee meets on a regular basis to:

- review and approve external audit plans;
- review and approve financial reports; and
- review the effectiveness of the Company's compliance and risk management functions.

Risk management framework

The risk management framework enables the strategy by establishing the processes, structures and culture to identify, assess, treat and monitor various risks. The key elements of this framework include:

- The Board and CEO who provide ultimate oversight and accountability for risk management and set the risk parameters through an agreed "Risk Appetite Statement". This statement is a process through which the Board has identified and agreed on the material areas of business risk and has determined its appetite in respect of each of these material business risks (as set out in more detail on this page).
- The Audit and Risk Committee assists the Board in fulfilling its corporate governance and oversight responsibilities.
- Responsible managers who operationalise and work within the agreed risk parameters.
- The Company's disciplined staff who are empowered to identify and manage risk on a day-to-day basis.

One of the core components of our framework is periodic reporting to the Audit and Risk Management Committee. These reports identify how the business is tracking against the Risk Appetite Statement and are inclusive of many types of risks from internal and external sources, including strategic, operational, financial and regulatory.

Any new risks that are identified are brought to the attention of the management team, the CEO and the Audit and Risk Management Committee on an ongoing basis. Material risks are escalated to the Board.

Material business risks

The Company is committed to the proactive identification and management of material risks. The following information represents a summary of material risks and the applicable management strategies in respect of each risk. It should be read in conjunction with any other risk statements published by the Company from time to time, including those contained in the Capital Raising Investor Presentation dated 26 February 2019. These risks are not all encompassing, nor listed in any order of significance.

Material Business Risks	Management Strategy
Industry, market and structure Inability to keep pace with changes in industry (including regulatory change) or that market disruption (including through increased competition or the entry of new competitors) may reduce the Group's ability to compete and profitably grow subscribers.	We manage our exposure to this risk by proactively monitoring changes in our industries, new participants and products and changes to regulations. We manage this risk through investment in new products (e.g. subscription energy plans), our wholesale contracts and by continuing to invest in data-analytics and platforms that help us understand our current and potential customers better, as well as our competitors' behaviours.
People, culture and change management Inability to maintain or develop the culture and people capability to enable and facilitate effective business growth.	We have a strong emphasis on our values-led culture, which we strive to live everyday with our staff, our customers and our business partners. We invest considererable resources each year into our people and culture.
Business critical systems (internal and external) Failure to adequately respond to business-critical system issues impacting internal and external reporting, service delivery and informed decision making, which may have an adverse financial, brand perception, or customer experience impact.	As an online business, we are reliant on our distribution and network service providers to work with us to quickly identify and remediate any issues. For our internal systems, we continue to invest in our systems' resilience and capabilities, business continuity plan and disaster recovery plan.
Investor confidence and corporate image Not maintaining shareholder (current or prospective) and broader investment community confidence in the Company, Board and/or management team.	We understand that maintaining confidence in our Company, Board and/or management team is very important. We have an investor relations team who manage an active calendar of events and market communications to engage with our shareholders and the broader investor community. We also understand the importance of frank and regular communication, as well as articulating clear goals and reporting our performance against these goals.
Data security and integrity Actual or perceived lack of integrity and/or security in our sensitive data and critical software infrastructure which adversely impacts brand equity.	Our customers' privacy and data security are very important to us, and we are continually working to develop and refine our security systems. We recently hired additional security expertise and implemented new protocols for managing certain online risks. As part of our compliance with stringent Payment Card Industry Data Security Standard requirements, we maintain and continuously improve advanced security and monitoring measures across all IT platforms.
Innovation, disruption, diversification capabilities Inability to innovate, disrupt or diversify the products and services offered to the market which adversely impacts the ability to maintain or increase market share.	We cultivate a culture in our people which supports ongoing innovation and product development. With agility as a core value of our Company, our people have the freedom to be creative and regularly challenge ourselves. Our ability to explore new opportunities is expected to be greatly aided by new investment in the technology stack.
Business partner relationships Ineffective management of business partner relationships which may impact the extent and pricing of services and therefore profitability of operations.	We work closely with all of our major business partners and network service providers. Our goal is to ensure that our culture and values are fulfilled and adhered to in all of our relationships.
Brand Reducing brand equity and relevance in the market which may adversely impact the ability to maintain or increase market share.	We manage this risk through active monitoring of our brand metrics, targeted marketing budgets, strong retail products and leading customer experience.
Customer experience Failure to deliver on customer expectations for services and products which reduces the ability to maintain or increase market share.	We maintain a strong focus on customer experience and closely monitor key metrics such as social media sentiment, net promoter score, customer service satisfaction levels and ombudsman complaints. We mitigate this risk by making customer experience a focus of our strategy, and a key differentiator for us in the market.

Corporate Social Responsibility

The amaysim Group is powered by a team of innovators who strive to make a difference to its customers and the wider communities in which it operates.

Our communities

We have a highly engaged employee base that is passionate and supportive of community activity. Supported by the Company across a variety of causes, the amaysim Group provides ongoing leadership and coordination to bring initiatives to life. This year, the amaysim Group and its employees:

- donated blood as part of the Australian Red Cross Red25 group donation program every quarter;
- brought the joy of Christmas to under-privileged Australian children by donating toys to the Salvation Army Christmas Appeal;
- participated in and raised funds for Wear Orange to Work Day in support of State Emergency Services;
- participated in Share the Dignity #itsinthebag drive which collected thousands of personal hygiene products for women experiencing homelessness and poverty; and
- built solar powered lights for disadvantaged children in Papua New Guinea to acknowledge and celebrate Earth Hour.

This year amaysim Philippines and its employees participated in the following activities:

- a Fund drive for Philippines National Red Cross for typhoon victims. amaysim matched the funds collected from the employees, dollar for dollar;
- employees volunteered their time to help in the repacking of relief goods by the Department of Social Welfare at the National headquarters;
- last December the 'amaysim cares club' sponsored a Christmas party at a children's rescue center in Taguig;
- donated 100 food packs for Aeta communities; and
- marched in the Manila Pride Parade supporting the LGBTQI+ communities.

Our core values **empathy, agility, reliability and simplicity** – are at the heart of everything we do.

Our people

The amaysim Group places emphasis on recognising individuals and their identities as an inherent part of our culture. These values start with recruiting the right talent, motivating and retaining a high calibre of staff and rewarding and recognising the work of those who go above and beyond. In all employee matters, we act in compliance with national regulatory requirements and our obligations under relevant national laws.

Equal opportunity

As an Australian business, we pride ourselves on cultivating an inclusive workplace made up of individuals with diverse skills, background, experience and heritage. We celebrate the diversity of the country and truly reflect Australia's multiculturalism.

To nurture and foster its diverse and inclusive workplace, the amaysim Group has a strong diversity policy and ethical code. As an example, we provide:

- paid Parental leave for primary and secondary carers, and a Positive Parental Leave Program on offer for new parents;
- a parents' room at the Sydney headquarters and 'Keeping in touch' days to ease the transition back to work;
- flexible working arrangements; and
- paid domestic violence leave.

Employee wellbeing

The amaysim Group understands the importance of both physical and mental wellbeing, and we support our employees with weekly complimentary F45 classes, yoga and Pilates. You will also find our team on the basketball court or football field as part of 'Lunchtime Legends', as well as taking part in the annual City2Surf run.

We also understand that in order to maintain a healthy and positive staff, we need to find ways to improve employee work life balance. Some of our activities include:

- flexibility in leave entitlements towards study programs;
- rewarding those who model the amaysim values, this includes a quarterly values reward lunch; and
- access to a quality Employee Assistance Program for employees and their families, including a free, third party, confidential counselling service.

Performance and reward

Our aim is to ensure all employees are remunerated fairly and competitively. Remuneration includes competitive base salaries, a bonus scheme (STI & LTI), extra annual leave to celebrate birthdays, an attractive employee mobile phone plan, and access to subsidised devices.

Health and safety

The amaysim Group conducts its business in accordance with all workplace health and safety laws, standards and codes of practice to protect the health and safety of its employees, contractors and visitors.

Business conduct

Treatment of customers

The amaysim Group believes all Australians should have access to telecommunications and energy services that represent fairness and good value. As well as providing our customers with award winning service and great products, we also have Financial Hardship Policies ready to protect and assist all customers that fall on hard times.

We understand that customers will receive better service and experience when its staff are happy and motivated. To foster and nurture a mentally and physically supportive workplace, the amaysim Group has a wellbeing program which is broken down into the five following pillars – Career, Financial, Personal, Community and Social.

Competition

We always aim to compete vigorously with our competitors, but in a fair and responsible way. We strive to ensure our success is built on excellence. Employees are encouraged to act with integrity and are prohibited from entering into any arrangements or engaging in practices that may conflict with codes or laws applicable to the conduct of our business.

Bribery and corruption

The amaysim Group is committed to promoting and supporting a culture of corporate compliance and ethical behaviour. As such, amaysim has updated its whistleblowers' policy, and introduced a third-party that specialises in whistleblower handing to further increase anonymity and confidentiality of Reportable Conduct.

Relations with suppliers

We ensure that we treat all our suppliers in the same way as we treat our customers and staff. We ensure that our suppliers are treated fairly and responsibly and in accordance with our core values of empathy, agility, reliability and simplicity.

Environment

The amaysim Group is a technology-led business that is not involved in the manufacture or distribution of goods, extraction of resources, or generation of electricity or gas.

The Group conducts its operations over three locations – Sydney, Melbourne and Manilla – and our staff primarily comprise of office-based employees. The amaysim Group is committed to minimising its environmental footprint and continually improving our sustainability practices. We do this, where practical, by:

- partnering with suppliers that have high quality sustainability practices; and
- minimising waste and the consumption of materials, energy and water.

Partnering with suppliers that have high quality sustainability practices

amaysim does not own any mobile network infrastructure. It gains access to a mobile network operators' infrastructure (currently Optus) to deliver mobile services to its subscribers.

Optus is focused on reducing energy use and carbon emissions with an environmental strategy that aims to minimise the carbon emissions generated through electricity use in the network. It has in place Science Based Targets, that are aligned with the Paris COP21 to keep global warming below 2°C, to reduce its Greenhouse Gas Emissions.

A key focus for Optus is to better understand how to minimise its environmental footprint across its value chain. Its Sustainable Supply Chain strategy commits it to collaborating with transparent, ethically, socially and environmentally responsible suppliers and continuously seeking new ways to reduce its impact on the environment.

It is signed up to the Australian Packaging Covenant Organisation (APCO) and in 2017 was awarded the Australian Packaging Covenant (APC) Communications and Electronics Sector Award for packaging reductions. It also currently recycles 98.5% of its e-waste (electronic devices, computers, printers, servers) and has introduced bags made from 90% recyclables.

95% of Optus' carbon emissions come from electricity use and as it grows its network coverage in Australia it is seeking new ways to minimise its impact. It is upgrading and converting base stations to become more energy efficient and has improved efficiencies during low data traffic times with preliminary results indicating a potential annual reduction of up to 7,200GJ.

amaysim also uses the Amazon web services (AWS) scalable cloud-based computing and server platform.

The platform allows us to develop new environments (to immediately conduct testing, production or development of programming and code) and eliminates a requirement for our own data centre that helps to reduce our energy requirements and subsequently our climate impact.

AWS is committed to achieving 100% renewable energy usage for its global infrastructure and in 2018 it achieved 50% renewable energy usage.

To do this, it is focused on energy efficiency, continuous innovation, advocacy and renewable energy. It has nine solar and wind farms located throughout the United States and has three new wind projects in development, one in the United States, one in Ireland and one in Sweden. Once complete, AWS's projects are expected to generate more than 2,700,000 MWh per annum

Minimising waste and the consumption of materials, energy and water

amaysim's approach to environmental impact reduction includes:

- investing in Zoom video conferencing facilities to connect amaysim Group sites and reduce the need for air travel;
- using recycling bins throughout our offices with a clear explanation on how to correctly recycle;
- implementing timed lights in all meeting rooms;
- reducing bottled water consumables by installing filtered water taps;
- using crockery and steel cutlery to minimise disposable utensils;
- investing in low-power ENERGY STAR certified printers and recycling all toner cartridges; and
- utilising zoned air conditioning to reduce power or switch off outside office hours.

Directors' Report

Information on Directors

The amaysim Group's Board of Directors has a broad range of skills, including extensive experience in running successful businesses and a broad range of professional skills such as finance, legal, marketing and accounting.

Andrew Reitzer

Independent Non-Executive Chairman

Experience & expertise

Andrew Reitzer has over 35 years' experience in both the retail and wholesaling industries. He is currently the Independent Chairman of SG Fleet and ARQ Group Limited, as well as a Director of several private companies. Andrew was the CEO of Metcash Limited from 1988 to 2013. Prior to this, Andrew held management roles at Metro Cash & Carry and led the establishment of Metro's operations in Israel and Russia. Andrew also served as Metro's Group Operations Director. Andrew has extensive experience in M&A, post-acquisition integration and organisational change.

Qualifications

Bachelor of Commerce and a Masters of Business Administration from the University of South Africa.

Special responsibilities

Remuneration and Nomination Committee (Chairperson)

Interest in shares and options

116,667 Shares

Peter O'Connell

Chief Executive Officer & Managing Director

Experience & expertise

Peter O'Connell co-founded and was Chairman of amaysim from incorporation until June 2015. Previous professional experience includes when Peter was a partner at MinterEllison and Gilbert & Tobin where he acted on major defence contracts, and energy and telecommunications projects for global clients; Asia Pacific Counsel for BellSouth, founding a boutique advisory business in telecommunications and technology, as well as senior executive and CEO roles for large Australian organisations. Peter was part of a group which helped establish Optus Communications and was a founding Director of the company. Peter has served on a number of Boards for private and public companies and on government boards, including serving as an advisor to the Australian Government on I.T reform.

Qualifications

Bachelor of Arts (Hons) from the University of Sydney and a LLB Bachelor of Law from Australian National University.

Interest in shares and options

4,167,005 Shares

Thorsten Kraemer

Independent Non-Executive Director

Experience & expertise

Thorsten Kraemer joined the Board as a Director in 2010 and has over 20 years' experience in the telecommunications industry. Thorsten has been a member of the Supervisory Board of freenet AG, a German MVNO that is listed on the Frankfurt Stock Exchange. Thorsten was also the Chairman of freenet AG's Supervisory Board. Thorsten has held senior roles in funds management of public and private equity and is currently the Managing Director of Crocodile Capital GmbH, which he founded in 2012. Thorsten is also experienced in software development, and has an in-depth knowledge of and experience in investing in the software industry. In addition to his equity capital markets experience, Thorsten has a wealth of hands-on experience with debt and hedging.

Qualifications

Degree in Business Administration and Economics from the University of Cologne.

Special responsibilities

Remuneration and Nomination Committee
Audit and Risk Management Committee

Interest in shares and options

2,416,780 Shares

Jodie Sangster

Independent Non-Executive Director

Experience & expertise

Jodie Sangster was trained as a lawyer and has over 17 years' experience in data driven-marketing and advertising. Jodie is currently CMO at IBM. Prior to this role, Jodie held the position of CEO of the Association for Data- Driven Marketing & Advertising (ADMA) from 2011-2018 and served as Chief Data Officer of Acxiom Asia Pacific from 2005-2007, responsible for data protection compliance throughout the Asia-Pacific region. Jodie also served as the chair of Global DMA for 10 years, an organisation that represents, supports and brings together over 30 marketing associations from around the globe. Prior to joining ADMA, Jodie held senior executive roles in sales and marketing in Washington DC, New York and the United Kingdom.

Qualifications

Bachelor of Laws from Kingston University and a Masters of Laws from University College London.

Special responsibilities

Audit and Risk Management Committee

Interest in shares and options

16,666 Shares

Goetz Maeuser

Independent Non-Executive Director

Experience & expertise

Goetz Maeuser joined the Board as a Director in October 2018 and has extensive international experience, both as an advisor and director of private and listed businesses in the technology and media sectors. Goetz is the Chairman of Max 21 AG, a listed technology company on the Frankfurt Stock Exchange that operates in the Post and Mail Management and IT Security sectors, and has held this position since July 2015. He also serves as a Member of Board of Directors of PSquared Asset Management AG, Zürich. Goetz began his career as a management consultant with McKinsey & Co., Inc., working in Germany and Brazil. He continued his career as a Partner in private equity firm Permira Advisers Ltd, where he focused on a broad range of sectors including industrials, consumer, healthcare and led the media effort within the telecommunications, media and technology sector. He was the lead Partner on a number of significant transactions including the acquisition and subsequent merger of SBS Broadcasting Sarl and ProSiebenSat.1 Media AG. From 2007 to 2014, Mr Maeuser was a member of the supervisory board and served more than four years as chairman of MDAX-listed ProSiebenSat.1 Media AG, the leading German entertainment player with a strong e-commerce business.

Qualifications

Business Administration from the University of Cologne and a Master of Business Administration from Leonard N. Stern School of Business, New York University.

Special responsibilities

Remuneration and Nomination Committee

Interest in shares and options

No holding

Craig Jackson

Independent Non-Executive Director

Experience & expertise

Craig Jackson joined the Board as a Director in November 2018 and has over 40 years professional accounting experience, including 28 years as Partner at KPMG, Andersen and Ernst & Young. He has been the Lead Partner for International and domestic companies (ASX 100) and government organisations specialising in external audit, risk management & internal audit, performance improvement, corporate governance, public floats, acquisitions and divestments. Craig serves as a Director of NSW Ports, Rheem Australia & Paloma Rheem Global, Kimbriki Environmental Enterprises (Chairman), Decideware Development (Chairman), Aderant and Bowel Cancer Australia (Chairman). He was previously a Director of Ernst & Young Asia Pacific and Oceania, Australian Institute of Company Directors, Ernst & Young ASIC Registered Companies, Australia Korea Business council and Sydney University Accounting Foundation.

Qualifications

Diploma in Commerce from the NSW Institute of Technology. He is a fellow of the Chartered Accountants Australia & New Zealand and a Fellow of the Australian Institute of Company Directors.

Special responsibilities

Audit and Risk Management Committee (Chairperson)

Interest in shares and options

No holding

Directors' Report

Directors and Company Secretary

The directors present their report, together with the financial statements of amaysim Australia Limited (amaysim or the Company) and its subsidiaries (together referred to as the Group) for the full year ended 30June 2019.

The directors of the Group during the period and up to the date of this report are shown below.

Andrew Reitzer
Chairman and Independent Non-Executive Director

Thorsten Kraemer
Independent Non-Executive Director (resigned on 23 August 2019)

Maria Martin
Independent Non-Executive Director retired from her role on 30 November 2018

Peter O'Connell
Chief Executive Officer and Managing Director

Jodie Sangster
Independent Non-Executive Director

Goetz Maeuser
Independent Non-Executive director appointed on 26 October 2018

Craig Jackson
Independent Non-Executive director appointed on 27 November 2018

Alex Feldman
Chief Strategy Officer, General Counsel and Company Secretary

Alex has been with amaysim since it listed in 2015 and is responsible for the Group's legal and regulatory functions, as well as investor relations and strategic corporate development opportunities such as mergers and acquisitions and significant partnerships. Before joining amaysim, Alex worked as a Senior Associate at King & Wood Mallesons, specialising in major projects across various sectors including energy, infrastructure and technology. Alex holds a Bachelor of Law (BA LLB Hons) from Macquarie University.

	Board		Committees[1]			
			Audit and Risk Management		Remuneration and Nomination	
	a	b	a	b	a	b
Andrew Reitzer	13	13	4	4*	4	4
Peter O'Connell	13	12	4	4*	4	4*
Thorsten Kraemer	13	12	4	4	4	4
Jodie Sangster	13	11	4	3	4	2*
Goetz Maeuser[2]	10	7	2	-	2	1
Craig Jackson[2]	9	9	2	2	2	2
Maria Martin[2]	4	4	2	2	2	2
Total number of meetings held	**13**		**4**		**5**	

Column (a): number of meetings held while a director.
Column (b): number of meetings attended.
1. Committee meetings are open to all Directors to attend. Where a Director has attended a meeting of a Committee of which he or she was not a member, this is indicated by *.
2. On 26 October 2018, Goetz Maeuser joined the RNC. Upon Maria Martin's retirement as a Director on 30 November 2018, Craig Jackson joined the ARMC.

Principal activities

The principal activity of the Group during the financial year was the delivery of simple and transparent mobile and retail energy plans. amaysim is the largest MVNO and one of the leading energy retailers in Australia with thousands of customers subscribed to its mobile and energy plans.

Dividends

In line with the current growth strategy, the Board is of the view that the most effective allocation of capital is reinvestment into the business, enabling amaysim to take advantage of growth opportunities. It has therefore been decided not to declare a dividend for the 2019 financial year.

The Board and Management believe that taking advantage of the near and medium term growth opportunities available in the mobile and energy markets will deliver long-term value to shareholders.

The Board periodically reviews its dividend policy against future business plans and growth opportunities and will reassess its approach in due course. It is expected that this approach will continue in the short to medium term as the Company continues to execute on its strategic growth initiatives.

Operating and financial review

A review of the operations of the Group for the financial year is set out in the Operating and Financial Review (pages 36 to 40) which forms part of this Directors' Report.

Remuneration Report

Information on the Group's remuneration structure and policies for the Board, the CEO and other Executive KMP, is included in the Remuneration Report (pages 41 to 60) which forms part of this Directors' Report.

Significant changes to the state of affairs

On 27 August 2018, the Group announced the decision to discontinue devices, and on 26 October 2018, the Group announced the decision to sell its Broadband customer base to Southern Phone Company Limited and to discontinue the business unit.

The sale of the Broadband customer base was completed on 29 October 2018 and the migration of all Broadband customers onto Southern Phone's platform completed in the second half of FY19.

The decisions to discontinue selling devices and to sell the broadband customer base were due to both being capital intensive businesses in challenging markets which were expected to deliver low returns in the foreseeable future. Both were discontinued to enable the Group to focus on its core mobile and energy businesses.

Likely developments

The Company is focused on its strategic growth initiatives to grow and defend mobile, disrupt the retail energy market and to invest in its technology stack to support growth.

The capital raised under the Entitlement Offer during the year, has provided the balance sheet strength to increase investment into sales and marketing activities and facilitated the additional technology investment.

The Board is optimistic that the Company can capitalise on the growth opportunities available and that the business is well positioned to withstand any further pressure in the energy market following the implementation of the regulatory changes on 1 July 2019.

Refer to the shareholder letter (pages 8 to 11) for further information about likely developments and the Company's outlook for FY20.

Environmental regulations

The operations of the Group are not subject to any significant environmental regulations under Commonwealth, State or Territory Law.

Unissued shares

(a) Long term incentive plan (LTIP)

At the date of this report, amaysim had 342,067 options under the LTIP that could convert to ordinary shares in the Company. For further details of the LTIP, refer to Note 30 (b) of this financial report.

(b) Employee share plan rights (ESRP)

At the date of this report, amaysim had 10,646,676 outstanding employee share rights under the ESRP that could convert to 10,464,676 ordinary shares in the Company. For further details of the ESRP, refer to Note 30 (c) of this financial report.

Issued shares

During the period, 84,317,611 shares were issued under the Entitlement Offer that was completed in two parts; the Institutional Entitlement Offer (completed 28 February 2019) and the Retail Entitlement Offer (completed 27 March 2019). The new shares issued under the Entitlement Offer rank equally with existing ordinary shares.

There were no employee share plan rights or options that converted to ordinary shares in the Company during the period.

Indemnification and insurance of officers

The Group indemnifies, to the extent permitted by law, all officers of the Group, (including the Directors), for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the Group.

This indemnity is not extended to current or former employees of the Group against liability incurred in their capacity as an employee unless approved by the Board of amaysim Australia Limited.

During the financial year, the Group insured the officers and Directors against certain matters and liabilities as permitted by the Corporations Act.

The insurance policies prohibit disclosure of the nature of the cover, the amount of the premiums, the limit of liability and other terms. Premiums were paid during the financial year in respect of the relevant insurance policies.

Proceedings on behalf of the Group

No application has been made under section 237 of the Corporations Act in respect of the Group and no proceedings have been brought or intervened in on behalf of the group under that section.

Operating and Financial Review

During the year ended 30 June 2019, Devices operations were ceased, and the Broadband customer base was sold. The Devices and Broadband businesses were both capital intensive. Based on expected low returns over the foreseeable future, the difficult decision was made to discontinue Devices and divest the Broadband customer base, thus enabling the Group to focus on its core mobile and energy businesses. All numbers presented in the full year Operating and Financial Review are for continuing operations.

The results include the impact of changes in accounting policies and new accounting standards adopted during the period ended 30 June 2019, together referred as "Change". Additional information is provided to allow a like for like comparison with the prior period.

Also refer to Note 2 "Segment Note", Note 8 "Discontinued Operations" and Note 21 "Changes to existing accounting policies and adoption of new accounting standards" of this Annual Financial Report.

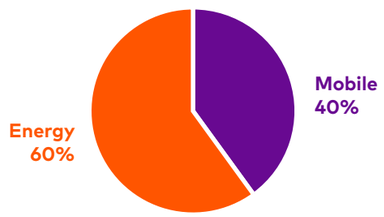
Group performance summary

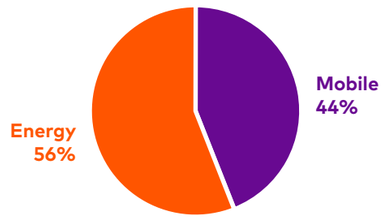
The key performance indicators for the current period and prior period for continuing operations are set out below:

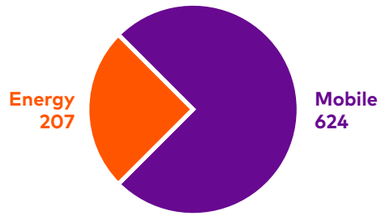
	Continuing Operations		
For the year ended 30 June 2019	FY2019*	FY2018*	%
Net revenue ($'000)	508,318	551,583	(8%)
Gross profit ($'000)	152,184	155,221	(2%)
Gross profit margin (%)	30%	28%	200bps
Operating expenses ($'000)(i)	(108,203)	(106,951)	1.2%
EBITDA ($'000)(i)	43,981	48,270	(9%)
NPAT ($'000)(i)	(6,532)	14,755	(144%)
NPATA ($'000)(i)	8,750	24,818	(65%)
Underlying EBITDA ($'000)(ii)	47,266	55,287	(15%)
Underlying NPAT ($'000)(ii)	6,780	19,667	(66%)
Underlying NPATA ($'000)(ii)	22,062	29,730	(26%)
EPS (cents)	(2.8)	7.0	(140%)
Underlying EPS (cents)	2.9	9.4	(69%)

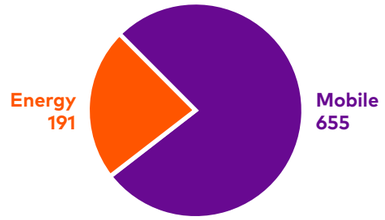
*The results presented above for FY2018 and FY2019 include results for continuing operations only. They also include the impact of the changes in accounting policies and adoption of new accounting standards. Refer to accompanying notes of this Annual Financial Report for further details.
(i)Operating expenses exclude expenses related to network, wholesale, finance, depreciation, amortisation and impairment.
EBITDA means Earnings before Interest, Tax, Depreciation, Amortisation and Impairment.
NPAT means Net Profit After Tax.
NPATA means Net Profit After Tax and adding back the tax affected amortisation and impairment relating to acquired contracts and intangibles other than software.
(ii) Underlying is a non statutory measure. For a reconciliation from Statutory to Underlying refer to page 40.

At 30 June 2019, the Group reported net revenue of $508,318k, EBITDA of $43,981k and NPAT of ($6,532k), in the context of intense competition in the mobile market and a challenging environment in energy.









Net Revenue of $508,318k for the period represented a 7.8% decrease compared to $551,583k in the prior year, mainly driven by the softer performance of the mobile business which is reflective of an intense competitive market.

Mobile revenue of $203,477k, decreased by 15.8% compared to $241,545k in the prior year. This is primarily driven by new products with higher inclusions which resulted in customers switching to lower price plans and generating lower excess usage revenue. The impact of the new revenue standard on Mobile is immaterial ($92k).

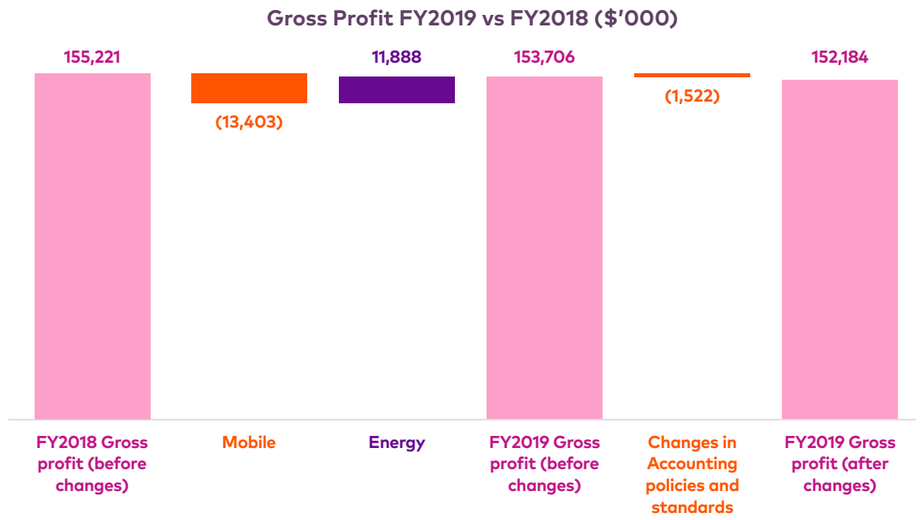
The way that mobile subscribers are reported has changed to exclude 'As You Go' (AYG) customers. AYG customers are, by nature, sporadic and unpredictable users and can remain in the customer base for over 12 months without using their mobile service or adding more credit. Revenue from subscriptions accounts for the majority (95%) of mobile revenue and therefore splitting these customers from the subscriber base provides better clarity around the recurring nature of the mobile business.

As at 30 June 2019 mobile subscription customers totaled 624k, a decrease of 31k on the FY18 comparative subscriber base. This was in-line with expectation given intense competition and delay to our marketing investment to support more competitive mobile plans.

Energy Revenue of $304,841k for the period represented a 1.7% decrease compared to $310,038k in the prior year. The changes to accounting standards resulted in a negative impact on revenue recognition ($2,745k) caused by the derecognition of revenue associated with "Occupier" accounts. This also has an offsetting reduction for a similar amount to bad and doubtful debt expenses (refer to Note 21). While energy subscribers increased over the period, revenue reduced slightly due to further expansion into NSW gas, which generates lower revenue per customer. In addition, we saw lower customer demand, driven by a combination of milder weather and the continued penetration of rooftop solar and take up of energy efficient appliances.

Energy subscribers of 207k represents growth of 8.4% compared to prior year. Despite the raft of regulatory changes, energy has delivered strong subscriber growth through its unique and strategic channels to the market.

Gross profit



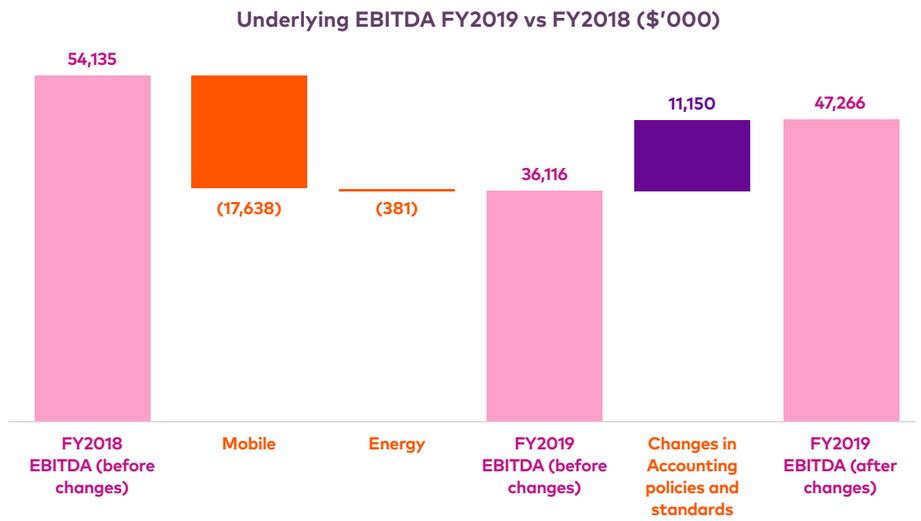
Excluding changes in accounting policies and standards, Gross margin for the period is $153,706k, a decrease of 1.0% to prior year. This was mainly driven by the strong contribution from energy during the period, offset by the softer Mobile growth.

Energy delivered a strong gross profit with an increase of $11,888k excluding changes in accounting policies and standards, from 23.7% to 27.8%. While we saw falling demand per customer, Energy gross profit increased as a result of the increased subscriber base combined with a continued focus on disciplined margin management across the product portfolio.

In mobile, gross profit has decreased $13,403k excluding changes in accounting policies and standards while gross profit margin is maintained at 33.6%. The gross profit margin continued to be strong due to the strength of the Optus wholesale agreement.

The changes in accounting policies and standards decreased gross profit by $1,522k. Refer to Note 21 for further information.

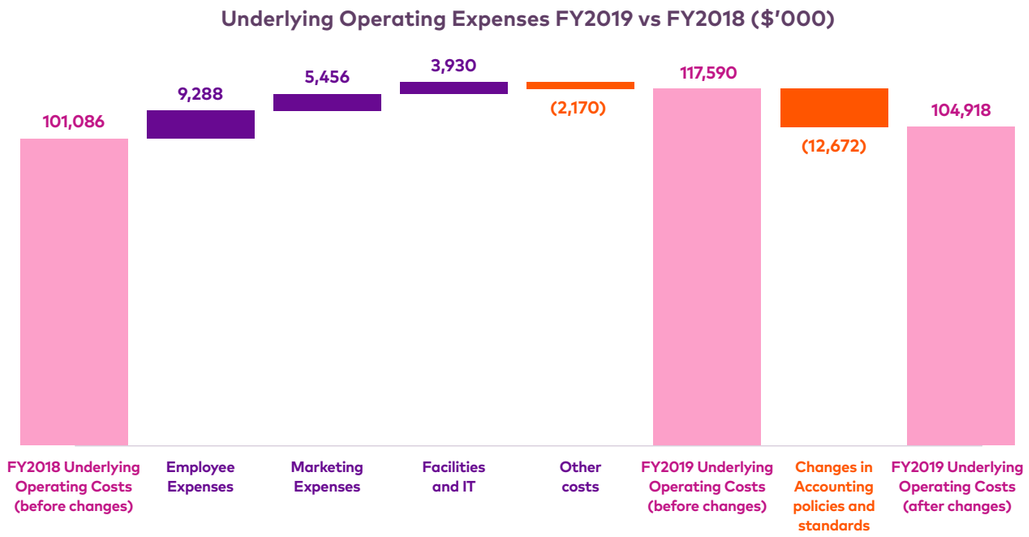
Underlying EBITDA



Excluding any impact of changes in accounting policies and adoption of new accounting standards, the Group underlying EBITDA is $36,116k, a decrease of 33.3% to prior year. Mobile underlying EBITDA decreased by $17,638k reflecting competitive pressures in Mobile leading to a decrease in gross profit. Energy underlying EBITDA decreased by $381k due to investment in the energy business and launching our innovative subscription energy plans.

After the changes in accounting policies and accounting standards, underlying EBITDA increased by $11,150k to $47,266k. The increase is primarily driven by the adoption of AASB15 which results in the Group capitalising mobile and energy costs to acquire subscriber contracts and the costs to fulfil those contracts. The detail of these impacts is provided on Note 21 of this Annual Financial Report.

Also refer to page 40 for further information related to the reconciliation of statutory to underlying EBITDA.



Furthermore, during the period, the Group's underlying operating expenses (other than network and wholesale, finance, depreciation, amortisation and impairment expenses) is $117,590k, an increase of $16,504k before changes in accounting policies and accounting standards. The main drivers are the following:

- Employee expenses increased by $9,288k, primarily driven by increased resources to support the development and launch of the new subscription energy plans. With the restructure of the Group and the discontinuation of devices and sale of broadband customer base, some employees were transitioned into Mobile and Energy verticals, resulting in an increase in the employee expenses for the continuing operations. In addition, the current period includes accruals for incentives whereas these were reversed in the prior period.
- Marketing expenses increased by $5,456k mainly due to Energy marketing campaigns and development of new strategic customer acquisition channels. Mobile marketing activities were put on hold until the new mobile plans were in the market. The new plans were launched and campaigns were switched on immediately on completion of the renegotiation of our wholesale network agreement with Optus in May 2019.
- IT and facilities expenses increased by $3,930k mainly driven by the relocation of the Manila office. There was an increase in the Group's support functions in Manila which will support the Company's growth going forward. Since the completion of the capital raise in March 2019, the Group has invested in the technology stack which will support future growth by consolidating existing systems and processes and launching subscription specific platforms; this is reflected in the increase in the IT Operations expenses.
- Other costs decreased by $2,170k which partially offset the increase in employee expenses and IT and facilities expenses described above. This decrease in other costs reflected the integration of remaining Click call center activities within the Group.

After the changes in accounting policies and accounting standards, underlying operating costs decreased by $12,672k to $104,918k. The detail of these impacts is provided on Note 21 of this Annual Financial Report.

Net Profit After Tax (NPAT)

NPAT from continuing operations was $13,948k at 30 June 2018, and was restated for the impact of changes in accounting policies, totalling $14,755k after restatement. NPAT as at 30 June 2019 is a loss of ($7,404k) before changes in accounting

policies, adoption of new standards, and after an impairment charge related to Energy customer contracts and distributor relations of $11,012k (net of tax) during the period (refer to Note 17 of this Annual Financial Report). NPAT has decreased $21,352k compared to FY2018 before changes in accounting policies. Excluding the impairment charge, NPAT would have been in profit of $3,608k, which would have been a decrease of $10,340k on a like for like basis compared to FY2018. FY2019 performance is in line with management expectations given the intense competition in Mobile market and the unprecedented regulatory changes in the energy market.

Refer to the following sections in relation to additional financial information provided and reconciliation of underlying results.

Reconciliation of statutory results to underlying results

Additional financial performance information

Given the nature of certain expenses included in the statutory results, the Directors are of the opinion that underlying financial information provides useful information about the financial performance of the Group. This information should be considered as supplementary to the Consolidated statement of comprehensive income that has been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way amaysim has calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures. These measures are reconciled as follows at 30 June 2019:

For the year ended 30 June 2019 from Continuing Operations ($'000)		EBITDA	NPAT	NPATA
Statutory results		**43,981**	**(6,532)**	**8,750**
Add back / (deduct)				
Restructure expenses	(i)	1,750	1,750	1,750
Integration expenses	(ii)	158	158	158
ACCC legal proceedings	(iii)	1,377	1,377	1,377
Impairment charge	(iv)	-	15,732	15,732
Income tax adjustments	(v)	-	(5,705)	(5,705)
Underlying results		**47,266**	**6,780**	**22,062**

i. Restructure expenses relate to staff redundancy and termination expenses associated with restructuring activities which impacted continuing operations during the year.
ii. Integration expenses are related to Click's reorganisation and transition of the On The Move call center.
iii. ACCC legal proceedings are related to penalties and legal costs in relation to the Australian Competition and Consumer Commission legal proceedings which were commenced on 9 July 2018 against an amaysim subsidiary, amaysim Energy Pty Ltd, in relation to statements about discounts and savings related to its energy products.
iv. Impairment charge related to Energy customer contracts and distributor relationships, as a result of a higher churn therefore a shorter customer life. Refer to Note 17.
v. Income tax adjustments is the tax impact of the underlying NPAT and NPATA adjustments.

For the year ended 30 June 2018 from Continuing Operations ($'000)		EBITDA	NPAT	NPATA
Statutory results		**48,270**	**14,755**	**24,818**
Add back / (deduct)				
Non Core expenses	(i)	653	653	653
Investment in strategic initiatives	(ii)	2,630	2,630	2,630
Integration and acqusiiton expense	(iii)	3,734	3,734	3,734
Income tax adjustments	(iv)	-	(2,105)	(2,105)
Underlying results		**55,287**	**19,667**	**29,730**

i. Non core expenses relate to staff redundancy expenses associated with restructuring costs and costs associated with the implementation project for new accounting standards which came into effect during the year ended 30 June 2019.
ii. Investment in strategic initiatives related to investment in new mobile products.
iii. Integration expenses are costs directly related to the integration and reorganisation of the Group following the acquisition of Click on 1 May 2017 and allocated employee costs.
iv. Income tax adjustments relate to the tax impacts of the underlying NPAT and NPATA adjustments.

Remuneration report

Letter from the Remuneration and Nomination Committee (Unaudited)

Dear Shareholders

On behalf of the Board, I am pleased to present amaysim's 2019 remuneration report.

FY2019 has been a pivotal year for amaysim. We simplified and refocussed our business in line with our strategy and vision to become Australia's best subscription utilities provider and in March, completed a highly successful $50,590k capital raising which allowed us to:

- reduce debt and strengthen the balance sheet;
- invest in growing the mobile subscriber base, in line with our strategic pillar 'Defend and grow mobile';
- launch new subscription energy plans, in line with our strategic pillar 'Disrupt retail energy'; and
- invest in our technology platforms, in line with our strategic pillar 'Enhance technology platforms to improve speed to deploy additional services'.

Key strategic milestones achieved in FY2019

This was a year of change for the business during which we had to make a number of tough decisions, but these are already bearing fruit. It was a year during which we had to think fast and act even faster. Here are some of the key milestones achieved:

- restructured and refreshed our executive team (including a re-alignment of remuneration in line with our strategy);
- closure of the online device store;
- sale of our broadband customer base and closure of the business unit (with over $3,277k in gross proceeds from the sale);
- successful refinancing (with improved terms) at a time of rising costs of capital and tough credit conditions;
- successful capital raise, fully sub-underwritten by a long-term shareholder. Importantly, only existing shareholders at the time of the raise were allowed to participate which meant that no 'new money' was able to benefit from the discounted offer;
- launched our innovative subscription energy plans in Victoria while re-tooling all of our energy systems and processes to align with the very significant regulatory changes which took effect on 1 July 2019;
- revitalised our wholesale network supply agreement with Optus which enabled the launch of refreshed mobile plans in the first week of June which was within a week of signing the new deal with Optus (late May 2019); and
- commenced a deeper integration of Click Energy into the amaysim Group.

FY2019 Financial Performance

In addition to delivering on our strategy, we also delivered a solid financial performance. We maintained our market share in mobile and grew our energy business. We achieved a reported Underlying EBITDA (for continuing operations and after the impact of changes in accounting policies) of $47,266k, on net revenue of $508,318k.

Our FY2019 result reflects intense competition in the mobile market and significantly increased regulatory burden in energy. Throughout the year, the mobile market continued to be driven by lower prices and rising inclusions. During the year, we dedicated considerable time and resources in preparation for an unprecedented number of regulatory changes in the energy market. The bulk of these changes took effect on 1 July 2019 and we are very pleased with how the business performed, both in the day-to-day operations and in preparing for the changes.

Despite these distractions, our team delivered strong subscriber growth in energy of 15,829 to finish at 207,160 at 30 June 2019. The energy business reported underlying EBITDA up 33.2% to $32,065k, on net revenue of $304,841k(FY18: $310,038k). Mobile underlying EBITDA was down 51.3% to $15,201k, on net revenue of $203,477k (FY18: $241,545k (excluding devices)). We finished the year with 623,662 recurring mobile subscribers, following our decision to remove 'As You Go' (AYG) customers from the mobile subscriber base when we report (see Letter to Shareholders for further details on pages 8 to 11). This was a 4.8% decline on the comparative recurring mobile subcriber base in FY18. This was in line with expectations given intense

competition and the delay to our marketing investment to support the more competitive plans that we were able to launch in June once we completed the renegotiation of our wholesale network supply agreement with Optus.

Remuneration Structure and Strategy

We are strong believers in our business strategy and appreciate our shareholders' support and trust. Our strategy is outlined in section 1 of this report. We have the right team to execute on this strategy and consider it particularly important to retain and incentivise our Key Management Personnel (KMPs) over the next several years as we embark on a new journey in our energy business and navigate toward the critical revaluation event in our mobile business which aligns with the expiry of the current term under our wholesale network supply agreement with Optus.

The Remuneration Committee and the Board is confident that the remuneration framework presented in this report is delivering outcomes firmly tied to our business strategy and closely linked to our performance. We have also listened to shareholder feedback that our key management personnel (KMP) had insufficient exposure to amaysim's shares. As a result, we have revisited our long term incentive (LTI) scheme which, over the past 3 years, has delivered no shares to KMPs. We trust that the new performance rights issued under the LTI scheme will, if the targets are achieved, deliver considerable alignment between shareholder value and benefits to KMPs over the next 3 years.

In FY2019, the remuneration strategy remained consistent with previous years and was based on linking financial performance and employee contribution to rewards. Further detail regarding executive remuneration for FY2019 is set out in the "Executive KMPs Remuneration Outcomes" section of this report.

Executive KMP Changes

On 1 July 2018, Peter O'Connell assumed the position of Chief Executive Officer and Managing Director, succeeding Julian Ogrin who left the Company after four years of service. Peter O'Connell is a co-founder and was Executive Chairman of amaysim from inception until June 2015, and spent three years on the Board as a Non-executive Director.

Click Energy CEO, Mr Dominic Drenen, departed the business at the end of this financial year by mutual agreement. This change was a reflection of amaysim's desire to deeper integrate the Click business and the view that a separate Click CEO was no longer required.

Alex Feldman was appointed as Chief Strategy Officer on 21 August 2018 to reflect our need to further develop our significant partnerships and focus on the future direction of the Company in relation to strategic corporate development opportunities such as mergers and acquisitions. This is in addition to his existing duties as General Counsel and Company Secretary.

On 26 October 2018, Chief Financial Officer, Ms Leanne Wolski , retired from the business and Mr Gareth Turner rejoined amaysim to take up the position of Chief Financial Officer on 1 November 2018. Mr Turner is held in high regard and his experience, including his role in the acquisition of Click Energy, makes him perfectly placed to lead the finance team.

I look forward to the opportunity to discuss the Remuneration Report with you at the Company's Annual General Meeting.

Sincerely,

Andrew Reitzer

Chair - Remuneration and Nomination Committee

Remuneration report (audited)

Introduction

The Directors are pleased to present the remuneration report for the year ended 30 June 2019. The Report outlines the remuneration arrangements of the Key Management Personnel (KMP) who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of the Company, being the Non-executive Directors, the Chief Executive Officer and Managing Director and other Senior Executives of the Company. In this report, Executive Directors and other Senior Executives are collectively referred to as 'Executive KMPs'. Non-executive Directors are referred to specifically throughout the report.

This report forms part of the Directors' Report and has been prepared in accordance with section 300A of the Corporations Act 2001 (the Corporations Act). The information contained in this report has been audited as required by section 308(3C) of the Corporations Act.

The key sections of this report include:

1. Remuneration report overview, including Key Management Personnel and Remuneration Governance
2. Executive remuneration framework and link to the Company's performance
3. Executive KMPs remuneration outcomes
4. Statutory remuneration tables
5. Non-executive Director fees
6. KMP's Shareholdings and other transactions

1. Remuneration report overview

1.1 Key Management Personnel

The Group assesses the definition of who is a KMP each year to ensure appropriate disclosure. Refer to the below tables which outlines KMPs during the financial year:

Name	Position title	Term as KMP
Non-executive Directors		
Andrew Reitzer	Non-executive Chair	Full year
Maria Martin	Non-executive Director	Part year- ceased KMP designation following resignation on 27 November 2018
Jodie Sangster	Non-executive Director	Full year
Thorsten Kraemer	Non-executive Director	Full year
Goetz Maeuser	Non-executive Director	Part year- appointed 26 October 2018
Craig Jackson	Non-executive Director	Part year- appointed 27 November 2018
Executive KMP		
Peter O'Connell	Chief Executive Officer and Managing Director	Full year
Leanne Wolski	Chief Financial Officer	Part year- ceased KMP designation following resignation on 26 October 2018
Gareth Turner	Chief Financial Officer	Part year- appointed on 01 November 2018
Alex Feldman	Chief Strategy Officer and General Counsel	Part year- designated a KMP on 21 August 2018
Isaac Ward	Chief Commercial Officer	Full year
Dominic Drenen*	Click Chief Executive Officer	Full year

*On 30 June 2019, Dominic Drenen ceased to be Click Chief Executive Officer.

1.2 Remuneration Governance

1.2.1 Remuneration and Nomination Committee

The objective of the Remuneration and Nomination Committee (Committee) is to align the interests of KMPs to that of shareholders by linking the Group's financial performance to remuneration, and by attracting and retaining talent which will help the Company deliver on its targets. The Committee reviews and advises the Board on matters relating to:

- Board and Executive KMPs succession planning;
- the Company's remuneration framework for directors, including the process by which any pool of directors' fees approved by shareholders is allocated to directors;
- the Company's remuneration policy, and other relevant policies including recruitment, retention and termination policies;
- Executive KMPs' remuneration arrangements including the Company's equity-based incentives and the remuneration packages to be awarded to senior executives and other employees;
- the responsibility to determine the performance targets, extent of the executives' achievements and the remuneration outcomes;
- superannuation arrangements for directors, senior executives and other employees;
- the annual assessment of Board and Executive KMPs' performance;
- the assessment of the Board's skills, size and composition; and
- any findings of gender or other inappropriate bias in remuneration for directors, senior executives or other employees.

The Committee regularly reviews and monitors policies and practices related to the remuneration of KMPs and ensures that their remuneration is linked to the Company's strategy and performance.

Further information regarding the Committee's role, responsibilities and membership can be found in the Remuneration and Nomination Committee's Charter, a copy of which can be found on the Company's website.

1.2.2 Remuneration consultants

Under the provisions of the Committee's Charter, the Committee may engage assistance and advice from external remuneration consultants from time to time. The Board and Committee engaged Egan Associates during FY2019, and received remuneration and market practice advice in respect of short term and long term incentive plans and remuneration of all employees across the Group. No remuneration recommendations, as defined by the Corporations Act 2001, were made by remuneration advisors.

1.2.3 Hedging of remuneration

In accordance with provisions of the Corporations Act, all KMPs and amaysim employees are prohibited from hedging unvested equity-based remuneration as outlined in the Company's Remuneration Policy and Securities Trading Policy, which is available on the Company's website.

2. Executive remuneration framework and link to the Company's performance

The Company is committed to attracting and retaining the best people to work in the organisation, including senior management. Our success depends on the dedication and hard work of our people, which is embedded in our culture and our core values. The remuneration framework assists with attracting, retaining, motivating and rewarding key executives; driving top line and earnings growth; establishing a clear and transparent relationship between performance and remuneration; and aligning the Company's strategic objectives to the interests of its shareholders, high performance and focus on creating sustainable long-term value.

At the core of everything we do are our values of agility, simplicity, reliability and empathy. We live and breathe our values on a daily basis, in our internal interactions, in our business relationships, through our products and with our customers. A good company culture is key to the success of our company, as is our reputation. Our short-term and long-term incentives for the CEO and other senior executives encourage the management team to pursue the growth and success of amaysim without rewarding conduct that would be contrary to our values or risk appetite.

2.1 Remuneration structure

Executive KMP's remuneration consists of fixed and variable remuneration. The remuneration structure is outlined below:

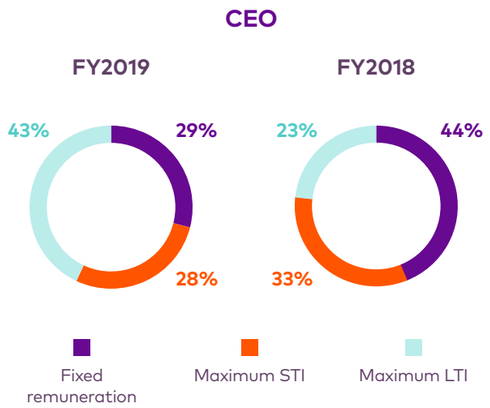
Key Objectives	• Attract, retain and reward key executives • Drive top line and earnings growth within the boundaries of the Company's risk appetite • Establish a transparent relationship between financial performance and remuneration • Align the Company's strategic objectives to the interests of its shareholders • Maintain simplicity – one of our core values		
Remuneration	**Fixed**	**Variable (at-risk)**	
Link to Business Strategy	Competitively positioned relative to the market to attract, retain and reward	• Grow a profitable and sustainable business • Optimise operating costs, remaining lean and agile • Focus on the customer • Execute and deliver projects to support mid-term and long-term strategy	• Ensure retention of key talent • Align interests of Executive KMPs with long-term interests of shareholders • Align the Company's strategic objectives to the interests of shareholders • Ensure long-term profitability and sustainability of the business
Award Component	**Cash**	**Cash**	**Equity settled***
	Fixed Remuneration	**Short Term Incentives (STI)**	**Long Term Incentives (LTI)**
	Includes: • Base salary • Superannuation • Other benefits (e.g. car parking)	• Delivered 100% in cash • Subject to financial, non-financial and strategic objectives • Performance is measured over one year	• Delivered 100% in performance rights • Subject to long-term financial metrics and service condition • Performance is measured over a three-year performance period for the amaysim CEO and four-year performance period for Executive KMP

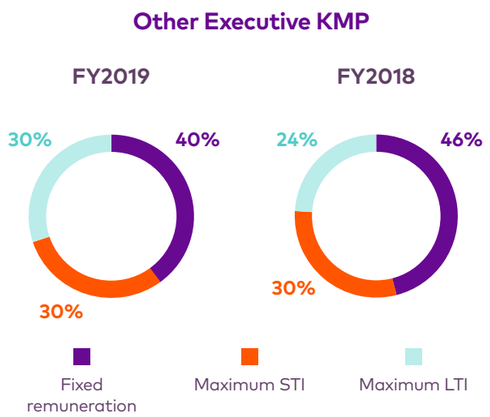
* The Board may decide at its discretion to settle the LTI in cash, however there is no intention or precedent at the time of this report to do so.

2.2 Remuneration mix

The chart below outlines the maximum remuneration mix expressed as a percentage of total maximum remuneration for the CEO and an average of the total maximum remuneration mix for other Executive KMPs (including a prior year comparison calculated on a like-for-like basis).

- Fixed remuneration represents the contracted amount for FY2019;
- Short Term Incentive Plan (STI Plan) represents the maximum opportunity for FY2019;
- Long Term Incentive Plan (LTI Plan) represents the maximum FY2019 opportunity.





Note - the CEO was granted an LTI award of 4,000,000 performance rights in FY2019. The Performance Rights will be granted in one tranche at the end of a 3 year period ending 30 June 2021 and are subject to continued employment during the Performance Period and a Committee-approved underlying EBITDA target for FY2021.

2.3 Remuneration components

2.3.1 Fixed remuneration

Fixed remuneration includes base salary, superannuation and other non-monetary benefits (e.g. car parking) and is competitively positioned relative to the market. Factors such as industry, company size by market capitalisation and company growth profile are used to determine appropriate comparator Groups. Fixed remuneration for Executive KMPs is reviewed periodically, taking into account the following factors:

- the Company's and executive's performance;
- the executive's skills and experience;
- labour market conditions; and
- the size and complexity of the role and of the Company.

Peter O'Connell commenced as the Company's Chief Executive Officer and Managing Director on 1 July 2018. His base salary remained on the same level as that of his predecessor for the prior year. amaysim's CEO and Managing Director base salary has been unchanged since 1 July 2017.

2.3.2 STI Plan

This component of remuneration is at risk and is directly linked to the Group's performance. The main purpose of the STI plan is to motivate and reward Executive KMPs for the achievement of annual performance targets linked to growing the business, meeting earnings targets, making the customers our priority and meeting the relevant milestones to support mid-term and long-term strategy, while maintaining our values of agility, simplicity, reliability and empathy.

Who participates in the STI plan?

All Executive KMPs.

What awards are granted under the STI plan?

Cash.

What is the maximum STI?

CEO – 100% of base salary.

Other KMPs – 75% of base salary.

There is an over achievement mechanism for financial performance above 100% of target for Executive KMPs excluding the CEO.

Dominic Drenen did not receive an STI award during FY19.

What are the performance metrics and targets?

The STI awards are subject to four KPIs listed below, measured over the period of a financial year.

amaysim CEO and Executive KMPs

KPI	Metric	Weight	Target
Financial	Underlying earnings before interest, taxes, depreciation and amortisation (EBITDA)	30%	$46m
Customer focus	Net promoter score (NPS) across the amaysim brand (including energy and mobile)	5%	At least +10
Two strategic objectives	1. Launch of subscription energy plans in Victoria	15%	Launch by 30 April 2019
	2. Successful refinancing / debt restructure and capital raise	50%	$50.6m equity raise and debt refinance

During the year, the Committee set the FY2019 STI metrics and targets as detailed in the table above, taking into consideration changes in amaysim's strategic direction and plans associated with the FY2019 capital raise. The Committee also adjusted the FY2019 STI metrics and targets for Peter O'Connell to align with those in the table above. The CEO, all Executive KMPs and all Senior Leadership Team members have the same metrics and targets for FY2019 as detailed in the table above. Other managers and staff participating in the amaysim STI plan also have the same FY2019 metrics and targets as detailed in the table above.

STI awards subject to strategic objectives vest subject to the achievement of the projects described above and in Section 3.2.

Outperformance of EBITDA STI metric

The Company reported underlying EBITDA (refer to Note 2(c) in the Financial Report for a reconciliation of underlying EBITDA to statutory EBITDA) of $47.3 million for FY2019. This outperformance resulted in 102.8% of the STI being payable to Executive KMP under the Financial STI performance metric of $46 million underlying EBITDA.

The Executive KMP and the rest of the Group's senior leadership team have unanimously and unilaterally decided to relinquish the additional 2.8% which will be set aside to support one or more community projects.

Can any metrics be adjusted?

The Committee and the Board set the objectives which must be achieved in respect of the STI. In exceptional circumstances, the Board may exercise its right to amend the objectives just as it may also exercise its right to not pay an STI in respect of a year for one or more Executive KMPs.

Underlying EBITDA	30% of STI realising
Less than $37m	Nil
Between $37m and $46m	Straight line vesting between 0% and 100%
$46m	100%
Between $46m and $55m	Straight line vesting between 100% and 140%
Equal to or greater than $55m	140%

How is 'Underlying EBITDA' calculated?

This is a reported metric which is calculated based on audited financial results. Refer to the Operating and Financial Review section of this report for more information on how it is calculated.

How do the STI awards vest?

In respect of the Underlying EBITDA Target (30% of STI), the percentage of STI realising (of the 30%):

Why were these metrics chosen?

Underlying EBITDA is a key financial metric approved by the Board every year to ensure continued focus on commercial outcomes. While the Company strives for long-term sustainable growth in EBITDA, the Board acknowledges that in the periods of significant re-investment in growth, year-on-year EBITDA increases may not be feasible.

The targets may therefore not always reflect annual increases, but rather are set with long-term benefits in mind and for the purpose of managing the Company's risk tolerance and appetite on an annual basis.

The target for FY2019 was challenging as a result of continued ARPU pressure and intense competition in the mobile market and an energy industry which was preparing for unprecedented regulatory change.

Underlying EBITDA is a measure that is in line with our value of simplicity:

- it is easy to understand for both KMPs, the rest of the business and shareholders;
- it is used by the Company's analysts and the broader market as a key financial measure;
- it is in direct control of KMPs and is tangible. It is also typically less impacted by tax and accounting changes and generally correlates to cash generated by the business; and
- it directly reflects the Company's financial performance.

NPS is an important measure of customer satisfaction and is critical to amaysim's success. NPS is measured throughout the year by an independent external firm and can range

from a low of -100 (if every customer is a Detractor) to a high of +100 (if every customer is a Promoter). The final NPS is calculated as an average NPS of amaysim's mobile and energy businesses across four quarterly surveys conducted during the year and is used to determine performance relative to the NPS performance hurdle set at the beginning of the financial year. The NPS target set for FY2019 is lower than previous years because it is the first full year during which amaysim's significant energy business was included in the surveys. The energy industry has a much lower NPS (and overall customer sentiment) when compared with mobile and that reality is reflected in the target.

Launching subscription energy plans in Victoria is one of the Company's main strategic pillars of disrupting the retail energy market. Victoria was the logical place to launch given its high penetration of smart meters. This objective related to 15% of the total STI. This was a Company-wide project as it required the implementation of a new billing platform and a complete change in systems and processes. It also needed to be achieved while preparing for unprecedented regulatory change in energy which took effect on 1 July 2019.

Successful refinancing / debt restructure and capital raise was a critical enabler for the Company's strategic plan of strengthening the balance sheet to enable the company to grow mobile, disrupt energy and invest in technology. These pillars are described in more detail in the associated announcements relating to the capital raise and throughout this report. The Company is run by a lean team, this same team was required to achieve all of the other milestones set out in the letter to shareholders from the Chair of the Remuneration and Nomination Committee on pages 41 to 42. In addition, the refinancing required improved terms which was particularly challenging at a time of rising costs of capital and tough credit conditions.

The Board has approved the above metrics and targets following a thorough review and consideration of other financial and non-financial metrics, including TSR and EPS. The Board has concluded that underlying EBITDA, NPS and strategic objectives are the most appropriate in light of the Company's business strategy and current business cycle.

Do these metrics extend beyond the Executive KMPs?
Yes. All employees who are eligible to participate in the STI scheme are measured on the Company's performance in respect of the same metrics as the Executive KMPs. This is aligned to our value of simplicity and ensures full alignment.

How is the performance assessed?
The metrics are simple and objective. Performance is easily discernible from the Company's results and reports to the Board. Any applicable STI award for Executive KMPs is reviewed by the Remuneration and Nomination Committee and approved by the Board.

What were the performance and vesting outcomes for FY2019?
Please refer to section 3.2.

Is there a deferral and clawback?
There is currently no formal STI deferral policy, as the Board believes that the STI targets are objective and easily discernible and that the LTI provides a more appropriate mechanism for Executive KMP retention.

While the STI vesting is determined at the end of the financial year following the announcement of results, actual payments are made later in the year to ensure KMP retention and manage any risks associated with remuneration outcomes, financial disclosures and achievement of financial results.

The Board has ultimate discretion to claw back any unvested awards in the event of a material misstatement and to prevent any inappropriate outcomes.

Does Board's discretion apply?
The Board retains an overarching discretion in relation to all aspects of the STI plan.

What happens upon cessation of employment?
Executives who cease employment prior to the end of the financial year are generally not entitled to an STI award, unless the Board, at its sole discretion, determines otherwise.

2.3.3 LTI plans - current

The LTI award is at risk and is directly linked to the Group's long-term performance. The main purpose of the LTI plan is to retain and reward Executive KMPs for the achievement of long-term performance and alignment of the interests of shareholders and the Company.

Who participates in the LTI plan?
All KMP.

What awards are granted under the LTI plan?
Performance rights which entitles the holder to acquire a share for nil consideration at the end of the performance period, subject to meeting the LTI performance conditions.

What is the maximum LTI opportunity?
The CEO was granted 4,000,000 performance rights in FY2019 which was approved by shareholders at the October 2018 Annual General Meeting.

Other Executive KMPs – 75% of base salary.

How is the number of awards determined?
CEO – face value using an implied share price of $1.00 at the time of the grant.

Other Executive KMPs – face value using a volume weighted average price for the 5 days from 27 March 2019 to 2 April 2019.

What are the performance metrics?
CEO – the performance metric requires achievement of a Board-approved underlying EBITDA target to FY2021 (in addition to continued employment).

Other Executive KMP – the performance metric requires achievement of a sum of the Board-approved underlying EBITDA targets over the FY2019 - FY2022 financial years as and when these are approved by the Board (in addition to continued employment).

The Board considers that this type of performance hurdle, requiring considerable growth, creates the right alignment with shareholder interests.

This is despite increased competition in mobile and energy and regulatory uncertainty in respect of energy.

The Board does not consider it to be appropriate to disclose the actual Underlying EBITDA targets set for the CEO or the Executive KMP as they are forward-looking over several years and are highly commercially sensitive.

Why was this performance measure chosen?
Underlying EBITDA is a key financial metric approved by the Board every year to ensure continued focus on commercial outcomes. While the targets for the STI incentivise annual achievements, the LTI targets are set with a view of long term value creation and sustainable profitability results.

Underlying EBITDA is a measure that is in line with our value of simplicity:

- it is easy to understand for KMPs, the rest of the business and shareholders;
- it is used by the Company's analysts and the broader market as a key financial measure;
- it is in direct control of KMPs and is tangible. It is also typically less impacted by tax and accounting changes and generally correlates to cash generated by the business; and
- it directly reflects the Company's financial performance.

The Board has approved the above metrics and targets following a thorough review and consideration of other financial and non-financial metrics, including TSR and EPS. The Board has concluded that underlying EBITDA, NPS and strategic objectives are the most appropriate in light of the Company's business strategy and current business cycle.

How is the performance assessed/what vesting schedules apply in respect of the CEO?

Achievement of target underlying EBITDA	Proportion of rights that vest
0 – 85%	0%
85%	50%
85 – 100%	Straight line vesting
100%	100%

How is the performance assessed/what vesting schedules apply in respect of other Executive KMPs?

Achievement of target aggregate underlying EBITDA	Proportion of rights that vest
0-70%	0%
70%	50%
80%	70%
90%	90%
100%	100%

Can EBITDA be adjusted?
In respect of the CEO, the Underlying EBITDA target has been set and will only be changed in exceptional circumstances.

In respect of the other Executive KMPs, the Board will set the Underlying EBITDA targets in respect of each applicable performance year.

Importantly, Underlying EBITDA is a reported metric which is calculated based on audited financial results. Refer to the Operating and Financial Review section of this report for more information on how it is calculated.

How long is the performance and vesting period?
Awards granted in FY2019 may vest subject to the achievement of EBITDA targets over the performance period of four years ending 30 June 2022. Refer to table 4.3.2.

Can the hurdles be retested?
No.

Is there a clawback?
The Board has ultimate discretion to claw back any unvested awards in the event of a financial misstatement and to prevent any inappropriate outcomes.

Does the Board's discretion apply?
In respect of Executive KMPs other than the CEO, the Board retains discretion to make positive or negative adjustments to the target Underlying EBITDA based on changes in the

strategic or intrinsic value of amaysim's Group's total mobile customer base, including by reference to the changes in total customer lifetime value of that customer base or such other metric as determined by the Board over the vesting period.

What happens upon cessation of employment?

If a participant ceases to be an employee of the amaysim Group due to resignation or dismissal, any unvested rights lapse unless the Board determines otherwise. If a Participant ceases to be an employee of the amaysim Group due to any other reason, unvested rights will vest on a pro rata basis subject to the original performance conditions.

What happens to the unvested rights under change of control?

In respect of the CEO – where a takeover bid is made for the Company's shares or a meeting of the Company's shareholders is convened to approve a scheme of arrangement, at least half of the Performance Rights (being 2,000,000) will vest and the remainder of the Performance Rights may vest at the Board's discretion having regard to all relevant circumstances, including the LTIP Rules and the extent to which the performance conditions are satisfied to the date of the control event. In respect of other Executive KMPs – similar to above but all of the rights which were granted in FY2019 will automatically vest.

This type of auto-vesting is considered reasonable in the circumstances. First, all rights are subject to 4 year performance periods and, second, current Executive KMPs have not had the benefit of any LTI award vesting since the Company listed in 2015.

What rights are attached to the unvested performance rights?

The performance rights do not attract dividends, voting rights, or any capital distributions.

Have any previously granted awards vested during FY2019?

No LTI awards vested during FY2019. In fact, none of the current Executive KMPs have had any LTI awards vest since the Company listed on the ASX in 2015 with the exception of Alex Feldman who had awards vest prior to being a KMP.

What is the accounting treatment?

The fair value of the options has been recognised as an expense with a corresponding increase to the equity compensation reserve in equity. This is because the LTIP has been treated as equity settled. Although they can either be settled in shares or cash at the discretion of the Board, there is no precedent of cash settlement, nor current intention to settle these awards in cash. Reversals of awards which have not vested during the year have been recognised as a credit to the statement of comprehensive income and a corresponding debit to equity compensation reserve.

2.3.4 LTI plans - legacy

In previous years, the Company has granted LTI awards to Executive KMPs. These legacy grants are described below for completeness only as there is no expectation that the relevant hurdles or metrics will be achieved. In other words, these legacy plans will simply run their natural course and in practice we expect that no awards will actually vest. This is primarily a result of a change in the Company's strategic direction to focus on growth (including re-investment of profits to fuel the growth, rather than yield over the next 3 years).

As a result, we have simplified our disclosure of these legacy plans and refer shareholders to the 2018 remuneration report which included comprehensive disclosures. We have also not included detailed information in respect of legacy grants to Leanne Wolski and Dominic Drenen as their employment with the Company has ceased, any awards which were previously granted have forfeited and neither is entitled to any future awards. Refer to section 3.3 LTIP Outcome for further information.

(i) Options granted under the Legacy LTIP

What is the LTI Options Plan?

This is an options based plan which enabled participants to acquire fully paid ordinary shares in the Company, with an exercise price of $1.80 for participating Executive KMPs (being the offer price set out in the prospectus). Isaac Ward was granted such options on 7 February 2017 and Alex Feldman was granted such options on 8 March 2016.

How are the LTI awards calculated?

The number of options granted was determined by dividing the Executive KMPs' LTI opportunity (expressed as a percentage of fixed remuneration) by the fair value per instrument, calculated using a Black-Scholes option pricing model for amaysim employees.

What are the vesting conditions?

Vesting of LTI awards is subject to the following two performance conditions:

- achievement of an underlying EPS compound annual growth rate (EPS CAGR) target over three, four and five year performance periods. The target for FY2019 ranges from 10% to 20%, or from 7.7 cents to 10.0 cents; and
- continued employment with the Group.

The percentage of each tranche of the LTI award that may vest is outlined in the table below:

EPS CAGR over the performance period	% of options vesting
Less than 10% of EPS CAGR target	Nil
10% of EPS CAGR target	50%
Between 10% and 15% of target EPS CAGR target	Straight line vesting between 50% and 75%
15% of EPS CAGR target	75%
Between 15% and 20% of EPS CAGR target	Straight line vesting between 75% and 100%
Equal to or greater than 20% of EPS CAGR target	100%

If an EPS performance condition is not met, the relevant tranche of the LTI award will forfeit and will not be re-tested at a later date.

What are the performance and vesting periods?

The LTI award is split into three tranches with performance measured over different performance periods. Refer to table 4.2.1 for further information.

What is the accounting treatment?

The same accounting treatment apply as for the LTI plan, refer to to section 2.3.3.

Legacy Options LTI– Outcome

LTIP outcomes under the legacy options grant for FY2019 are detailed in section titled "3.3 LTIP Outcome" below.

(ii) Employee Share rights granted under the LTIP

What is the LTI Employee Share Rights (ESR) Plan?

In FY2018, the Group issued a new share-based payment plan to Executive KMPs, with the same objective of the Options LTI disclosed above. The awards take the form of performance rights with a nil exercise price. The conditions of this plan are very similar to the LTI Options plan.

These ESR awards were granted in October 2017 to Isaac Ward and Alex Feldman.

How are the ESR awards calculated?

The number of performance rights granted was determined by dividing the Executive KMPs LTI opportunity (expressed as a percentage of fixed remuneration) by the 7 days average of the volume weighted average share price of the Company' over the 7 trading days up to and including the day of the grant date.

What are the vesting conditions?

Vesting of LTI awards is subject to the same hurdles as the LTI Options plan:

- achievement of an underlying EPS compound annual growth rate (EPS CAGR) target over two, three and four year performance period, and
- continuous employment condition.

The percentage of each tranche of the LTI award that may vest is outlined in the the following table.

EPS CAGR over the performance period	% of options vesting
Less than 10% of EPS CAGR target	Nil
10% of EPS CAGR target	50%
Between 10% and 15% of target EPS CAGR target	Straight line vesting between 50% and 75%
15% of EPS CAGR target	75%
Between 15% and 20% of EPS CAGR target	Straight line vesting between 75% and 100%
Equal to or greater than 20% of EPS CAGR target	100%

If an EPS performance condition is not met, the balance of the relevant tranche of the LTI award will roll over to the next testing point where it will be re-tested. This occurs for tranche 1 and tranche 2 but testing point 3 is the final opportunity for any rights to vest.

Why have these performance conditions been chosen?

The rationale for the use of EPS CAGR target is the same as that for the LTI Options disclosed in section 2.3.3(i) of this report.

What are the performance and vesting periods?

The LTI award is split into three tranches with performance measured over different performance periods. Refer to table 4.3.1 for further information.

What is the accounting treatment?

The same accounting treatment apply as for the LTI Plan, refer to section 2.3.3 (i).

Employee Share Rights LTI – Outcome

ESR LTI outcomes for FY2019 are detailed in the section titled "3.3 LTIP Outcome" below.

2.4 Executive employment agreements

Each Executive KMP has an ongoing (i.e. no fixed term) employment agreement with the Company which sets out each Executive KMP's remuneration, termination, confidentiality, restraint period and other terms. The key terms of employment for Executive KMPs are summarised below.

	CEO and Managing Director
Appointed	1-Jul-18
Fixed remuneration	$750,000 per annum, inclusive of superannuation
STI maximum opportunity	100% of fixed remuneration
LTI maximum opportunity	LTI grant of 4,000,000 rights made in FY2019, approved by shareholders at the 2018 AGM
Length of agreement	Ongoing, no fixed term
Notice period (by Executive KMP)	12 months
Notice period (by the Company)	12 months
Termination payments	Subject to the Corporations Act, 12 months' fixed remuneration in lieu of notice. Treatment of STI and unvested LTI awards on termination is outlined in section 2 "Executive remuneration framework and link to the Company's performance" above.

Term	Other Executive KMP
Length of agreement	Ongoing, no fixed term
Notice period (by Executive KMP)	12 months
Notice period (by the Company)	12 months
Termination payments	Subject to the Corporations Act, 12 months' fixed remuneration in lieu of notice. Treatment of STI and unvested LTI awards on termination is outlined in section 2 "Executive remuneration framework and link to the Company's performance" above.

3. Executive KMP remuneration outcomes

This section provides a summary of the key financial results for the Group, share price and dividends for the past fours years since the listing of the Company.

3.1 Group's financial performance, Shareholder Wealth and Remuneration

The table below sets out the Group's financial performance for FY2019 for Continuing Operations.

Financial measure	FY2019(i) ($'000 unless stated)	Restated FY2018(i) ($'000 unless stated)	FY2017 ($'000 unless stated)	FY2016 ($'000 unless stated)
Earnings				
Statutory Net Revenue	$508,318	$551,583	$326,680	$253,537
Underlying EBITDA	$47,266	$55,287	$43,542	$35,443
Underlying NPAT	$6,780	$19,667	$21,185	$19,926
Underlying NPAT Growth	(65.5%)	(7.2%)	6.3%	108.70%
Underlying EPS	2.9c	9.4c	11.3c	11.3c
Shareholder value				
Total dividends declared (cents per share)	-	-	9.1	8.3
Share price at 30 June	$0.74	$1.06	$1.56	$1.67

(i) The results presented above for FY2018 and FY2019 include results for continuing operations only. They also include the impact of the changes in accounting policies and adoption of new accounting standards. Refer to accompanying notes of this Annual Financial Report for further details.
Refer to the Operating and Financial Review for definition of financial measures.

3.2 STI outcome

KPI	Metric	Weight	Target	FY2019 Result	FY2019 Achievement	FY2019 STI Outcome
Financial	Underlying EBITDA	30%	$46m	$47.3m	Target exceeded by 2.8%	102.8%
Customer	Net promoter score (NPS)	5%	At least +10	Above target	Met	100%
Two strategic objectives	Launch of subscription energy plans in Victoria	15%	Launch by 30 April 2019	The tight timeframes demanded that Executive KMPs worked above and beyond to deliver a successful launch at the same time as ensuring that the energy business is ready to cope with unprecedented regulatory changes which required a complete re-tooling of systems and process.		100%
	Successful refinancing / debt restructure and capital raise	50%	$50.6m equity raise and debt refinanced	The capital raise and debt refinancing and restructure were critically important for the long-term future of the business. These projects were required to be completed without losing focus on 'day to day' operations of an ever growing and changing business.		100%
				Both projects were delivered on time and budget and the strategic importance of each is described in more detail in the Letter to shareholders in this report.		100%

*Underlying EBITDA for STI outcome is only for continuing operations.

The Board resolved that the STI payments for CEO and Executive KMP's were not paid for FY2018 except for Dominic Drenen. In FY2017 the Board resolved to pay STI at 60% of Fixed Remuneration.

3.3 LTIP outcome

3.3.1 Legacy options grant

No awards vested under the LTI plan during FY2019. The options associated with Tranche 2 for Isaac Ward have forfeited due to the performance condition not being met at 30 June 2019. The options associated with Tranche 3 for Alex Feldman have also forfeited due to the performance condition not being met at 30 June 2019. Leanne Wolski is no longer entitled to options associated with Tranche 2 and Tranche 3 due to her cessation of employment with the Company on 26 October 2019. Dominic Drenen is no longer entitled to Tranche 1, 2 and 3 due to his cessation of employment on 30 June 2019.

3.3.2 Legacy ESR grant

The first tranche was tested at 30 June 2019 and the performance rights forfeited due to the performance hurdles not being met. Leanne Wolski is no longer entitled to the share rights of Tranche 1, 2 and 3 due to her cessation of employment during the financial year ended 30 June 2019.

4. Statutory remuneration tables

4.1 Executive KMP statutory remuneration for FY2019

The following table shows the accounting expense of remuneration received by Executive KMPs during FY2019 with FY2018 comparatives. The information presented below has been prepared in accordance with Australian Accounting Standards.

		Short-term employee benefits			Short-term employee benefits (cont'd)	Post-employment benefits	Other long term benefits	Share-based payments		
Executive KMP	Year	Salary & fees[1] ($)	Termination Expenses[2] ($)	Cash Bonus[3] ($)	Non-monetary benefits[4] ($)	Superannuation ($)	Accrued Long Service Leave[5] ($)	Rights[6] ($)	Options[7] ($)	Total Remuneration ($)
Peter O'Connell[8]	**2019**	**729,469**	**-**	**730,000**	**13,340**	**20,531**	**1,303**	**1,111,247**	**-**	**2,605,890**
Chief Executive Officer	2018	-	-	-	-	-	-	-	-	-
Gareth Turner[9]	**2019**	**279,167**	**-**	**337,500**	**2,594**	**15,399**	**534**	**12,360**	**-**	**647,554**
Chief Financial Officer	2018	-	-	-	-	-	-	-	-	-
Alex Feldman[10]	**2019**	**351,243**	**-**	**437,500**	**14,313**	**16,084**	**7,099**	**(187,814)**	**(73,256)**	**565,169**
Chief Strategy Officer and General Counsel	2018	-	-	-	-	-	-	-	-	-
Isaac Ward	**2019**	**419,765**	**-**	**437,500**	**11,983**	**20,531**	**4,698**	**(197,822)**	**(126,037)**	**570,618**
Chief Commercial Officer	2018	400,151	-	-	18,384	20,049	1,936	90,867	11,466	542,853
Dominic Drenen	**2019**	**433,507**	**296,710**	**-**	**-**	**20,566**	**(36,166)**	**-**	**(433,457)**	**281,159**
Chief Executive Officer — Click	2018	426,751	-	211,760	5,703	20,049	6,962	-	208,219	879,444
Leanne Wolski[11]	**2019**	**143,936**	**397,051**	**-**	**4,767**	**8,695**	**14,062**	**(138,371)**	**(135,572)**	**294,568**
Chief Financial Officer	2018	449,951		-	11,770	20,049	16,485	102,100	(74,177)	526,178
Julian Ogrin[12]	**2019**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Chief Executive Officer and Executive Director	2018	729,951	-	-	53,876	20,049	(18,359)	8,843	(443,844)	350,516
Total	**2019**	**2,357,087**	**693,761**	**1,942,500**	**46,997**	**101,806**	**(8,470)**	**599,600**	**(768,322)**	**4,964,959**
Total	2018	2,006,804	-	211,760	89,733	80,196	7,024	201,810	(298,336)	2,298,991

1. Salary & fees includes base salary only which includes annual leave accrued. The prior year has been been restated to be in line with the current year.
2. Termination expenses are for Leanne Wolski and Dominic Drenen who ceased being employees during the financial year.
3. Accrued bonus approved by the Board of Directors. Isaac Ward and Alex Feldman received a one off bonus payment in FY2019.
4. Non-monetary benefits outlined in the table above include packaged items and other non-cash benefits, including fringe benefits.
5. Accrued Long Service Leave reflect the movements in provisions. Negative amounts relate to the reversal of a provision when an employee has left.
6. Rights includes legacy share plan and LTI rights granted unless they have been forfeited in the period of issue and not expected to vest in the future.
7. The expense recognised for the year in relation to certain options and rights is negative if the options and rights did not vest at 30 June 2019 or are not expected to vest in the future. Refer to section 3.3 of the Remuneration Report and to Note 30 of the Financial Report for additional information.
8. Peter O'Connell has been appointed as Chief Executive Officer on 1 July 2018
9. Gareth Turner was appointed as Chief Financial Officer on 1 November 2018
10. Alex Feldman was appointed as Chief Strategy Officer on 21 August 2018; when he also became a KMP for the first time. The reversal of options and rights relate to rights and shares issued prior to his appointment as a KMP.
11. Leanne Wolski ceased to be Chief Financial Officer on 26 October 2018.
12. Julian Ogrin resigned from the role of CEO on 1 July 2018.

4.2 Option LTI Awards

No Non-executive Director holds any Options or Share Rights.

4.2.1 Terms and Conditions

Executive KMP	Tranche	Grant date	Fair Value per Option at grant date	Number of Options granted	Fair value at grant date	Exercise price per Option	Performance Period	Vesting / first exercise date	Expiry date	Outcome at 30 June 2019
Leanne Wolski	1	15-Jul-15	$0.40	437,500	$175,000	$1.80	15 July 2015 to 30 June 2018	30-Jun-18	30-Jun-20	Forfeited
	2		$0.42	218,750	$91,875		15 July 2015 to 30 June 2019	30-Jun-19	30-Jun-21	Forfeited
	3		$0.43	218,750	$94,063		15 July 2015 to 30 June 2020	30-Jun-20	30-Jun-22	Forfeited
Total				**875,000**	**$360,938**					
Isaac Ward	1	7-Feb-17	$0.49	312,596	$153,172	$1.80	15 July 2015 to 30 June 2018	30-Jun-18	30-Jun-20	Forfeited
	2		$0.49	156,297	$76,586		15 July 2015 to 30 June 2019	30-Jun-19	30-Jun-21	Forfeited
	3		$0.49	156,297	$76,586		15 July 2015 to 30 June 2020	30-Jun-20	30-Jun-22	Outstanding
Total				**625,190**	**$306,344**					
Alex Feldman	1	8-Mar-16	$0.54	143,346	$77,407	$1.80	01 July 2016 to 30 June 2017	30-Jun-17	30-Jun-19	Lapsed
	2		$0.54	139,130	$75,130		01 July 2016 to 30 June 2018	30-Jun-18	30-Jun-20	Forfeited
	3		$0.54	139,131	$75,131		01 July 2016 to 30 June 2019	30-Jun-19	30-Jun-21	Forfeited
Total				**421,607**	**$227,668**					
Dominic Drenen	1	1-May-17	$0.44	799,297	$351,691	$1.79	01 July 2017 to 30 June 2018	1-Jul-20	1-Jul-22	Forfeited
	2		$0.44	399,649	$175,846		01 July 2018 to 30 June 2019	1-Jul-20	1-Jul-22	Forfeited
	3		$0.44	399,649	$175,846		01 July 2018 to 30 June 2020	1-Jul-20	1-Jul-22	Forfeited
Total				**1,598,595**	**$703,383**					

4.2.2 Movements in Option Holdings of Key Management Personnel

Executive KMP	Balance at 1 July 2018	Options granted as remuneration	Options exercised	Options forfeited / expired	Disposed	Balance at 30 June 2019
Leanne Wolski	437,500	-	-	(437,500)	-	-
Isaac Ward	312,594	-	-	(156,297)	-	156,297
Alex Feldman	139,131	-	-	(139,131)	-	-
Dominic Drenen	1,598,595	-	-	(1,598,595)	-	-
Peter O'Connell	-	-	-	-	-	-
Total	**2,487,820**	**-**	**-**	**(2,331,523)**	**-**	**156,297**

4.3 ESR LTI Awards

4.3.1 Terms and Conditions of Plans granted in FY2018

Executive KMP	Tranche	Grant date	Fair Value per Right at grant date	Number of Share Rights granted	Fair value at grant date	Vesting / first exercise date	Performance Period	Expiry date	Outcome at 30 June 2019
Leanne Wolski	1	18-Oct-17	$1.83	89,467	$163,725	30-Jun-19	1 July 2017 to 30 June 2019	30-Jun-21	Forfeited
	2		$1.75	44,734	$78,285	30-Jun-20	1 July 2017 to 30 June 2020	30-Jun-22	Forfeited
	3		$1.67	44,734	$74,706	30-Jun-21	1 July 2017 to 30 June 2021	30-Jun-23	Forfeited
Total				**178,935**	**$316,716**				
Alex Feldman	1	18-Oct-17	$1.83	76,142	$139,340	30-Jun-19	1 July 2017 to 30 June 2019	30-Jun-21	Forfeited
	2		$1.75	38,071	$66,624	30-Jun-20	1 July 2017 to 30 June 2020	30-Jun-22	Outstanding
	3		$1.67	38,071	$63,579	30-Jun-21	1 July 2017 to 30 June 2021	30-Jun-23	Outstanding
Total				**152,284**	**$269,543**				
Isaac Ward	1	18-Oct-17	$1.83	79,949	$146,307	30-Jun-19	1 July 2017 to 30 June 2019	30-Jun-21	Forfeited
	2		$1.75	39,975	$69,956	30-Jun-20	1 July 2017 to 30 June 2020	30-Jun-22	Outstanding
	3		$1.67	39,975	$66,758	30-Jun-21	1 July 2017 to 30 June 2021	30-Jun-23	Outstanding
Total				**159,899**	**$283,021**				

Executive KMP	Grant date	Fair Value per Option at grant date	Number of Share Rights granted	Fair value at grant date	Vesting / first exercise date	Performance Period	Expiry date	Outcome at 30 June 2019
Peter O'Connell	26-Oct-18	$1.15	4,000,000	$4,600,000	30-Jun-21	01 July 2018 to 30 June 2021	No expiry date or 60 days after employment is ceased with the amaysim Group.	Outstanding
Total			**4,000,000**	**$4,600,000**				
Gareth Turner	12-Jun-19	$0.74	1,033,691	$764,931	30-Jun-22	01 July 2018 to 30 June 2022	30 June 2029 or 60 days after employment is ceased with the amaysim Group.	Outstanding
Total			**1,033,691**	**$764,931**				
Alex Feldman	12-Jun-19	$0.74	1,033,691	$764,931	30-Jun-22	01 July 2018 to 30 June 2022	30 June 2029 or 60 days after employment is ceased with the amaysim Group.	Outstanding
Total			**1,033,691**	**$764,931**				
Isaac Ward	12-Jun-19	$0.74	1,033,691	$764,931	30-Jun-22	01 July 2018 to 30 June 2022	30 June 2029 or 60 days after employment is ceased with the amaysim Group.	Outstanding
Total			**1,033,691**	**$764,931**				

4.3.3 Share rights holdings of key management personnel

Executive KMP	Balance at 1 July 2018	Share Rights Granted as remuneration	Share Rights forfeited / expired	Disposed	Balance at 30 June 2019
Peter O'Connelll	-	4,000,000	-	-	4,000,000
Leanne Wolski	178,935	-	(178,935)	-	-
Gareth Turner	-	1,033,691	-	-	1,033,691
Alex Feldman	152,284	1,033,691	(76,142)	-	1,109,833
Isaac Ward	159,899	1,033,691	(79,950)	-	1,113,640
Total	**491,118**	**7,101,073**	**(335,027)**	**-**	**7,257,164**

5. Non-executive Director fees

5.1 Fee policy and structure

Non-executive Directors receive fees for their services to the Company, which reflect the demands and responsibilities of the role. Non-executive Director fees are reviewed by the Committee to ensure they are appropriate and in line with the market.

Non-executive Director fees consist of base fees and other fees for chairing on Board Committees (inclusive of statutory superannuation contributions). The Chair of the Group receives an overall fee that is inclusive of base fees, Board Committee fees and statutory superannuation contributions.

Non-executive Directors do not receive incentive or performance-based remuneration, nor are they entitled to retirement or termination benefits.

Non-executive Directors may be reimbursed for expenses reasonably incurred in performing their duties as a Director. This is to ensure that the remuneration for Non-executive directors does not conflict with their obligation to bring an independent judgement to matters before the board.

The table below summarises the Board and Committee fees (inclusive of superannuation contributions) for FY2019.

Board and Committee fees	FY2019
Non-executive Chair	$200,000
Non-executive Director	$100,000
Audit & Risk Management Committee Chair	$22,500

The current maximum aggregate Non-executive Director fee pool is $1,400,000. The Board will not seek an increase to the aggregate Non-executive Director fee pool at the 2019 Annual General Meeting.

5.2 Non-executive Director fees

The following table shows the fees received by Non-executive Directors in FY2019 with FY2018 comparatives. The information presented below has been prepared in accordance with Australian Accounting Standards.

		Short-term benefits		Post-employment benefits	
Non-executive Director	Year	Board & Committee fees ($)	Non-monetary benefits ($)	Superannuation ($)	Total ($)
Andrew Reitzer	**2019**	**182,648**	**-**	**17,352**	**200,000**
Non-executive Chair	2018	182,648	-	17,352	200,000
Jodie Sangster	**2019**	**91,324**	**-**	**8,676**	**100,000**
Non-executive Director	2018	91,324	-	8,676	100,000
Thorsten Kraemer	**2019**	**100,000**	**-**	**-**	**100,000**
Non-executive Director	2018	100,000	-	-	100,000
Craig Jackson[1]	**2019**	**73,314**	**-**	**6,965**	**80,279**
Non-executive Director	2018	-	-	-	-
Goetz Maeuser[2]	**2019**	**68,116**	**-**	**-**	**68,116**
Non-executive Director	2018	-	-	-	-
Peter O'Connell[3]	**2019**	**-**	**-**	**-**	**-**
Non-executive Director	2018	91,324	-	8,676	100,000
Maria Martin[4]	**2019**	**47,399**	**-**	**4,503**	**51,902**
Non-executive Director	2018	111,872	-	10,628	122,500
Rolf Hansen[5]	**2019**	**-**	**-**	**-**	**-**
Non-executive Director	2018	33,209	-	3,155	36,364
Total	**2019**	**562,801**	**-**	**37,496**	**600,297**
Total	2018	610,377	-	48,487	658,864

1. Director fees for Craig Jackson are included from the date of appointment on 27 November 2018.
2. Director fees for Goetz Maeuser are included from the date of appointment on 26 October 2018.
3. Peter O'Connell ceased to be a Non-executive Director as of 1 July 2018 and became Chief Executive Officer and Managing Director on the same day.
4. Director fees for Maria Martin are included until 30 November 2018, when she ceased to be a Director of the Company.
5. Rolf Hansen ceased to be a Non-executive Director on 30 November 2017.

6. KMPs Shareholdings and other transactions

6.1 Movement in shares

KMP	Balance at 1 July 2018	Acquired	Granted as remuneration	On vesting of Share Rights	Rights forfeited / lapsed	Disposed	Net change	Balance at 30 June 2019
Non-executive Directors								
Andrew Reitzer	83,333	33,334	-	-	-	-	33,334	116,667
Maria Martin*	16,666	-	-	-	-	-	-	16,666
Jodie Sangster	16,666	-	-	-	-	-	-	16,666
Thorsten Kraemer	1,450,000	966,780	-	-	-	-	966,780	2,416,780
Goetz Maeuser	-	-	-	-	-	-	-	-
Craig Jackson	-	-	-	-	-	-	-	-
Total	**1,566,665**	**1,000,114**	**-**	**-**	**-**	**-**	**1,000,114**	**2,566,779**
Executive KMP								
Peter O'Connell	3,567,005	600,000	-	-	-	-	600,000	4,167,005
Leanne Wolski*	116,822	-	-	-	-	(116,822)	(116,822)	-
Alex Feldman	30,384	12,154	-	-	-	-	12,154	42,538
Gareth Turner	-	95,000	-	-	-	-	95,000	95,000
Isaac Ward	-	15,000	-	-	-	-	15,000	15,000
Dominic Drenen	604,604	-	-	-	-	-	-	604,604
Total	**4,318,815**	**722,154**	**-**	**-**	**-**	**(116,822)**	**605,332**	**4,924,147**

*Leanne Wolski and Maria Martin resigned during financial year ended 30 June 2019.

6.2 Loans and other transactions with KMPs

There were no loans or other transactions with KMPs or their related parties during the year ended 30 June 2019.

This concludes the remuneration report, which has been audited.

The following section does not form part of the remuneration report.

Directors' declaration on satisfaction with independence of auditor

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Fees paid to the external auditor, including a breakdown of fees for non-audit services, are reported in Note 31 to the financial statements.

As required by the Corporations Act 2001 the external auditor is required to provide an annual declaration of their independence to the Directors, which is included on the following page.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

The Company may decide to employ the Group's auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the Company's auditor, for audit and non-audit services provided during the financial year are set out in Note 31 of the financial statements.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity to which the Class Order applies, and in accordance with the Class Order, amounts in the Directors' report and the financial report have been rounded to the nearest thousand dollars (where rounding is appropriate), or in certain cases, to the nearest dollar.

This report is signed in accordance with a resolution of Directors:

Andrew Reitzer
Chairman

Peter O'Connell
Chief Executive Officer and Managing Director

Sydney

26 August 2019

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Auditor's Independence Declaration

As lead auditor for the audit of amaysim Australia Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of amaysim Australia Limited and the entities it controlled during the period.

Scott Walsh
Partner
PricewaterhouseCoopers

Sydney
26 August 2019

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Financial Report

Consolidated statement of comprehensive income

For the financial year ended	Notes	30 June 2019 $'000	30 June 2018 (restated)(i) $'000
Revenue and other income			
Service revenue	3	504,825	546,186
Other revenue	3	3,493	5,397
Interest Income	5	516	201
Total revenue and other income		**508,834**	**551,784**
Expenses			
Network and wholesale related expenses		(356,134)	(396,362)
Employee expenses		(49,880)	(39,960)
Marketing expenses		(18,504)	(24,780)
IT and facilities expenses		(15,605)	(11,676)
Depreciation, amortisation and impairment	4	(44,421)	(20,158)
Finance expenses	5	(8,337)	(8,092)
Integration and acquisition expenses		(147)	(2,345)
Other expenses	4	(24,067)	(28,190)
Total expenses		**(517,095)**	**(531,563)**
(Loss) / Profit before income tax		(8,261)	20,221
Income tax benefit/(expense)	6	1,729	(5,466)
(Loss) / Profit after tax from continuing operations		**(6,532)**	**14,755**
Loss from discontinued operations, after tax	8	**(8,198)**	**(11,233)**
(Loss) / Profit for the period		(14,730)	3,522
(Loss) / Profit attributable to members of amaysim Australia Ltd		**(14,730)**	**3,522**

		Cents	Cents
EPS for (loss)/profit from continuing operations attributable to members of amaysim Australia Ltd			
Basic earnings per share	9	(2.8)	7.0
Diluted earnings per share	9	(2.8)	7.0
EPS for (loss)/profit attributable to the ordinary equity holders of amaysim Australia Ltd			
Basic earnings per share	9	(6.3)	1.7
Diluted earnings per share	9	(6.3)	1.7

	$'000	$'000
Other comprehensive income for the year		
Items that may subsequently reclassify to profit or loss		
Gain/(loss) in fair value of cash flow hedges	9,351	(15,540)
Income tax relating to cash flow hedges	(2,805)	4,662
Exchange differences on translation of foreign operations	458	(95)
Other comprehensive income/(loss) for the period net of tax	**7,004**	**(10,973)**
Total comprehensive loss attributable to members of amaysim Australia Ltd	**(7,726)**	**(7,451)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.
(i) This Consolidated statement of comprehensive income has been restated at 30 June 2018 for:
- Discontinued Operations, in line with Australian Accounting Standards. Refer to Note 8 for further details.
- the impact of the change in accounting policies for Energy Trailing Commissions, in line with Australian Accounting Standard. Refer to Note 21 for further details.
- Service revenue and Other revenue have been restated at 30 June 2018. Refer to Note 21 for further details.

Consolidated balance sheet

As at	Notes	30 June 2019 $'000	30 June 2018 (restated)(i) $'000	30 June 2017 (restated)(i) $'000
CURRENT ASSETS				
Cash and cash equivalents	10	30,651	9,778	18,068
Trade receivables	11	48,097	60,032	43,837
Derivative financial instruments	23(a)	3,337	94	7,573
Current tax assets		-	3,204	-
Other current assets	12	5,045	5,428	6,190
Total current assets	1(a)(iii)	**87,130**	**78,536**	**75,668**
NON-CURRENT ASSETS				
Property, plant and equipment	16	6,154	4,412	3,077
Intangible assets	17	180,008	203,305	209,664
Derivative financial instruments	23(a)	194	-	3,258
Other non-current assets	18	619	537	874
Deferred tax assets	6(d)	367	-	-
Total non-current assets		**187,342**	**208,254**	**216,873**
TOTAL ASSETS		**274,472**	**286,790**	**292,541**
CURRENT LIABILITIES				
Trade and other payables	13	85,058	107,632	82,755
Customer deposits		2,192	2,432	3,177
Deferred revenue		7,460	8,386	9,870
Borrowings	14	-	13,585	13,604
Derivative financial instruments	23(a)	2,090	7,724	-
Provisions	19	9,536	4,374	5,107
Current tax liabilities		247	-	10,104
Total current liabilities	1(a)(iii)	**106,583**	**144,133**	**124,617**
NON-CURRENT LIABILITIES				
Derivative financial instruments	23(a)	376	197	-
Borrowings	14	56,515	75,989	82,558
Provisions	19	1,420	1,949	1,495
Deferred tax liabilities	6(d)	-	4,187	5,742
Other non-current liabilities		3,118	-	-
Total non-current liabilities		**61,429**	**82,322**	**89,795**
TOTAL LIABILITIES		**168,012**	**226,455**	**214,412**
NET ASSETS		**106,460**	**60,335**	**78,129**
EQUITY				
Contributed equity	20(a)	167,163	118,290	114,733
Equity compensation reserve	30	(8,383)	(8,160)	(5,010)
Cashflow hedge reserve		1,073	(5,473)	5,405
Foreign currency translation reserve		115	(343)	(248)
Retained profits		10,463	19,992	27,220
Accumulated losses (prior years)		(63,971)	(63,971)	(63,971)
TOTAL EQUITY		**106,460**	**60,335**	**78,129**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.
(i)The consolidated balance sheet has been restated at 1 July 2017 and at 30 June 2018 for the impact of the change in accounting policies for Energy Trailing Commissions, in line with Australian Accounting Standards. Refer to Note 21 for further details.

Consolidated statement of changes in equity

For the financial year ended	Notes	Contributed equity $'000	Equity compensation reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Retained earnings / (Accumulated losses) $'000	Total $'000
Opening Balance at 1 July 2017		**114,733**	**(5,010)**	**5,405**	**(248)**	**(38,644)**	**76,236**
Change in accounting policies (i)		-	-	-	-	1,893	1,893
Opening Balance at 1 July 2017 (restated)		114,733	(5,010)	5,405	(248)	(36,751)	78,129
Loss after tax for the period (restated)		-	-	-	-	3,522	3,522
Other comprehensive income		-	-	(10,878)	(95)	-	(10,973)
Total comprehensive income for the period (restated)		**-**	**-**	**(10,878)**	**(95)**	**3,522**	**(7,451)**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination	20(a)	302	-	-	-	-	302
Dividends paid	7	-	-	-	-	(10,750)	(10,750)
Share based payments expense	30(a)	-	105	-	-	-	105
Fair value of shares issued	20(a)	3,255	(3,255)	-	-	-	-
Closing Balance at 30 June 2018 (restated)		**118,290**	**(8,160)**	**(5,473)**	**(343)**	**(43,979)**	**60,335**
Balance at 30 June 2018 as originally presented		118,290	(8,160)	(5,473)	(343)	(46,679)	57,635
Change in accounting policies (i)		-	-	-	-	2,700	2,700
Balance at 30 June 2018 (restated)		**118,290**	**(8,160)**	**(5,473)**	**(343)**	**(43,979)**	**60,335**
Adoption of new standards (ii)		-	-	-	-	5,201	5,201
Balance at 1 July 2018 (inc. AASB 15 & AASB 9)		**118,290**	**(8,160)**	**(5,473)**	**(343)**	**(38,778)**	**65,536**
Loss after tax for the period		-	-	-	-	(14,730)	(14,730)
Other comprehensive income (iii)		-	-	6,546	458	-	7,004
Total comprehensive loss for the period		**-**	**-**	**6,546**	**458**	**(14,730)**	**(7,726)**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares net of transaction costs and tax	20(a)	48,873	-	-	-	-	48,873
Dividends paid	7	-	-	-	-	-	-
Share based payments expense	30(a)	-	(223)	-	-	-	(223)
Fair value of shares issued		-	-	-	-	-	-
Closing Balance at 30 June 2019		**167,163**	**(8,383)**	**1,073**	**115**	**(53,508)**	**106,460**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
(i) Impact of the change in accounting policies for Energy Trailing Commissions, in line with Australian Accounting Standard. Refer to Note 21 for further details.
(ii) Impact of AASB 15 and AASB 9 applied from 1 July 2018. Refer to Note 21 for further details.
(iii) $6,546k movement in other comprehensive income corresponds to the fair value of derivatives financial instruments as disclosed in Note 15.

Consolidated statement of cash flows

For the financial year ended	Notes	30 June 2019 $'000	30 June 2018 $'000
Cash flows from operating activities			
Receipts from customers (incl. of GST)		560,925	615,836
Payments to suppliers and employees (incl. of GST)		(537,513)	(558,146)
Repayment of Optus liability acquired on Vaya acquisition		-	(11,835)
Income tax payments		(465)	(13,713)
Finance expenses		(5,817)	(6,446)
Interest received		516	177
Net cash inflows from operating activities	22(a)	**17,646**	**25,873**
Cash flows from investing activities			
Payments for property, plant and equipment		(4,556)	(2,922)
Payments for intangible assets		(8,492)	(12,386)
Proceeds from intangible assets		2,961	-
Decrease / (Increase) in security deposits and bank guarantees		177	(155)
Net cash outflows from investing activities		**(9,910)**	**(15,463)**
Cash flows from financing activities			
Dividends paid	7	-	(10,750)
Repayment of borrowings	14	(35,000)	(15,000)
Proceeds from issue of shares	20(a)	50,590	7,050
Payments of capitalised transaction costs		(2,453)	-
Net cash inflows/(outflows) from financing activities		**13,137**	**(18,700)**
Net increase/(decrease) in cash and cash equivalents		20,873	(8,290)
Cash and cash equivalents at the beginning of the financial period		9,778	18,068
Cash and cash equivalents at end of period		**30,651**	**9,778**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.
The Consolidated statement of cash flows has not been restated for Discontinued Operations, in line with Australian Accounting Standards.

Notes to the consolidated financial statements

for the year ended 30 June 2019

1. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted by the Group in the preparation of these consolidated financial statements for the financial year ended 30 June 2019. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of amaysim Australia Limited and its subsidiaries

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for profit-orientated entities. amaysim Australia Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 26 August 2019. The Directors have the power to amend and reissue the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the amaysim Australia Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial report is prepared in accordance with the historical cost convention except as otherwise stated. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(iii) Working capital deficiency

The Group has net assets of $106,460k as at 30 June 2019 (restated 30 June 2018: net assets of $60,335k).

As at 30 June 2019, the Group's current liabilities exceed current assets by $19,453k (restated 30 June 2018:$65,597k). The working capital position in FY19 has improved significantly compared to FY18 mainly due to improved cash position due to capital raise funds, debt refinancing to extend the maturity date of the facility reclassifying the borrowings from current to non-current. The historical working capital deficits are a result of a positive trading cash flow cycle for both the mobile segment and energy segment. Inflows from customer payments are received faster than the Group is required to pay major creditors which are on fixed payment terms, and certain liabilities which, in practice, can be deferred beyond the short term.

The Group's working capital deficit includes deferred revenue of $7,460K (restated 30 June 2018: $8,386k) for which there is minimal future outflows expected, provisions of $9,536k (restated 30 June 2018: $4,374k) which include payroll related and other provisions with timing of payment often delayed as it is dependent on an event in the future. In addition, major creditors included in current liabilities have fixed repayment terms. Out of the total customer deposits of $2,192k (30 June 2018: $2,432k), $1,846k are only payable if a customer disconnects and requests a refund.

The Group transacts in energy derivatives classified as cash flow hedges to manage its exposure to wholesale energy prices. In line with AASB9, these derivatives are measured at fair value with movements in fair value processed via Other Comprehensive Income. This movement from a liability at 30 June 2018 of $7,912k to an asset of $1,230k at 30 June 2019, represents the positive fair value of the Group's energy derivatives at 30 June 2019 and is a contributing factor for the decrease in the working capital deficiency over the financial year.

The Group also has a history of generating positive operating cash flows and managing the business to ensure debts are paid as and when they fall due, despite the net working capital deficits detailed above. The Group generated $17,646k from operating activities during the year (30 June 2018: $25,873k). With the Company generating positive operating cashflows and paying liabilities as and when they fall due, the financial statements are prepared on a going concern basis.

b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2019 and the results of all subsidiaries for the year then ended. The Group and its subsidiaries together are referred to in this financial report as the Group, the Company or the consolidated entity.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the parent entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

c) Foreign currency translation

The Group's customers and almost all operational aspects of the business are in Australia. The Group's functional and presentational currency is the Australian dollar (AUD).

Foreign exchange gains and losses resulting from translation are recognised in the statement of profit or loss, except for qualifying cash flow hedges which are deferred to equity. Refer to Note 1 (n) for further information.

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and only transferred to the profit or loss if the foreign operations is disposed of.

d) New and amended standards adopted by the Group

New or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- AASB 9 Financial Instruments, and
- AASB 15 Revenue from Contracts with Customers.

The impact of the adoption of new standards are disclosed in Note 21 of this document.

e) Changes in accounting policies

During the period, the Group changed its accounting policies related to Energy Trailing Commissions. Further disclosure with respect to the nature of this change and its impact is outlined in Note 21 of this document.

f) Discontinued Operations

During the year ended 30 June 2019, the Group discontinued the Devices and Broadband businesses. For further information refer to Note 8 Discontinued Operations and Note 9 Earnings per Share.

g) Significant accounting judgements, estimates and assumptions

The Group may make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Assumptions made at each balance date are based on best estimates at that date.

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities are discussed below:

(i) Mobile revenue - Unlimited plans

Unlimited contracts are over 28 days, and renewed at each anniversary date of the contract. The identified performance obligations for unlimited plans (talk, text and data) are recognised on a straight line basis as this faithfully depicts how the performance obligations are satisfied. The Group uses significant judgements and estimates based on customer behavior analysis and concluded that data allowance could be recognised on a straight line basis as it faithfully depicts the Group provision of services over the contract period.

(ii) Unbilled revenue

Revenue from energy services is recognised over time when the supply of energy has occurred, based on volume delivered or on a straight line basis for the minimum daily charge. The recognition of unbilled revenue involves judgement and estimates to quantify the customer consumption between the last invoice date and the end of the reporting period as well as the level of Pay on Time Discounts that will be taken up. Assumptions include average unbilled days, historical actual consumption per customer adjusted for seasonal factors, average gross billed rate, average level of rebates and; take up rate of Pay On Time Discounts from applicable products.

(iii) Unbilled wholesale and network costs

The Group recognises an accrual for wholesale and network costs relating to energy consumed by its customers during the period which have not been billed by energy suppliers, hedge counerparties and the network providers. Various assumptions and financial models are used to determine the estimated unbilled costs, including average unbilled days, monthly wholesale purchases, distribution loss factors, average billed rate and consumption estimates.

If any of the utilised assumptions are different from the actual observed in the subsequent period, the profit or loss may change materially.

(iv) Share based payments

The Group has issued share rights and options to certain employees. The cost of the long term incentive plans recognised in the Group's financial statements is an estimation of the fair value of the share rights or options at grant date. Judgement is applied in respect of the

forecast outcome of the performance metrics of these awards. Further details of the valuation methodology and assumptions are set out in Note 30.

(v) Income Tax

The Group is subject to income taxes in Australia. Significant judgement is required in determining the income tax expense. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Group estimates its tax based on the Group's understanding of the tax law, including the assumption that it will both generate sufficient future taxable profits and continue to satisfy the Continuity of Ownership and/or Same Business tests in periods. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could impact the availability of booked tax assets in future periods in which any determination is made. The Group has recognised a current tax receivable of $247k for the year ended FY2019 and a net deferred tax asset of $367k relating predominantly to intangible assets, loss allowance and blackhole expenditure.

Internal projects which may be eligible for the research and development tax incentive are reviewed by the Group's tax advisers, where a reasonable estimate is provided for the purposes of the year end tax provision.

Assumptions about the generation of future taxable profits depend on the Group's estimates of future cash flows, which in turn depend on estimates of future revenue volumes, operating costs, capital expenditure, dividends to shareholders and other capital management transactions. Refer to Note 6 for further information.

(vi) Intangible assets – goodwill

Judgements and estimates relating to the impairment testing of goodwill are set out in Note 17 to this report.

(vii) Intangible assets - costs to obtain a contract

Costs to obtain a contract are amortised on a straight-line basis over the expected customer life. The Group uses significant judgements and estimates based on historical customers' average tenure to define the expected customer life. (Refer to Note 21 for further details).

(viii) Intangible assets – energy customer contracts and distributor relationships

There has been a change in accounting estimates related to the method of amortisation of acquired Energy customer contracts and distributor relationships assets which now use the sum of the digits method as opposed to the straight line method used previously, with the new method being considered to best reflect the pattern in which the assets' future economic benefits are expected to be consumed by the Group. Judgement is applied in respect of estimating the useful economic life which is based on historic customer churn rates. The new useful lives have reduced from 4-7 years at the time of acquisition to 3-6 years for the remaining customers. This also resulted in an impairment charge to reflect the new carrying value of remaining acquired customers (refer to Note 17 for further information).

(ix) Loss allowance

In accordance with AASB9, the collectability of trade receivables is reviewed using the Expected Credit Loss model. The Group uses significant judgements and estimates based on historical credit loss to define the loss rate for each customer Group. Refer to Note 11 and Note 21 for further detail on the Group Expected Credit Loss approach.

(x) Valuation of derivatives

Fair valuation of derivative electricity and gas energy purchase contracts is performed each month. In performing fair valuation management uses a valuation technique with reference to a number of key judgemental assumptions including forward curves for the energy prices, premium for the load following hedge option in the contracts and forecast volume. If any of these assumptions are different from those applied, the valuation would be different with respective changes in net assets of the Group.

h) Revenue recognition

In accordance with AASB15 "Revenue for Contracts with Customers" the Group recognises revenue through the application of a five-step model which includes: identification of the contract; identification of the performance obligations; determination of the transaction price; allocation of the transaction price to the performance obligations; and recognition of revenue as the entity satisfies the performance obligations.

(i) Service revenue

The accounting policies for mobile and energy from contracts with customers are explained in Note 21 of this document.

(ii) Other revenue and other income

Other revenue for Mobile is comprised of expired credits and vouchers, late payment charges and other one-off revenue. Other revenue for Energy includes commissions received upon customer referral. Other revenue is recognised at a point in time when the related event has occurred. Other revenue also includes revenue from outsourcing and sublease revenue.

(iii) Interest revenue

Interest revenue is recognised when interest becomes receivable. All interest revenue within the consolidated financial statements are from cash held at bank and term deposits.

i) Expenses

All expenses are recognised in the profit or loss on an accrual basis and disclosed by nature.

(i) Network and wholesale related expenses

Network and wholesale related expenses include service charges paid to mobile and energy network operators for accessing their network, and other direct costs related to revenue.

On 1 June 2019, the Group revitalised its wholesale network supply agreement (NSA) with Optus. Under the revitalised NSA, which runs to 30 June 2022, the Group has changed the way it purchases data from Optus. Wholesale costs are recognised in the income statement with reference to the volume of data made available to the Group during the reporting period, as a proportion of the total volume of data made available to the Group over the whole contract term. Any difference between the cumulative net consideration paid to Optus and the cumulative volume of data made available to the Group (and expensed through the income statement) at any point in time is recognised within Current Assets or Current Liabilities on the balance sheet.

(ii) Marketing expenses

Includes customer acquisition costs (excluding upfront commissions capitalised in accordance with AASB 15), brand development, advertising related costs for online, TV and outdoor marketing.

(iii) IT and facilities expenses

Includes IT maintenance, software licences, operating leases and other facilities management costs.

(iv) Other expenses

Other expenses includes regulatory charges, bad debt expenses, and other administrative expenses.

j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with a bank or financial institution with original maturities of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Group's option and which the Group uses in its day to day management of the Group's cash requirements.

k) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group. Payables are measured at their fair value. Expenses and payables are recognised as incurred in accordance with the respective supply, access or other supplier agreements. Trade payables are generally paid in accordance with terms which range between 30 to 60 days.

Expenses and payables are recognised as incurred in accordance with the network supply agreement, or other supplier agreements.

l) Property, plant and equipment

All property, plant and equipment are recognised at historical cost less depreciation and impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight–line method to allocate their cost over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter of lease terms or as follows:

Leasehold improvements	5 years
Office equipment	4 years
EDP equipment	3 years
Telecommunication equipment	3-4 years
Network equipment	7 years
Furniture and fittings	8 years
Leased plant and equipment	4 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 carrying amount. These are included in profit or loss.

m) Intangible assets

The Group has the following intangible assets:

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

(ii) Trademarks/brands

Separately acquired trademarks/brands are shown at historical cost. Trademarks/ brands acquired in a business combination are recognised at fair value at the acquisition date. They are amortised over their useful life, deemed between 5-7 years.

(iii) Customer lists and Distributor relationships

Customer lists on acquisition of subsidiaries are included in intangible assets. Vaya acquired customer lists are amortised over 5 years. As a result of a change in accounting estimate during FY2019 for the acquired energy intangibles, the useful life for energy customer lists reduced from of 7 to 6 years. For the acquired distributor relationships on acquisition of Click which relate to On The Move and other Channel partners the useful life reduced from 4-7 years to 3-6 years. Refer to Note 1 (g)(viii).

(iv) Software development

Costs incurred in acquiring software and licenses and in developing internally generated software that will contribute to financial benefits in future years through revenue generation and/or cost reduction are capitalised to Software development. Costs capitalised include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset; these costs include payroll related costs of employees' time spent on the project, external direct costs of materials and services, and any direct attributable costs to the generation or the acquisition of the software. Amortisation is calculated on a straight–line basis over years generally ranging from 2.5 to 3 years from when the software is available for use (i.e. when the asset is capable of operating in the manner it is intended by the Group).

(v) Costs to acquire contracts

Costs to obtain a contract relate to mobile and energy commissions paid to acquire new customers. These costs have been capitalised on adoption of AASB15 (refer to Note 21 for further details). They are amortised through amortisation in the P&L over their useful life deemed between 1.5 to 3 years.

n) Derivatives and hedging activities

The Group documents at inception of the hedge transactions the relationship between hedging instruments and hedge items and its risk management objective and strategy for undertaking various hedge transactions. The Group documents its assessment, both at hedge inception and on an ongoing basis, of whether there is an economic relationship between the hedged item and the derivative. The fair value of the hedge derivative is classified as a non-current asset or liability where the remaining maturity of the hedge is more than 12 months. Otherwise it is classified as a current asset or liability. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income and other expenses. Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss, which is when the forecast purchase of energy and gas takes place.

When a hedging instrument expires or is sold or terminated, or when the hedge no longer meets criteria for hedge accounting, any accumulated gain or loss existing in equity at the time remains in equity for as long as the forecast transaction is expected to occur and is recognised when the forecast transaction is ultimately recognised in the profit and loss. When the forecast transaction is no longer expected to occur, the gain or loss that was reported in equity is recognised in the profit or loss.

Under the Group's risk management policy, all derivative hedges are held against expected sales though the energy business, and consequently are held to maturity. At the point of the sale, the values of the expected sales, as well as the cost of the hedges, are recognised in the profit or loss.

The fair value as at balance date represents the value of the financial assets and liabilities that would be realised through sale of the derivative hedges through an arm's length transaction between willing parties as at balance date.

The value of cash flow hedges that were in place at the time of the acquisition of Click (where the corresponding hedging reserve was eliminated at acquisition) are amortised to profit and loss in the amortisation line on a straight-line basis over the weighted average period of the acquired contracts.

Notes 15 and 23 provide additional information in relation to hedging.

o) Renewable energy certificates held for own use

Renewable energy and energy efficiency schemes operate through the creation, trade and surrender of energy certificates. The major schemes affecting the business require the surrender of Large Scale Generation Certificates (LGCs) and Small Scale Technology Certificates (STCs), New South Wales Energy Savings Certificates (ESCs) and Victorian Energy Certificates (VEECs).

Forward purchased renewable energy certificates are designated as held for own use to satisfy relevant regulatory requirements. Renewable and efficiency certificates held for own use are accounted for on an accrual basis. That is, when a buy or sell contract is entered into, no recording is made until legal title transfers. Renewable energy certificates on hand are held at historical cost.

p) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business; equity interests issued by the Group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition–related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non–controlling interest in the acquired entity, and
- acquisition–date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional accounts recognised and also recognises assets and liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date.

The measurement period ends on the earlier of:

(a) 12 months from the date of acquisition or

(b) when the acquirer receives all the information to determine fair value.

q) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non–financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The value in use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash generating unit to which the asset belongs.

Assets that do not have independent cash flows are grouped together to form a cash generating unit. Refer to Note 1(g)(vi) for further information and for information on the impaiment charge to reflect the new carrying value of the acquired Energy intangibles.

r) Employee benefits

(i) Short–term obligations

Liabilities for salaries and wages, including non–monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in current provisions.

(ii) Other long–term employee benefit obligations

The liabilities for long service leave are not expected to be settled within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of

employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

All employees of amaysim are entitled to the benefits of the 9.50% statutory superannuation guarantee, except where an employee's salary exceeds the maximum superannuation contribution threshold. All entitlements are settled monthly with the employee's nominated superannuation fund. Contributions to superannuation funds are recognised as an expense as they become payable.

(iv) Share–based payments

Share–based compensation benefits are provided to employees via the employee share rights. Information relating to these plans are set out in Note 30.

The fair value of options granted under the employee share rights plan is recognised as an employee benefits expense with a corresponding increase in equity through the equity compensation reserve. The total amount to be expensed is determined by reference to the fair value of the rights granted adjusted for the number of rights or options expected to vest. The share based payment expense is then recognised on a straight-line basis over the performance period.

s) Leases

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight–line basis over the period of the lease.

(ii) Lease incentives

Lease incentives are capitalised upon receipt and recognised in the consolidated statement of comprehensive income over the life of the lease.

t) Borrowings and Financing Arrangements

Borrowings (excluding bank guarantees) are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and amortised over the period of the facility. Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is satisfied, discharged, cancelled or expired.

u) Provisions

Provisions are recognised when:

- the Group has a legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation.
- the amount of the obligation can be measured with sufficient reliability.

Provisions include:

(i) Employee entitlements provisions

Employee entitlements provisions include accrued annual leave, long service leave or employee bonus provisions.

(ii) Provision for make good

The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove and restore leasehold improvements. The provision has been estimated based on cost per square metre and number of square metres occupied.

(iii) Other provisions

Other provisions include any other expected liability to be incurred if there is an obligation whose existence will be confirmed by future events.

v) Contributed equity

Ordinary shares are classified as equity. Transaction costs attribtuable to the capital raise are accounted for as a deduction of contributed equity net of income tax benefits.

w) Income tax

(i) Accounting policy

Tax expense comprises current and deferred tax and is recognised in the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax in respect of previous years.

Deferred tax expense represents the tax expense in respect of the future tax consequences of recovering or settling the carrying amount of an asset or liability.

Both are calculated using tax rates for each jurisdiction, enacted or substantially enacted at the reporting date, and for deferred tax those that are expected to apply when the asset is realised or the liability is settled.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- initial recognition of assets or liabilities, other than in a business combination, that affect neither accounting nor taxable profit;
- recognition of goodwill; and investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and they relate to the same taxable entity and the same taxation authority.

(ii) Tax consolidation

amaysim Australia Limited and its wholly owned Australian resident entities are part of a tax consolidated Group and are therefore taxed as a single entity; the consolidated Group has entered into a tax sharing agreement, with amaysim Australia Limited being the head entity of the tax consolidated Group. The tax sharing agreement details how the income tax liabilities is allocated between the entities should amaysim Australia Limited default on its tax obligations.

Current tax expense/income, deferred tax liabilities and deferred tax assets of the members of the tax consolidated Group are recognised in the separate financial statements of the members using the "separate tax payer method", by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Income tax payable and receivable as calculated under the "separate tax payer method" are recognised as amounts receivable from or payable to other entities in the Group, and are due and payable as requested by the head entity.

(iii) Recoverability of deferred tax assets

The amaysim tax consolidated Group has $367k of deferred tax asset relating to temporary differences. Refer Note 1 (g) (v) accounting estimates for further information.

(iv) Investment allowances and similar tax incentives

The Group is entitled to claim special tax incentives for investments in qualifying expenditure with respect to the Research and Development Tax Incentive regime in Australia. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

x) Dividends

A liability is recognised for the amount of any dividends determined on or before the end of the financial year but not paid at the balance sheet date. Typically, interim and final dividends in respect of the financial period are determined after period end and are therefore not included as a provision at period end.

y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

z) Goods and Services Tax (GST)

All revenues, expenses and assets are recognised net of any GST payable / receivable, except where they relate to products and services which are input taxed for GST purposes or the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the particular expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

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 taxation authority, are presented as operating cash flows.

aa) Parent entity financial information

The financial information for the parent entity, amaysim Australia Limited, disclosed in Note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of amaysim Australia Limited.

ab) Rounding of amounts

The amounts contained in this report and in the financial report have been rounded under the option available to the Group under ASIC Corporations (Rounding in Financial) Instrument 2016/191. The Group is an entity to which the Class Order applies, and in accordance with the Class Order, amounts in the Financial Report have been rounded to the nearest thousand dollars (where rounding is appropriate), or in certain cases, to the nearest dollar.

ac) New and amended standards not yet adopted by the Group

The new and amended standards not yet adopted by the Group, and their impact when assessed, are disclosed below.

(i) AASB 16 Leases

AASB 16 "Leases" was issued in February 2016 to replace AASB 117 "Leases" and is effective for accounting period beginning on or after 1 January 2019.

The new standard will require a majority of operating leases to be accounted for on the balance sheet as the distinction between an operating and finance lease is removed. The change in accounting for lessees will have the following impacts:

- An asset representing the right to use the leased item and a financial liability for future lease payable will be recognised. The only exceptions are short-term and low-value leases.
- Lease expenses will be recognised as depreciation of the right to use asset and interest on lease liability. Currently operating lease rentals are expensed on a straight-line basis over the lease term within operating expenses.
- Operating lease cash flows will be recorded as cash flow from financing activities reflecting the repayment of the lease liabilities and related interest. Currently operating lease cash flows are included within operating cash flow in the consolidated financial statement of cash flows.

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in AASB 16.

The standard will affect the accounting for the Group's operating leases.

The most significant judgements in applying AASB 16 relate to the identification of leases and the determination of lease term.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Group will adopt AASB 16 in the financial year beginning on 1 July 2019 using the modified retrospective approach and the comparatives will not be restated.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use a single discount rate to a portfolio of leases with reasonably similar characteristics
- expense in profit and loss lease payments related short-term leases (12 months or less) and leases of low-value asset
- expense in profit and loss lease payments related to leases arrangements with a remaining lease term of less than 12 months as at 1 July 2019
- exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- use hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group's current estimate of the primary pre-tax financial impact of these changes on the consolidated statement of financial position on adoption is the recognition of an additional lease liability and a right-of-use asset at 1 July 2019 of circa $11.3 million. The right of use asset on adoption is not expected to be significantly different than the lease liability, hence the impact on adoption on the Group retained earnings is expected to be non-material.

The additional lease liability does not equal the operating lease commitment disclosed in Note 28 primarily because lease terms determined under AASB 16 may be longer than under AASB 117 and because lease liabilities are discounted under AASB 16.

The Group will issue further details on the impact of adopting AASB 16 as part of the interim financial statements for the period ending 31 December 2019.

2. Operating segments

(a) Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Chief Operating Decision Maker (CODM). The term CODM refers to the role performed by the Chief Executive Officer in assessing performance and determining the allocation of resources.

As a result of Broadband and Devices having been discontinued during the year, there are only two operating segments at 30 June 2019.

- **Mobile:** includes services provided to amaysim and Vaya customers
- **Energy:** services provided to customers for electricity and gas, since acquisition of Click Energy on 1 May 2017.

At 30 June 2018, Broadband was a separate segment, and Devices was included within Mobile as a separate CGU (cash-generating units).

The CODM primarily uses the earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) to assess the performance of the operating segments. The CODM also receives information about segments revenue, asset allocation and other non-statutory measures on a monthly basis. Non-statutory measures have been included in the segment note with a reconciliation between statutory and non-statutory measures.

Following the adoption of AASB15 "Revenue from Contracts with Customers" and AASB9 "Financial Instruments" on 1 July 2018, the Group's statutory results for the year ended 30 June 2019 are on an AASB15 and AASB9 basis, whereas the statutory results for the year ended 30 June 2018 are on an AASB118 "Revenue" and AASB139 "Financial instruments" basis as previously reported.

In addition, the year ended 30 June 2018 has been restated to reflect the impact of discontinued operations, the changes in accounting policies and reclassifications in the consolidated statement of comprehensive income.

As a result, the segment note in this document outlines the above stated changes for the years ended 30 June 2019 and 30 June 2018 to allow a more meaningful comparison between both periods.

(b) Segment results for the current period

For the financial year ended 30 June 2019	Results as previously reported				Remove Discontinued Operations (i)			Continuing operations under previous accounting standards and previous accounting policies			Add back the effect of new accounting standards, policies and reclassifications (ii)			Continuing operations under new accounting standards and new accounting policies		
	Mobile (inc Devices)	Energy	Broadband	TOTAL	Devices	Broadband	TOTAL	Mobile (exc Devices)	Energy	TOTAL	Mobile	Energy	TOTAL	Mobile	Energy	TOTAL
Service revenue	200,892	306,586	4,155	511,633	-	4,155	4,155	200,892	306,586	507,478	92	(2,745)	(2,653)	200,984	303,841	504,825
Other Revenue	3,339	1,000	152	4,491	846	152	998	2,493	1,000	3,493	-	-	-	2,493	1,000	3,493
Net Revenue	**204,231**	**307,586**	**4,307**	**516,124**	**846**	**4,307**	**5,153**	**203,385**	**307,586**	**510,971**	**92**	**(2,745)**	**(2,653)**	**203,477**	**304,841**	**508,318**
Network and wholesale related expenses	(136,169)	(222,168)	(5,462)	(363,799)	(1,072)	(5,462)	(6,534)	(135,097)	(222,168)	(357,265)	1,131	-	1,131	(133,966)	(222,168)	(356,134)
Gross margin	**68,062**	**85,418**	**(1,155)**	**152,325**	**(226)**	**(1,155)**	**(1,381)**	**68,288**	**85,418**	**153,706**	**1,223**	**(2,745)**	**(1,522)**	**69,511**	**82,673**	**152,184**
Operating Expenses	(55,408)	(62,884)	(2,132)	(120,424)	(702)	(2,132)	(2,834)	(54,706)	(62,884)	(117,590)	396	12,276	12,672	(54,310)	(50,608)	(104,918)
Underlying EBITDA	**12,654**	**22,534**	**(3,287)**	**31,901**	**(928)**	**(3,287)**	**(4,215)**	**13,582**	**22,534**	**36,116**	**1,619**	**9,531**	**11,150**	**15,201**	**32,065**	**47,266**
Non underlying expenses				(2,876)			409			(3,285)			-			(3,285)
EBITDA				**29,025**			**(3,806)**			**32,831**	**1,619**	**9,531**	**11,150**			**43,981**
					Depreciation, amortisation and impairment					(34,518)			(9,903)			(44,421)
					Net Finance cost					(7,821)			-			(7,821)
					Profit before tax					**(9,508)**			**1,247**			**(8,261)**
					Income Tax					2,104			(375)			1,729
					Profit after tax					**(7,404)**	**872**					**(6,532)**
											Segment Assets as at 30 June 2019(iii)			79,890	194,541	**274,431**
											Segment Liabilities as at 30 June 2019(iv)			(110,915)	(56,403)	**(167,318)**

(c) Reconciliation of underlying results to statutory results for the current period

The table below reconciles the underlying financial information to the statutory financial information. The table below was included in the Directors' Report for the financial year ended 30 June 2019.

For the financial year ended 30 June 2019	Note	Continuing operations under new accounting standards and new accounting policies
Underlying EBITDA		**47,266**
Add back/(deduct):		
Restructure expenses	(a)	(1,750)
Integration expenses	(b)	(158)
ACCC legal proceedings	(c)	(1,377)
EBITDA		**43,981**

(a) Restructure expenses relate to staff redundancy and termination expenses associated with restructuring activities which impacted continuing operations during the year.

(b) Integration expenses are related to Click's reorganisation and transition of On The Move call center.

(c) ACCC legal proceedings relate to costs and penalties payable to Australian Competition and Consumer Commission proceedings which commenced on 9 July 2018 against an amaysim subsidiary, amaysim Energy Pty Ltd, in relation to statements about discounts and savings related to its energy products.

(i) Refer to Note 8 for further details about discontinued operations.
(ii) Refer to Note 21 for further details about change in and new accounting policies.
(iii) Assets for Mobile include the current tax assets of the Group. Total assets do not agree to the Balance Sheet as a result of Discontinued Operations.
(iv) Liabilities for Mobile include total Group borrowings (Note 14), accrued interest expense and deferred tax liabilities. Total liabilities do not agree to the Balance Sheet as a result of Discontinued Operations.

(d) Segment results for the comparative period

For the financial year ended 30 June 2018	Results as previously reported				Remove Discontinued Operations (ii)			Continuing operations under previous accounting standards and previous accounting policies			Add back the effect of new accounting standards, policies and reclassifications (iii)			Continuing operations under new accounting standards and new accounting policies		
	Mobile (inc Devices)	Energy	Broadband	TOTAL	Devices	Broadband	TOTAL	Mobile (exc Devices)	Energy	TOTAL	Mobile	Energy	TOTAL	Mobile	Energy	TOTAL
Service revenue	238,912	308,928	7,338	555,178	(240)	7,338	7,098	239,152	308,928	548,080	(1,894)	-	(1,894)	237,258	308,928	546,186
Other Revenue	20,057	1,110	1,288	22,455	17,664	1,288	18,952	2,393	1,110	3,503	1,894	-	1,894	4,287	1,110	5,397
Net Revenue	**258,969**	**310,038**	**8,626**	**577,633**	**17,424**	**8,626**	**26,050**	**241,545**	**310,038**	**551,583**	**-**	**-**	**-**	**241,545**	**310,038**	**551,583**
Network and wholesale related expenses	(178,101)	(236,508)	(9,941)	(424,550)	(18,247)	(9,941)	(28,188)	(159,854)	(236,508)	(396,362)				(159,854)	(236,508)	(396,362)
Gross margin	**80,868**	**73,530**	**(1,315)**	**153,083**	**(823)**	**(1,315)**	**(2,138)**	**81,691**	**73,530**	**155,221**	**-**	**-**	**-**	**81,691**	**73,530**	**155,221**
Operating Expenses	(52,904)	(50,615)	(4,995)	(108,514)	(2,433)	(4,995)	(7,428)	(50,471)	(50,615)	(101,086)	-	1,152	1,152	(50,471)	(49,463)	(99,934)
Underlying EBITDA (i)	**27,964**	**22,915**	**(6,310)**	**44,569**	**(3,256)**	**(6,310)**	**(9,566)**	**31,220**	**22,915**	**54,135**	**-**	**1,152**	**1,152**	**31,220**	**24,067**	**55,287**
Non underlying expenses (i)				(7,017)			-			(7,017)			-			(7,017)
EBITDA				**37,552**			**(9,566)**			**47,118**	**-**	**1,152**	**1,152**			**48,270**
					Depreciation, amortisation and impairment					(20,158)			-			(20,158)
					Net Finance cost					(7,891)			-			(7,891)
					Profit before tax					**19,069**			**1,152**			**20,221**
					Income Tax					(5,121)			(345)			(5,466)
					Profit after tax					**13,948**			**807**			**14,755**
											Segment Assets as at 30 June 2018 (iv)			89,830	188,318	**278,148**
											Segment Liabilities as at 30 June 2018(v)			(160,790)	(61,350)	**(222,140)**

(i) For presentation purpose, underlying EBITDA for Mobile includes $3,256k of costs in relation to investment cost in the devices vertical, disclosed as an underlying adjustment at 30 June 2018. As a result underlying EBITDA does not reconcile to amounts disclosed in the prior period.
(ii) Refer to Note 8 for further details about discontinued operations.
(iii) Refer to Note 21 for further details about change in and new accounting policies.
(iv) Assets for Mobile include the current tax assets of the Group. Total assets do not agree to the Balance Sheet as a result of Discontinued Operations.
(v) Liabilities for Mobile include total Group borrowings (Note 14), accrued interest expense and deferred tax liabilities. Total liabilities do not agree to the Balance Sheet as a result of Discontinued Operations.

(e) Reconciliation of underlying results to statutory results for the prior comparative period

The table below reconciles the underlying financial information to the statutory financial information for continuing operations only.

For the financial year ended 30 June 2018	Note	Continuing operations under new accounting standards and new accounting policies
Underlying EBITDA(a)		**55,287**
Add back/(deduct):		
Investment in strategic initiatives	(a)	(2,630)
Employee costs related to integration expenses	(a)	(1,107)
Underlying EBITDA after adjustment for (a)		**51,550**
Add back/(deduct):		
Integration expenses	(b)	(2,627)
Non-Core expenses	(c)	(653)
EBITDA		**48,270**

(a) Underlying EBITDA relates to continuing operations and includes the effect of new accounting standards, policies and reclassifications. As costs relating to investment in strategic intiatives and employee costs related to integration expenses have been included in the determination of underlying EBITDA for management reporting in FY2019, this subtotal is presented separately to ensure the comparability of prior year information.
(b) Integration expenses are costs directly related to the integration and reorganisation of the Group following the acquisition of Click on 1 May 2017.
(c) Non core expenses relate to staff redundancy expenses associated with restructuring costs and costs associated with the implementation project for new accounting standards which came into effect during the year ended 30 June 2019.

3. Revenue from Contracts with Customers

The Group derives the following types of revenue by operating lines:

For the financial year ended	30 June 2019 $'000	30 June 2018 $'000 (restated)
Subscription revenue (i)	194,074	222,659
As You Go	6,910	14,599
Other Mobile revenue	2,493	4,287
Mobile revenue	**203,477**	**241,545**
Electricity	247,064	264,463
Gas	56,777	44,465
Other Energy revenue	1,000	1,110
Energy revenue	**304,841**	**310,038**
Total revenue	**508,318**	**551,583**

(i) includes unlimited, data plans and Vaya revenue.

Most of the Group's Mobile and Energy customer contracts have a contractual term of less than one year. As such, in accordance with the practical expedient available under AASB15 the Group did not disclose the value of unsatisfied performance obligations for these contracts. For further information on AASB15 refer to Note 21.

4. Expense items

For the financial year ended		30 June 2019 $'000	30 June 2018 $'000 (restated)
Depreciation			
Property, plant and equipment	16	1,735	1,521
Amortisation			
Intangible assets	17	17,051	15,527
Costs to acquire a contract		9,903	-
Acquired derivative contracts		-	3,110
Total Amortisation		**26,954**	**18,637**
Impairment	17	15,732	-
Total depreciation, amortisation and impairment		**44,421**	**20,158**
Bad Debts			
Bad debt write offs	11	9,417	11,187
Movement in loss allowance		2,861	3,868
Total bad and loss allowance expense		**12,278**	**15,055**
External customer service centre expenses		3,439	6,592
Other expenses		8,350	6,543
Total other expenses		**24,067**	**28,190**

The impairment charge of $15,732k relates to Energy customer contracts and distributor relationships (refer to Note 17 for further details).

5. Finance Income and Expenses

For the financial year ended	30 June 2019 $'000	30 June 2018 $'000 (restated)
Finance income	516	201
Finance income	**516**	**201**
Finance costs		
Interest charges	(1,330)	(1,555)
Unwinding of discount on Optus liability	-	(331)
Interest charges syndicated finance facility	(4,479)	(4,801)
Unwinding of borrowing costs (i)	(2,528)	(1,405)
Finance costs expensed	**(8,337)**	**(8,092)**
Net finance costs	**(7,821)**	**(7,891)**

(i) In April 2019, the Group refinanced the debt facility and previously capitalised borrowing costs of $1.4m have been reversed to the P&L during year ended 30 June 2019. Under the new debt facility $0.5m of deferred borrowing costs have been recognised. Refer to Note 14 for further information.

6. Income tax

This note provides an analysis of the Group's income tax expense and shows what amounts are recognised directly in equity and how the tax expense is affected by non–assessable and non-deductible items.

For the financial year	30 June 2019 $'000	30 June 2018 $'000 (restated)
a) Income tax (benefit)/expense		
Current tax	3,069	3,912
Deferred tax	(8,696)	(2,880)
Prior year under/(over) provision*	431	(381)
Total income tax (benefit)/expense	**(5,196)**	**651**
Income tax (benefit)/expense is attributable to:		
(Loss)/Profit from continuing operations (as reported in the Consolidated statement of comprehensive income)	(1,729)	5,466
Loss from discontinued operations (Note 8)	(3,467)	(4,815)
Total	**(5,196)**	**651**
Deferred income tax		
Increase/(decrease) in deferred tax assets	428	(4,233)
(Decrease)/increase in deferred tax liabilities	(9,327)	4,022
Total deferred tax expense	**(8,899)**	**(211)**
(b) Tax reconciliation		
(Loss)/Profit before tax - continuing operations	(8,261)	20,221
Loss before tax - discontinued operations	(11,665)	(16,048)
(Loss)/Profit before tax	**(19,926)**	4,173
Tax at 30% (30 June 2018 - 30%)	**(5,978)**	1,252
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Amortisation of intangibles	218	218
Research and development expenditure	(190)	(650)
Impairment loss	-	127
Share-based payments	(64)	31
Entertainment	117	55
Prior year over provision	431	(381)
ACCC legal proceedings	270	-
Income tax (benefit)/expense	**(5,196)**	**652**
(c) Amounts recognised directly in equity		
Net deferred tax - debited/(credited) directly to equity	2,112	(4,664)
Net deferred tax - debited directly to equity due to AASB15/AASB9	**2,229**	**-**

*The prior year under/(over) provision includes current and deferred tax as follows:
- $431k prior year under provision at 30 June 2019 includes an impact of $635k for current tax, net of an impact of ($204k) for deferred tax
-$381k prior year over provision at 30 June 2018 includes an impact of ($3,385k) for current tax, net of an impact of $3,004k for deferred tax

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
(d) Deferred tax balances		
The balance comprises temporary differences attributable to:		
Capital raising expenditure	589	2,527
Employee benefits	769	807
Superannuation	166	104
Deferred revenue	1,101	1,609
Accrued expenses	(183)	(61)
Make good provision	157	121
Loss allowance	3,700	2,730
Other	2,772	412
Gross deferred tax assets	**9,071**	8,249
Set-off of deferred tax liabilities pursuant to set-off provisions:		
Fixed assets	776	(1,564)
Other	(349)	(24)
Intangible assets	(8,811)	(13,261)
Derivative financial instruments	(320)	2,413
Gross deferred tax liabilities	**(8,704)**	(12,436)
Net deferred tax assets/(liabilities)	**367**	(4,187)
Amount expected to be recovered within 12 months	6,235	7,881
Amount expected to be recovered after 12 months	(5,868)	(12,068)
Movement schedule in deferred tax balances	-	-
Opening Balance	(4,187)	(5,742)
Net deferred tax liability acquired from business combination	-	(2,898)
Charged to Profit and Loss	8,895	(211)
Charged to Equity	(4,341)	4,664
Closing deferred assets/(liabilities)	**367**	(4,187)

7. Dividends

a) Dividends

In line with the Board's decision to review the Company's capital allocation and dividend policy and not to declare any dividends for the 2018 financial year, no dividends have been paid during the year ended 30 June 2019. No further dividends have been declared for the year ended 30 June 2019.

b) Franking Credits

The franking account balance at 30 June 2019 is $12.1m both for the consolidated entity and the parent entity ($8.4m at 30 June 2018).

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

These amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

8. Discontinued operations

a) Description

On 27 August 2018, the Group announced the decision to discontinue devices; the cash generating unit (CGU) has been reported as a discontinued operation for the year ended 30 June 2019.

On 26 October 2018, the Group announced the decision to sell its Broadband customer base to Southern Phone Company Limited and to discontinue the business. The transaction was completed on 29 October 2018 with the migration of all Broadband customers onto Southern Phone's platform completed by April 2019.

b) Financial Performance and Cash Flow information

The financial performance and cash flow information presented reflects the operations for Broadband and Devices for the year ended 30 June 2018 and the comparative information for year ended 30 June 2019.

For financial year ended 30 June 2019	Devices $'000	Broadband $'000	Total $'000
Revenue	846	4,307	5,153
Operating Expenses (i)	(1,779)	(8,573)	(10,352)
Expenses from the cessation of trade (ii)	(737)	(1,513)	(2,250)
Loss before income tax of discontinued operations	**(1,670)**	**(5,779)**	**(7,449)**
Income tax benefit	499	1,702	2,201
Loss after income tax of discontinued operations	**(1,171)**	**(4,077)**	**(5,248)**
(Loss)/Gain on disposal of discontinued operation (Refer to Note c below) (ii)	(59)	2,718	2,659
Impairment of Intangibles and PPE (ii)	-	(6,875)	(6,875)
Income tax benefit from disposal	18	1,248	1,266
Loss on disposal of discontinued operation after tax	**(41)**	**(2,909)**	**(2,950)**
Loss from discontinued operation	**(1,212)**	**(6,986)**	**(8,198)**
Net cash outflow from operating activities	(1,016)	(5,259)	(6,275)
Net cash inflow from investing activities	-	2,979	2,979
Net cash decrease generated by discontinued operations	**(1,016)**	**(2,280)**	**(3,296)**

(i) Operating expenses includes network and wholesale related expenses, other operating expenses, depreciation and amortisation.
(ii) Expenses from the cessation of trade of $2,250k and (loss)/gain on disposal of $2,659k are disclosed in Note 2 as non underlying expenses.

For financial year ended 30 June 2018	Devices $'000	Broadband $'000	Total $'000
Revenue	17,424	8,626	26,050
Operating Expenses	(23,792)	(18,306)	(42,098)
Loss before income tax of discontinued operation	**(6,368)**	**(9,680)**	**(16,048)**
Income tax benefit	1,911	2,904	4,815
Loss from discontinued operation	**(4,457)**	**(6,776)**	**(11,233)**
Net cash outflow from operating activities	(2,408)	(1,264)	(3,672)
Net cash outflow from investing activities	(1,779)	(2,636)	(4,415)
Net cash decrease generated by discontinued operation	**(4,187)**	**(3,900)**	**(8,087)**

c) Details from sale of discontinued operations

The consideration received relates to the sale of the Broadband customer base to Southern Phone Company Limited.

The carrying value of the Net Assets disposed of for Devices is $59k in relation to stock on hand and the carrying value of the net assets for Broadband relates to the IP addresses which were sold as part of the sale of the Broadband customer base.

For financial year ended 30 June 2019	Devices $'000	Broadband $'000	Total $'000
Consideration received or receivable:			
Cash	-	2,979	2,979
Total consideration	**-**	**2,979**	**2,979**
Carrying Value of Net Assets Disposed of	(59)	(261)	(320)
(Loss)/Profit on disposal of discontinued operation before tax	**(59)**	**2,718**	**2,659**

9. Earnings per share

For the financial year ended	30 June 2019 $'000	30 June 2018 $'000 (restated)
Weighted average number of ordinary shares (WANOS) used as the denominator in calculating basic EPS	**235,541,647**	**210,343,822**
Employee share rights under the LTIP Plan	3,023,102	666,197
WANOS used as the denominator in calculating diluted EPS	**238,564,749**	**211,010,019**
Net (loss)/profit after tax from continuing operations	(6,532)	14,755
Net loss after tax from discontinued operations	(8,198)	(11,233)
Net (Loss)/Profit for the year	**(14,730)**	**3,522**
Basic EPS (cents per share) from continuing operations	(2.77)	7.02
Basic EPS (cents per share) from discontinued operations	(3.48)	(5.34)
Basic EPS (cents per share)	**(6.25)**	**1.68**
Diluted EPS (cents per share) from continuing operations	(2.77)	6.99
Diluted EPS (cents per share) from discontinued operations	(3.48)	(5.32)
Diluted EPS (cents per share)	**(6.25)**	**1.67**

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

Information concerning the classification of securities

(i) Options granted under the Long term incentive plan

In accordance with Accounting Standards, no options have been considered dilutive at 30 June 2019. This is due to the forfeiture of options as result of the performance hurdles not being met and for options due to vest on 1 July 2019 the average market price of ordinary shares during the period was lower than the exercise price of those options plans granted by the Group. At 30 June 2018, these options were considered as potential ordinary shares and had been included in the determination of diluted earnings per share. Details relating to the LTIP are set out in Note 30.

(ii) Employee Share rights granted under the Long Term Incentive Plan (LTIP)

All employee share rights granted during FY19 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. Details relating to the LTIP are set out in Note 30.

10. Cash and cash equivalents

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
Cash and cash equivalents	30,651	9,778
Total cash and cash equivalents	**30,651**	**9,778**

11. Trade and other receivables

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
Trade and other receivables		
Unbilled revenue from energy services	22,353	21,039
Trade receivables from customer contracts	34,777	39,395
Other receivables and accrued revenue	3,299	8,699
Loss allowance	(12,332)	(9,101)
Total trade and other receivables	**48,097**	**60,032**
Movement in the loss allowance		
Balance at the start of the reporting period	(9,101)	(7,965)
AASB9 & AASB15 adoption	(105)	-
Charge for the year	(12,543)	(12,323)
Amounts written off	9,417	11,187
Balance at reporting date	**(12,332)**	**(9,101)**

At 30 June, the aging analysis of the trade receivables is as follow:

Loss allowance as at 30 June 2019	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 days and over	Total
Energy Receivables	12,778	2,899	1,990	1,764	11,247	30,678
Expected loss rate (excl. GST)	*5%*	*20%*	*26%*	*33%*	*74%*	
Energy Unbilled revenue	22,353					22,353
Expected loss rate	*5%*					
Mobile receivables	2,064	558	77	31	1,369	4,099
Expected loss rate (excl. GST)	*1%*	*22%*	*98%*	*100%*	*100%*	
Total Loss allowance	**(1,758)**	**(627)**	**(538)**	**(564)**	**(8,845)**	**(12,332)**

Expected credit loss on trade receivables and unbilled revenue

To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

Credit losses are estimated in each age category and are based on the probability of a receivable progressing through to write-off.

Loss rates are based on risk assessment performed for each customer group derived from historical credit loss and the Group current estimate of credit risk. The above loss rates are a weighted average of the rates by customer group.

The Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group.

12. Other current assets

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
Energy Trade Certificates	27	117
Prepayments	4,043	4,589
Other	975	722
Total other current assets	**5,045**	**5,428**

(i) Renewable energy certificates held for own use

Renewable energy and energy efficiency schemes operate through the creation, trade and surrender of energy products. The major schemes affecting the business require the surrender of Large-scale Generation Certificates (LGCs), Small Scale Technology Certificates (STCs), New South Wales Energy Savings Certificates (ESCs) and Victorian Energy Efficiency Certificates (VEEC).

Energy trade certificates on hand are recognised at cost in other current assets.

Forward purchased renewable energy products are designated as held for own use and held as commitments in Note 28(b) to satisfy relevant regulatory requirements. Renewable energy and energy efficiency products held for own use are accounted for on an accrual basis.

13. Trade and other payables

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
Trade payables	27,091	37,809
Accrued expenses	27,435	37,325
Unbilled wholesale accrual	7,906	10,853
Unbilled network accrual	16,517	16,296
Renewable cost liability	6,109	5,349
Total trade and other payables	**85,058**	**107,632**

Terms and conditions

Trade payables and accrued expenses are non-interest bearing and are normally settled on 30-60 day terms.

14. Borrowings

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
Current		
Bank loans	-	15,000
Capitalised Borrowing Costs	-	(1,415)
Total current borrowings	**-**	**13,585**
Non Current		
Bank loans	57,050	77,050
Capitalised Borrowing Costs	(535)	(1,061)
Total non current borrowings	**56,515**	**75,989**
Total borrowings	**56,515**	**89,574**

Borrowings and financing arrangements

Accounting Policies

Borrowings (excluding bank guarantees) are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that some of the facility will be drawn down. This transaction cost is capitalised as a prepayment and amortised over the period of the facility. Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is satisfied, discharged, cancelled or expired.

Syndicated Loan Facility

(i) Syndicated Facility

In April 2019, the Group refinanced the existing debt facility by amending the Syndicated loan facility ("Facility") with the Commonwealth Bank of Australia and Westpac Banking Corporation. The amended facility limit is $91 million as at 30 June 2019 ($87.9m utilised as at 30 June 2019) and is made of the following three components:

- Facility A is a multi-option facility consisting of a revolving loan facility and a revolving bank guarantee facility totaling $20 million ($19.4m utilised as at 30 June 2019). Facility A will mature in March 2022.
- Facility B is a revolving bank guarantee facility totaling $31 million ($28.5m utilised as at 30 June 2019). Facility B will mature in March 2022; and
- Facility C is a term loan facility totaling $40 million (fully utilised as at 30 June 2019). Facility C will mature in March 2023.

The Group has repaid $30m of debt during FY2019 significantly deleveraging the Balance Sheet.

The Facility has a floating interest rate, as a result the Group is exposed to fluctuations in interest rates. On 5 September 2017 amaysim purchased an interest rate collar, protecting the Group from rising interest rates with a maturity date of 31 March 2020. Under the Facility, the Group is subject to financial covenants, typical for a facility of this nature, tested on a quarterly basis. There has been no breach of the financial covenants during the period.

(ii) Bank Guarantee

Bank guarantees are primarily used for operational purposes by the Mobile and Energy businesses. On 30 June 2019, the total bank guarantees on issue is $30.9 million.

(iii) Borrowing Costs

Fees paid on the establishment of loan facilities are recognised as transaction costs and amortised over the period of the facility. The refinancing of the debt facility in April 2019 is considered a new debt facility under the accounting standards resulting in the borrowing costs relating to the previous debt facility being removed from the consolidated balance sheet and expensed through Finances expenses.

15. Fair Value Measurements

As at 30 June 2019 the Group holds energy derivatives and currency hedges that require fair value measurement. The fair values of all financial instruments held on the balance sheet as at 30 June 2019 equal the carrying amount and are a net asset of $1,066k ($3,531k of an asset and $2,465k of a liability). At 30 June 2018, derivatives represented a net liability of $7,827k (made up of an asset of $94k and a liability of $7,921k). Fair value measurements and fair value hierarchy is outlined in (i) below.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows in the table below.

($'000)	Level 1	Level 3
For the financial year end 30 June 2019		
Financial assets		
Energy Hedge Contracts – cash flow hedges	-	3,531
Currency hedges	-	-
Total financial assets	**-**	**3,531**
Financial liabilities		
Currency hedges	(25)	-
Interest rate collar	(140)	-
Energy Hedge Contracts – cash flow hedges	-	(2,301)
Total financial liabilities	**(165)**	**(2,301)**

Recurring fair value measurements ($'000)	Level 1	Level 3
For the financial year end 30 June 2018		
Financial assets		
Derivatives used for hedging – customer load contracts	-	
Currency hedges	94	-
Total financial assets	**94**	**-**
Financial liabilities		
Interest rate collar	(9)	-
Energy Hedge Contracts – cash flow hedges	-	(7,912)
Total financial liabilities	**(9)**	**(7,912)**

Derivatives for currency hedges and energy hedges are classified as fair value through other comprehensive income and any ineffectiveness is recognised through profit and loss. The interest rate collar is recorded through profit and loss.

There have been no transfers between the levels of the fair value hierarchy in the year ended 30 June 2019. There were no changes to the valuation techniques applied to the electricity derivatives as at 30 June 2019. During the year ended 30 June 2019, the Group has identified aspects of the gas market to be more liquid so has more observable inputs than before. Therefore, the Group has changed its valuation techniques for the gas derivatives.

There have been no transfer between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 1 and level 3 measurements see (ii) below.

Fair value hierarchy levels	Definition	Valuation technique
Level 1	Fair value of financial instruments traded in active markets and based on quoted market prices.	Level 1 inputs are used to value the Currency Hedges and Interest Rate Collar. The level 1 inputs used are a combination of quoted AUD, USD and PHP rates as well as interest rates.
Level 2	Fair value of financial instruments that are not traded in an active market.	Level 2 financial instruments are nil at at the end of the current and prior reporting periods.
Level 3	If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for load following electricity contracts and gas hedges.	Price and notional volumes for electricity hedges are not observable and are therefore level 3 inputs that the Group uses to value the electricity derivatives. These are derived as follows: • Price is derived from an average of forward electricity derivative prices, which are obtained independently from the ASX Energy Futures website on relevant dates leading up to balance date. These are then adjusted for factors specifically contained within the hedges. • Notional volumes are derived from internal modelling based on historical performance which eventually form part of Board approved budgets and forecasts. The unobservable inputs used to calculate the fair value of financial instruments for electricity range from forecast customer demand of 911GWh to 1,114GWh (905GWh to 1,106GWh at 30 June 2018), and are based on internal models and historical usage. A sensitivity analysis is provided in (iii) below. The price of gas hedges and the volumes for one of the company's gas hedges are not observable and are therefore level 3 inputs that the Group uses to value the gas derivatives. The price is derived considering a combination of factors including a) observable forward or quoted prices either via the ASX, OTC or Bilateral markets, b) a "netback to power" calculation to arrive at the marginal cost of gas used by a gas fired generator and c) a "LNG netback" price. The contractual volumes for the gas hedges are estimated as 3,106,399 GJ (3,214,342 GJ at 30 June 2018).

(ii) Fair value measurements

The following table presents the changes in cash flow hedge reserve for level 1 and level 3 items for the period ended 30 June 2019:

$'000	Level 1 Currency Hedges	Level 3 Energy hedge contracts
Opening balance at 1 July 2017	**-**	**5,405**
Settled contracts recycled through profit and loss	-	(4,463)
Fair value recognised in other comprehensive income	94	(11,172)
Tax Effect	(28)	4,691
Closing balance at 30 June 2018	**66**	**(5,539)**
Opening balance at 1 July 2018	**66**	**(5,539)**
Settled contracts recycled through profit and loss	(94)	7,715
Fair value recognised in other comprehensive income	(25)	1,755
Tax Effect	36	(2,841)
Closing balance at 30 June 2019	**(17)**	**1,090**

(iii) Sensitivity analysis in respect of Level 3 derivatives

The fair value of forward electricity contracts that are determined using unobservable inputs are calculated using a combination of an average of publicy quoted forward prices and estimated volumes based on forecast customer demand. An increase of 10% or decrease of 10% in forecast customer demand would increase/(decrease) the fair value by $388k, and an increase of 10% or decrease of 10% in the forward price per megawatt hour of electricity would increase/(decrease) the fair value $10,708k.

The values of gas derivative contracts that are determined using unobservable inputs are calculated by using a forward market price, that is based on a combination of available information and calculations. An increase of 10% or decrease of 10% in the market price per Gigajoules of gas would increase/(decrease) the fair value $3,452k/($3,452k). One of the gas derivative contracts is a load following hedge. In addition to market price, notional volume is an unobservable input and is determined based on recent Board approved forecasts. An increase/decrease in the notional Gigagoules of 10% would increase/(decrease) the fair value by $72k/($72k).

(iv) Valuation processes

The energy finance team, including the Chief Financial Officer (CFO), perform the valuations of non-property items required for financial reporting purposes, including level 3 fair values. Formal reviews of valuation processes and results are performed by the CFO at least once every six months, in line with the Group's half-yearly reporting periods.

Changes in level 3 fair values are analysed at the end of each reporting period during the half-yearly valuation by the CFO.

16. Property, plant and equipment

	Leasehold improvements $'000	Office equipment $'000	EDP equipment $'000	Tele-communication equipment $'000	Network equipment $'000	Furniture & fittings $'000	Leased assets – MV $'000	Total $'000
At 1 July 2018(restated)								
Cost	3,506	548	3,779	352	1,088	518	90	9,881
Accumulated depreciation	(2,016)	(380)	(2,484)	(294)	(64)	(217)	(14)	(5,469)
Net book amount	**1,490**	**168**	**1,295**	**58**	**1,024**	**301**	**76**	**4,412**
Year ended 30 June 2019								
Opening net book amount	1,490	168	1,295	58	1,024	301	76	4,412
Additions	3,290	118	501	18	-	621	8	4,556
Impairment	(1)	-	(2)	-	(975)	-	-	(978)
Depreciation charge(i)	(519)	(110)	(927)	(39)	(49)	(172)	(20)	(1,836)
Closing net book amount	**4,260**	**176**	**867**	**37**	**-**	**750**	**64**	**6,154**
At 30 June 2019								-
Cost	7,031	666	4,273	370	-	1,139	98	13,577
Accumulated depreciation	(2,771)	(490)	(3,406)	(333)	-	(389)	(34)	(7,423)
Net book amount	**4,260**	**176**	**867**	**37**	**-**	**750**	**64**	**6,154**
At 1 July 2017(restated)								-
Cost	2,660	474	3,005	328	-	494	-	6,961
Accumulated depreciation	(1,612)	(278)	(1,609)	(257)	-	(128)	-	(3,884)
Net book amount	**1,048**	**196**	**1,396**	**71**	**-**	**366**	**-**	**3,077**
Year ended 30 June 2018(restated)								-
Opening net book amount	1,048	196	1,396	71	-	366	-	3,077
Additions	846	74	774	26	1,088	24	90	2,922
Disposals	-	-	-	(2)	-	-	-	(2)
Depreciation charge	(404)	(102)	(875)	(37)	(64)	(89)	(14)	(1,585)
Closing net book amount	**1,490**	**168**	**1,295**	**58**	**1,024**	**301**	**76**	**4,412**
At 30 June 2018(restated)								-
Cost	3,506	548	3,779	352	1,088	518	90	9,881
Accumulated depreciation	(2,016)	(380)	(2,484)	(294)	(64)	(217)	(14)	(5,469)
Net book amount	**1,490**	**168**	**1,295**	**58**	**1,024**	**301**	**76**	**4,412**

(i) The depreciation charge is for continuing and discontinued operations. The variance of $101k between $1,836k as per above and $1,735k as per Note 4 relates to Discontinued Operations. Refer to Note 8 for further information.

17. Intangible assets

	Goodwill $'000	Trademarks $'000	Software development $'000	Customer contracts and Distributor relationships $'000	Costs to acquire contracts $'000	Total $'000
At 30 June 2018						
Cost	139,505	8,905	38,785	56,366	-	243,561
Impairment	(422)	-	(3,026)	-	-	(3,448)
Accumulated amortisation	-	(3,883)	(17,984)	(14,941)	-	(36,808)
Net book amount at 30 June 2018	**139,083**	**5,022**	**17,775**	**41,425**	**-**	**203,305**
Adoption of new accounting standards(i)	-	-	-	-	8,735	8,735
Restated opening net book amount at 1 July 2018	**139,083**	**5,022**	**17,775**	**41,425**	**8,735**	**212,040**
Year ended 30 June 2019						
Opening net book amount (restated)	139,083	5,022	17,775	41,425	8,735	212,040
Additions	-	-	5,531	-	11,904	17,435
Impairment Charge(ii)	-	-	(5,899)	(15,732)	-	(21,631)
Amortisation charge(ii)	-	(1,443)	(7,042)	(9,448)	(9,903)	(27,836)
Closing net book amount	**139,083**	**3,579**	**10,365**	**16,245**	**10,736**	**180,008**
At 30 June 2019						
Cost	139,505	8,905	44,316	56,366	20,639	269,731
Accumulated impairment	(422)	-	(8,925)	(15,732)	-	(25,079)
Accumulated amortisation	-	(5,326)	(25,026)	(24,389)	(9,903)	(64,644)
Net book amount	**139,083**	**3,579**	**10,365**	**16,245**	**10,736**	**180,008**
At 1 July 2017						
Cost	145,965	5,929	26,399	49,682	-	227,975
Accumulation amortisation and impairment	-	(2,341)	(10,440)	(5,530)	-	(18,311)
Net book amount	**145,965**	**3,588**	**15,959**	**44,152**	**-**	**209,664**
Year ended 30 June 2018						
Opening net book amount	145,965	3,588	15,959	44,152	-	209,664
Acquisition of subsidiary	302	-	-	-	-	302
Adjustment to the acquired intangibles	(6,762)	2,976	-	6,684	-	2,898
Additions	-	-	12,386	-	-	12,386
Impairment Charge	(422)	-	(3,026)	-	-	(3,448)
Amortisation charge	-	(1,542)	(7,544)	(9,411)	-	(18,497)
Closing net book amount	**139,083**	**5,022**	**17,775**	**41,425**	**-**	**203,305**
At 30 June 2018						
Cost	139,505	8,905	38,785	56,366	-	243,561
Impairment	(422)	-	(3,026)	-	-	(3,448)
Accumulated amortisation	-	(3,883)	(17,984)	(14,941)	-	(36,808)
Net book amount	**139,083**	**5,022**	**17,775**	**41,425**	**-**	**203,305**

(i) Impact of AASB15 Revenue from Contracts with Customers applied from 1 July 2018. Refer to Note 21 for further details
(ii) The amortisation charge and the impairment charge have a portion related to Broadband assets ($983k amortisation and $5,899k in relation to impairment). For further information refer to Note 8.
Net of Broadband amortisation and impairment, the remaining difference between the amortisation and impairment charges disclosed above and the total "Depreciation, amortisation and impairment" expense in the Consolidated statement of comprehensive income of $44,421k relates to the depreciation expense of $1,735k for the year for continuing operations. Refer to Note 16 for further details.

Assessment of Impairment of Goodwill and other intangible assets

The Group's assessment of impairment of goodwill compares the carrying value of the Group's CGUs with their respective recoverable amount, using the higher of the "fair value less cost to sell" or the "value in use" calculation. Goodwill is monitored by management at a cash generating unit (CGU) level and is tested for impairment at least annually; in accordance with Australian Accounting Standards. A cash-generating unit is identified for impairment testing purposes and is defined as the "smallest identifiable group of assets that together have cash inflows that are largely independent of the cash inflows from other assets". During year ended 30 June 2019, it was determined that there were only two CGUs, Mobile and Energy due to the discontinuation of the Devices and Broadband businesses (Refer to Note 8 for further information).

At 30 June 2019, value in use calculations were used to assess the recoverable amount of the Group's CGUs. The allocation of the carrying value of goodwill to the CGUs and the methods used to calculate the recoverable amount are outlined below.

	Carrying value		Post-tax discount rate		Terminal value growth rate	
Goodwill Consolidated entity	**30 June 19 $'000**	**30 June 18 $'000**	**30 June 19 %**	**30 June 18 %**	**30 June 19 %**	**30 June 18 %**
Mobile services	53,373	53,373	12.5%	11.5%	2.5%	2.5%
Energy	85,710	85,710	12.0%	12.0%	2.5%	2.5%

(i) Significant estimates: key assumptions used for value-in-use calculations

Value in use calculations are based on cash flow projections, using the Group's Board approved financial year 2020 budget and management forecasts over a five-year period. Cash flows beyond the five-year period are extrapolated using the terminal growth rates stated above. These growth rates are consistent with forecasts included in industry reports specific to the industry in which both CGUs operate.

Management has determined the values assigned to each of the above key assumptions as follows:

- Discount rates: these represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segment and is derived from its weighted average cost of capital (WACC). The WACC takes into account debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on a combination of the Group's cost of debt and of public information available for the wider industries in which it operates. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows in order to reflect a pre-tax discount rate. The pre-tax discount rate used for Mobile services is 16.7% (2018: 13.4%) and for Energy is 16.1% (2018: 16.3%). Refer to the above table for the post tax discount rate.
- After the 5 year period, a terminal growth rate of 2.5% has been used (2018: 2.5%).

There has been no impairment recognised at the Mobile or Energy CGU levels as at 30 June 2019.

(ii) Significant estimate: impairment charge

There have been two impairment charges during the year: $5,899k related to the Broadband CGU which is now a discontinued operation (refer to Note 8 for further information) and $15,732k related to Energy customer contracts and distributor relationships (refer to section below).

Energy customer contracts and distributor relationships

During the year ended 30 June 2019, new information became available to the Group in relation to customer churn and customer life in respect of previously acquired energy intangibles, reflecting higher customer churn and therefore a shorter customer life. This occurred in the context of substantial recent changes in the energy industry, with increased competition and a more challenging regulatory environment. This information showed that the number of remaining customers as at 31 December 2018 had decreased significantly more quickly than what was reflected in the original at-acquisition carrying value based on a useful life of 4-7 years for the assets. This triggered a test for impairment of the carrying value of Energy customer contracts and distributor relationships and resulted in an impairment charge of $15,732k to reflect the new carrying value of remaining acquired customers.

This also resulted in changes in accounting estimates related to the method of amortisation of acquired Energy customer contracts and distributor relationships assets which will now use the sum of the digits method as opposed to the straight line method used previously, with the new method being considered to best reflect the pattern in which the assets' future economic benefits are expected to be consumed by the Group. From 31 December 2018, the useful lives of these intangible assets have changed as a result of new information that became available to the Group during the period in relation to customer churn and customer life. The useful lives have reduced from 4-7 years at the time of acquisition to new useful lives of 3-6 years for the remaining customers. Refer to the table below for the impact of the change in amotisation expense for FY19 and the amortisation expense for future years.

For the financial year	$'000
Impairment Charge	15,732
Jun-19	165
Jun-20	(969)
Jun-21	(2,528)
Jun-22	(3,271)
Jun-23	(4,642)
Jun-24	(4,486)

(iii) Movements during the year

The main movements in the intangibles assets during the period were due to the recognition of new assets for costs to obtain contracts in relation to AASB15 (refer to Note 21), the impairment of Energy customer contracts and distributor relationships (refer to above section), and the impairment of Broadband assets as a result of the discontinuation of the business (refer to Note 8). Other movements relate to additions and other amortisation charges during the year ended 30 June 2019 (inclusive of new assets arising from the adoption of AASB15).

(iv) Significant estimate: Impact of possible changes in key assumptions

There is no reasonable change in the key assumptions used in the projected cash flows for the Mobile CGU that would result in an impairment charge.

For the Energy CGU, a reduction of more than 21% in the EBITDA assumptions would trigger an impairment of the Energy Goodwill.

The value in use calculation for the Energy CGU includes cash flow projections from the new energy subscription plans. However, a scenario excluding any cash flows from these plans would not result in an impairment charge for the Energy CGU.

18. Other non-current assets

Security deposits total $619k at 30 June 2019 ($537k at 30 June 2018) and comprise of restricted deposits held as security for lease of premises.

19. Provisions

	Employee entitlements $'000	Employee bonus $'000	Make good $'000	Other provisions $'000	Total $'000
30 June 2019					
Current	2,735	5,056	-	1,745	9,536
Non current	738	-	682	-	1,420
Total provisions at the end of the reporting period	**3,473**	**5,056**	**682**	**1,745**	**10,956**
Movements in provisions					-
Previously reported carrying amount at 1 July 2018	2,650	2,428	403	4,700	10,181
– Change in accounting policies	-	-	-	(3,858)	(3,858)
Restated opening carrying amount at 1 July 2018	**2,650**	**2,428**	**403**	**842**	**6,323**
– additional provisions recognised	4,312	6,306	352	4,601	15,571
– unused amounts reversed	(20)	-	-	-	(20)
– payments made	(3,469)	(3,678)	(73)	(3,698)	(10,918)
Carrying amount 30 June 2019	**3,473**	**5,056**	**682**	**1,745**	**10,956**
Restated 30 June 2018					-
Current	1,973	1,486	73	842	4,374
Non current	677	942	330	-	1,949
Total restated provisions at the end of the reporting period	**2,650**	**2,428**	**403**	**842**	**6,323**
Movements in provisions					
Previously reported carrying amount at 30 June 2017	1,727	2,919	394	4,266	9,306
– Change in accounting policies	-	-	-	(2,704)	(2,704)
Restated opening carrying amount at 1 July 2017	**1,727**	**2,919**	**394**	**1,562**	**6,602**
– additional provisions recognised	3,080	3,557	9	2,199	8,845
– unused amounts reversed	(5)	-	-	-	(5)
– payments made	(2,152)	(4,048)	-	(2,919)	(9,119)
Restated carrying amount 30 June 2018	**2,650**	**2,428**	**403**	**842**	**6,323**

Employee entitlements provision relates to the Group's liability for annual leave, long service leave and other employee entitlements.

Make good provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Other provisions include provisions for commissions for the energy business and rewards provided to energy customers yet to be claimed and also exit costs for the devices business which was discontinued during FY2019.

Of the total provisions $1,420k is not expected to be settled in the next 12 months.

For the change in accounting policies in relation to other provisions, refer to Note 21 for Changes in Accounting Policies.

20. Equity

a) Contributed equity

(i) Movements in ordinary share

For financial year ended	30 June 2019 Shares	30 June 2019 $'000	30 June 2018 Shares	30 June 2018 $'000
Opening balance	**210,792,810**	**118,290**	**208,015,170**	**114,733**
Issue of shares as consideration for business combination	-	-	839,569	302
Exercise of share rights under the legacy Employee Share Plan	-	-	1,938,071	3,255
Issue of shares as result of the Entitlement Offer	84,317,611	50,590	-	-
Less:				
Transaction costs arising on issue of new shares	-	(2,453)	-	-
Deferred tax credit recognised directly in equity	-	736	-	-
Closing balance	**295,110,421**	**167,163**	**210,792,810**	**118,290**

During this financial year, amaysim launched an underwritten capital raising comprising of a 1 for 2.5 accelerated non-renounceable pro rata entitlement offer to raise $50,590k at $0.60 per share ("Entitlement Offer"). The net proceeds from the offer has been used to reduce debt (refer to Note 14) and support investment in new strategic growth initiatives. Transaction costs are accounted for as a deduction of contributed equity net of income tax benefits. Those transaction costs include underwriting costs and other fees directlty attribuable to the capital raise.

Ordinary shares issued at 30 June 2019 are fully paid. Upon a poll each ordinary share is entitled to one vote. At 30 June 2019 there were 295,110,421 ordinary shares issued.

(ii) Movements in options (related to the LTI)

The movements in options issued under the Long Term Incentive Plan are outlined in Note 30 (b).

(iii) Movements in employee performance share rights (related to the LTI)

During the financial year, a new Employee share rights plan was issued as part of a Long Term Incentive plan. The movements in shares rights related to this plan are outlined in Note 30 (c).

b) Nature and Purpose of other reserves

The movements in these reserves are outlined in the Consolidated Statement of Changes in Equity.

(i) Equity compensation reserve

The equity compensation reserve is used to recognise the value of the equity compensation plans issued to selected employees of the Group. Fair value measurement has been used to determine the equity compensation reserve amount as outlined in Note 30.

(ii) Cash flow hedge reserves

The cash flow hedge reserve is used to recognise the movement in the fair value of customer load following contracts which the Group uses to hedge wholesale energy purchase prices, the instruments have been designated as cash flow hedges. It also includes the movement in the fair value of currency hedges. Refer to Note 15 for methods and assumptions in fair valuing these derivatives.

(iii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

21. Changes to existing accounting policies and adoption of new accounting standards

This note explains the impact of the change in accounting policy related to Energy customer contracts and distributor relationships during the period, as well as the impact of the adoption of AASB15 "Revenue from Contracts with Customers" and AASB9 "Financial Instruments" on 1 July 2018 to the Group's financial statements.

a) Adoption of AASB15 Revenue from Contracts with Customers

In December 2015, the Australian Accounting Standards Board issued a new, comprehensive revenue recognition standard, AASB15 ("AASB 15" or "the new revenue standard"). The new revenue standard requires entities to recognise revenue through the application of a five-step model, which includes: identification of the contract; identification of the performance obligations; determination of the transaction price; allocation of the transaction price to the performance obligations; and recognition of revenue as the entity satisfies the performance obligations.

As of 1 July 2018, the Group transitioned to AASB15 using the modified retrospective method with the cumulative effect of initially applying AASB15 as an adjustment to the opening balance of retained earnings as at 1 July 2018. In accordance with the new revenue standard, the Group has elected to apply this Standard retrospectively to all contracts, i.e. completed and not completed contracts at 1 July 2018.

In applying AASB15, the Group uses judgement and estimates, such as average customer life, data usage in relation to unlimited revenue recognition, likelihood of customers' redemption of incentives and discounts. In making these estimates, the Group has considered historical customer data, as well as current financial information. The main judgement and estimates are disclosed below in section (a)(i).

(i) Accounting policies and significant judgements and estimates

Service revenue for Mobile

Mobile revenue is derived from providing mobile services to customers which include talk, text and data. Most mobile contracts are either over 28 days or monthly, and renewed at each anniversary date of the contract. As You Go products are based on customers airtime credit and don't have a fixed contract term.

Revenue from mobile services is recognised when the performance obligation is satisfied, which occurs when customers have used their service for a call, or text or for data. For unlimited plans, the Group has assessed the timing of satisfaction of each performance obligation identified in the contract (talk, text and data), and has considered customer behavior as well as historical usage. Management conducted customer behavior analysis and concluded that data allowance could be recognised on a straight line basis as it faithfully depicts the Group provision of services over the contract period. Hence, significant judgements and estimates were used to select the most appropriate method for recognising revenue.

A portion of the revenue related to unlimited plans was previously recognised upfront as network access fees was considered an identifiable component in the contract. Upon adoption of the new revenue standard, network access fees do not meet the definition of a performance obligation.

As You Go revenue is recognised over time based upon voice/text or data usage.

The majority of the Group's mobile contracts are prepaid, however, some are also postpaid. Cash for prepaid contracts is received upon activation (for a new contract) or renewal of an existing contract. Cash for postpaid customers is received the following month.

A receivable is recognised when the customer has used the service, as contracts are non-cancellable and non-refundable.

Customer contract liabilities are recognised for cash received in advance and services not used yet.

Service revenue for Energy

Energy revenue is derived from the supply of electricity and gas to customers. Energy contracts are monthly and renewed at each anniversary date of the contract.

Revenue from energy services is recognised over time when the supply of energy has occurred, based on volume delivered or on a straight line basis for the minimum daily charge, and can include billed and unbilled revenue. Subscription energy plans revenue is also recognised over time based on the electricity volume delivered to the customers. The recognition of unbilled revenue involves judgement and estimates to quantify the customer consumption between the last invoice date and the

end of the reporting period as well as the level of Pay on Time Discounts that will be taken up. Assumptions include average unbilled days, historical actual consumption per customer adjusted for seasonal factors, average gross billed rate, average level of rebates and; take up rate of Pay On Time Discounts from applicable products.

Revenue related to occupier accounts, which are used to monitor electricity and gas usage when the occupant of the site cannot be identified, was previously recognised when the supply and delivery of energy services had occurred. However, due to their nature, collectability on these contracts is low, and AASB15 requires the consideration of a transaction to be probable for it to be defined as a contract. Therefore, since 1 July 2018, the Group has changed its revenue recognition for occupier accounts to recognise revenue when cash is received.

A receivable is recognised for any identified customers that the Group is the financially responsible market participant for.

Customer contract liabilities are recognised in the event of customers having a credit position (i.e. customers on instalment).

Rebates on future payments are estimated using customer redemption rates and are included in the contract transaction price.

Other revenue

Other revenue includes services related to expired credits and vouchers recognised, late payment fees or other one-off services delivered. The Group recognises breakage estimates for expired credits based on historical expiries.

Other revenue for Energy includes commissions received upon customer referral.

Costs to obtain and to fulfil a contract

The Group incurs certain incremental costs to obtain customer contracts that it expects to recover, such as sales upfront commissions paid to mobile retailers, and upfront commissions paid to Energy channel partners. The Group also incurs contract fulfilment costs, such as Sim card costs.

These costs were previously expensed immediately by the Group through cost of sales for Mobile commissions and marketing expenses for costs to acquire a customer for Energy commissions. The classification differed due to the nature of these costs, Mobile commissions to retailers being based on the activation of a Sim card whilst the Energy commissions paid to channel partners were based solely on the acquisition of the customer.

Since 1 July 2018, the Group has changed its accounting policies to capitalise these costs considered as costs to obtain and to fulfil a contract with a customer. Trailing commissions for Mobile and Energy are recognised as incurred and therefore are not capitalised (Refer to Note 21 c) for further details).

Costs to obtain a contract (sales commissions) are recognised as an intangible asset on the balance sheet when a customer is acquired and amortised on a straight-line basis over the expected customer life to amortisation expense.

Costs to fulfil a contract relate to Sim card costs which are capitalised on the balance sheet (when the Sim card is activated) in other current assets and amortised to network and wholesale related expenses on a straight-line basis over the expected customer life.

The expected customer life is based on customer average tenure which is currently deemed between 1.5 to 3 years.

The Group used significant judgments and estimates based on historical customers' average tenure to define the expected customer life.

Accounting for cross-sell contracts

The Group offers contracts that bundle services and/or products to customers involving different operating segments. Revenue for cross-sell products is allocated based on the relative standalone selling price of each performance obligation in the bundle.

(ii) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

The impacts of the adoption of AASB15 for the period ended 30 June 2019 to the Consolidated balance sheet and to the Consolidated statement of comprehensive income have been disclosed in section d) below.

As at	30 June 2019 $'000	1 July 2018 (After AASB 15 Adjustments) $'000
Trade and other receivables	48,097	51,812
Other current assets - costs to fulfil a contract	365	402
Intangibles assets - costs to acquire a contract	10,737	8,735
Total	**59,199**	**60,949**
Customers deposits	(2,192)	(2,432)
Customers credit balance	(8,980)	(6,670)
Deferred revenue	(7,460)	(9,522)
Total	**(18,632)**	**(18,624)**

Materially all of the $9,522k recorded as deferred revenue at 1 July 2018 was recognised as revenue during this financial year.

b) Adoption of AASB9 Financial Instruments

AASB9 replaces the provisions of AASB139 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied AASB9 for the first time as of 1 July 2018. In accordance with the transitional provisions, comparative figures have not been restated, accounting for the aggregate amount of applying AASB9 as an adjustment to the opening balance of retained earnings.

The adoption of AASB9 did not impact the classification and measurement and the recognition of derivatives and hedging activities to the Group's financial statements.

The main impact relates to the impairment of financial assets. The Group applies the AASB9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group used significant judgements and estimates to determine the amount of provision required: the loss rates for each customer group derive from historical credit loss and the Group current estimates of credit risk. This resulted in a decrease of opening retained earnings of $328k after tax.

The impacts of the adoption of AASB9 at 1 July 2018 to the Consolidated balance sheet have been disclosed in section d) below.

c) Change to accounting policies

The Group incurs energy trailing Commissions ("Commission(s)") on the condition that a referred customer remains an energy customer for a specified period of time. The Commission is typically paid at the anniversary date of the Group becoming the financially responsible market participant for that customer. Varying commercial arrangements exist, but these trail Commissions may be payable for anniversary dates from 1 year to 10 years.

Under Australian Accounting Standards, an entity needs to record a liability when it has a contractual or a non-contractual obligation that arises from past events and when its settlement is expected to result in an outflow of resources embodying economic benefits.

Whilst it is a common practice to consider that an obligation arises when the customer anniversary date is met and the Commission becomes due and payable, the Group previously considered that the liability was incurred from the time of acquisition of a customer, and as a consequence, recognised a provision for all future Commissions at the date a customer switched to the network.

During the period ended 30 June 2019, the Group considered:

(a) the growth in the energy vertical of the business and the potential impact that the significant judgements and estimates involved in calculating future Commissions payable can have on the financial statements

(b) the new revenue standard AASB15 – which requires costs to acquire a contract, such as Commissions, to be capitalised and amortised

(c) and the complexity involved in capitalising an accrual

Based on these considerations, the Group has elected to change its accounting policy to cease accruing for future trailing Commissions from the date a customer switches to Click or amaysim Energy and instead expense these when they become due and payable.

The Group considers that this change in accounting policy will provide reliable and more relevant information to the users of the financial statements.

The Group has applied full retrospective application in accordance with AASB108 Changes in accounting policy, errors and estimates, for all impacts of these change in trailing commission recognition. Accordingly, the Group has restated its financial statements for the opening balance of the earliest prior period presented.

The impacts of the change in accounting policies to the Consolidated balance sheet and to the Consolidated Statement of comprehensive income for prior periods, with a rolling impact on 1 July 2018, have been disclosed in section d) below.

d) Impacts on the financial statements of the changes in accounting policies and adoption of new accounting standards upon adoption

(i) Adjustment to the consolidated statement of comprehensive income

The following two tables present the changes made to the consolidated statement of comprehensive income due to:

- Discontinued operations (Note 8)
- Reclassifications to the P&L
- Changes in accounting policies due to Energy Trailing Commissions
- Adoption of new standards.

Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

For the financial year ended 30 June 2019	Ref	30 June 2019 (before any changes) ($'000)	Change in accounting policies ($'000)	Impact of AASB 15 ($'000)	Impact of AASB 9 ($'000)	30 June 2019 (as presented) ($'000)
Revenue and other income						
Service revenue	(i) (iii)	507,478	-	(2,653)	-	504,825
Other revenue		3,493	-	-	-	3,493
Total revenue and other income		**511,487**	**-**	**(2,653)**	**-**	**508,834**
Expenses						-
Network and wholesale related expenses	(ii) (iii)	(357,265)	-	1,131	-	(356,134)
Employee expenses		(49,880)	-	-	-	(49,880)
Marketing expenses	(ii) (iv)	(28,211)	(422)	10,129	-	(18,504)
Depreciation, amortisation and impairment	(ii)	(34,518)	-	(9,903)	-	(44,421)
Other expenses	(i)	(27,033)	-	2,570	396	(24,067)
Total expenses		**(520,996)**	**(422)**	**3,927**	**396**	**(517,095)**
(Loss) / Profit before income tax		(9,509)	(422)	1,274	396	(8,261)
Income tax benefit/(expense)	(v)	2,104	127	(383)	(119)	1,729
(Loss) / Profit after tax from continuing operations		**(7,405)**	**(295)**	**891**	**277**	**(6,532)**
Loss from discontinued operations, after tax		(8,198)	-	-	-	(8,198)
(Loss) / Profit for the period		**(15,603)**	**(295)**	**891**	**277**	**(14,730)**

Further explanations related to each of these impacts are disclosed below, using the above references.

For the financial year ended 30 June 2018	Ref	30 June 2018 (as previously reported) ($'000)	Discontinued operations ($'000)	30 June 2018 - subtotal ($'000)	Reclassifications ($'000)	Change in accounting policies ($'000)	30 June 2018 (restated) ($'000)
Revenue and other income							
Service revenue*		555,178	(7,098)	548,080	(1,894)	-	546,186
Other revenue*		22,455	(18,952)	3,503	1,894	-	5,397
Total revenue and other income		**577,834**	**(26,050)**	**551,784**	**-**	**-**	**551,784**
Expenses							
Network and wholesale related expenses		(424,550)	28,188	(396,362)	-	-	(396,362)
Employee expenses		(44,027)	4,067	(39,960)	-	-	(39,960)
Marketing expenses	(iv)	(27,731)	1,799	(25,932)	-	1,152	(24,780)
Depreciation, amortisation and impairment		(26,640)	6,482	(20,158)	-	-	(20,158)
Other expenses		(28,334)	144	(28,190)	-	-	(28,190)
Total expenses		**(574,813)**	**42,098**	**(532,715)**	**-**	**1,152**	**(531,563)**
(Loss) / Profit before income tax		3,021	(16,048)	19,069	-	1,152	20,221
Income tax (expense)/benefit	(v)	(306)	4,815	(5,121)	-	(345)	(5,466)
(Loss) / Profit after tax from continuing operations		**2,715**	**(11,233)**	**13,948**	**-**	**807**	**14,755**
Loss from discontinued operations, after tax		-	(11,233)	(11,233)	-	-	(11,233)
Profit for the period		**2,715**	**-**	**2,715**	**-**	**807**	**3,522**

Further explanations related to each of these impacts are disclosed below, using the above references.

* Service revenue and Other revenue have been restated for the period ended 30 June 2018 to reclassify Mobile revenue in a consistent way between amaysim and Vaya. This resulted in a decrease of service revenue of $1,893k and in an increase of other revenue of the same amount.

(ii) Adjustments to the Consolidated balance sheet

As at	Ref	Restated balances at 30 June 2018 ($'000)	Adoption of AASB15 ($'000)	Adoption of AASB9 ($'000)	Restated balances at 1 July 2018 ($'000)	30 June 2019 (before any changes) ($'000)	Change in accounting policies ($'000)	Impact of AASB 15 ($'000)	Impact of AASB 9 ($'000)	30 June 2019 (as presented) ($'000)
Trade receivables	(i)	60,032	(876)	(469)	58,687	49,340	-	(1,170)	(73)	48,097
Current tax asset		3,204	323	-	3,527	-	-	-	-	-
Other current assets	(ii)	5,428	402	-	5,830	4,680	-	365	-	5,045
Total current assets		**78,536**	**(151)**	**(469)**	**77,916**	**88,008**	**-**	**(805)**	**(73)**	**87,130**
Intangible assets	(ii)	203,305	8,735	-	212,040	169,271	-	10,737	-	180,008
Deferred tax asset		-	-	-	-	4,127	(1,030)	(2,752)	22	367
Total non-current assets		**208,254**	**8,735**	**-**	**216,989**	**180,365**	**(1,030)**	**7,985**	**22**	**187,342**
TOTAL ASSETS		**286,790**	**8,584**	**(469)**	**294,905**	**268,373**	**(1,030)**	**7,180**	**(51)**	**274,472**
Trade and other payables	(iii)	107,632	(774)	-	106,858	85,344	-	(286)	-	85,058
Deferred revenue	(iii)	8,386	1,138	-	9,524	6,414	-	1,046	-	7,460
Provisions	(iv)	4,374	-	-	4,374	11,103	(1,567)	-	-	9,536
Total current liabilities		**144,133**	**364**	**-**	**144,497**	**107,390**	**(1,567)**	**760**	**-**	**106,583**
Provisions	(iv)	1,949	-	-	1,949	3,287	(1,867)	-	-	1,420
Deferred tax liabilities	(v)	4,187	2,691	(141)	6,737	-				-
Total non-current liabilities		**82,322**	**2,691**	**(141)**	**84,872**	**63,296**	**(1,867)**	**-**	**-**	**61,429**
TOTAL LIABILITIES		**226,455**	**3,055**	**(141)**	**229,369**	**170,686**	**(3,434)**	**760**	**-**	**168,012**
NET ASSETS		**60,335**	**5,530**	**(328)**	**65,537**	**97,687**	**2,404**	**6,420**	**(51)**	**106,460**
Retained profits	(vi)	19,992	5,530	(328)	25,194	1,690	2,404	6,420	(51)	10,463
TOTAL EQUITY		**60,335**	**5,530**	**(328)**	**65,537**	**97,687**	**2,404**	**6,420**	**(51)**	**106,460**

As at	Ref	30 June 2017 (as previously reported) ($'000)	Change in accounting policies ($'000)	Restated balances at 30 June 2017 ($'000)	30 June 2018 (as previously reported) ($'000)	Change in accounting policies ($'000)	30 June 2018 (restated) ($'000)
Trade receivables		43,837	-	43,837	60,032	-	60,032
Current tax asset		-	-	-	3,204	-	3,204
Other current assets		6,190	-	6,190	5,428	-	5,428
Total current assets		**75,668**	**-**	**75,668**	**78,536**	**-**	**78,536**
Intangible assets		209,664	-	209,664	203,305	-	203,305
Total non-current assets		**216,873**	**-**	**216,873**	**208,254**	**-**	**208,254**
TOTAL ASSETS		**292,541**	**-**	**292,541**	**286,790**	**-**	**286,790**
Trade and other payables		82,755	-	82,755	107,632	-	107,632
Deferred revenue		9,870	-	9,870	8,386	-	8,386
Provisions	(iv)	6,234	(1,127)	5,107	6,084	(1,710)	4,374
Total current liabilities		**125,744**	**(1,127)**	**124,617**	**145,842**	**(1,709)**	**144,133**
Provisions	(iv)	3,072	(1,577)	1,495	4,097	(2,148)	1,949
Deferred tax liabilities	(v)	4,931	811	5,742	3,030	1,157	4,187
Total non-current liabilities		**90,561**	**(766)**	**89,795**	**83,313**	**(991)**	**82,322**
TOTAL LIABILITIES		**216,305**	**(1,893)**	**214,412**	**229,155**	**(2,700)**	**226,455**
NET ASSETS		**76,236**	**1,893**	**78,129**	**57,635**	**2,700**	**60,335**
Retained profits	(vi)	25,327	1,893	27,220	17,292	2,700	19,992
TOTAL EQUITY		**76,236**	**1,893**	**78,129**	**57,635**	**2,700**	**60,335**

(i) Impact of change in revenue recognition for Occupier accounts, refer to (a) (i) above "Service revenue for Energy", which resulted in a net decrease in receivables of $876k at 1 July 2018 and a corresponding decrease in retained earnings (before tax). The impact of ($469k) is due to the application of the expected credit loss model in accordance with AASB9.

The impacts for the period ended 30 June 2019 are reflected in Note 21 (d)(i) above and affect service revenue and other expenses for the decrease in bad debt expense.

(ii) Impact of the recognition of:

- an other current asset for costs to fulfil a contract in relation to Sim card costs
- an intangible asset for "costs to acquire a contract" in relation to upfront commissions paid to Mobile retailers or Energy channel partners. Refer to Note 21 (a) (i) above "Costs to obtain and to fulfil a contract".

At 1 July 2018, the Group recognised an intangible asset of $8,735k as costs to obtain a contract and a current asset of $402k as costs to fulfil a contract.

The impacts for the period ended 30 June 2019 are reflected in Note 21 (d)(i) above and affect network and wholesale related expenses, marketing expenses and amortisation.

(iii) Impact of AASB15 on Mobile Unlimited plan Deferred revenue.

A portion of the revenue related to unlimited plans was previously recognised upfront as network access fees was considered an identifiable component in the contract. Upon adoption of the new revenue standard, network access fees do not meet the definition of a performance obligation. Unlimited plans revenue is now allocated to all identified performance obligations and recognised over the contract period. The identified performance obligations under the new accounting standard are recognised on a straight line basis as this faithfully depicts how the performance obligations are satisfied.

At 1 July 2018, this resulted in an increase of $1,138k of deferred revenue, net of $608k decrease in deferred costs (before tax).

The Group also changed its accruals for energy customers rebates which result in a decrease of $166k in trade payables.

(iv) Relates to the change of accounting policies for trailing commissions for which the provisions (both current and non-current) have been reversed respectively in FY18 and in FY17, resulting in a cumulative reversal at 30 June 2018 of $3,856k. Refer to section "c) Change in accounting policies" above in this Note.

The impacts for the period ended 30 June 2019 are reflected in Note 21 (d)(i) above and affect marketing expenses.

(v) Tax impacts of the above adjustments.

(vi) Net impacts on Retained Earnings of the change in existing accounting policies for Energy trailing commissions, and of the adoptions of the new standards AASB9 and AASB15.

(iii) Adjustments on basic and diluted earnings per share of the change in accounting policy

Basic and diluted earnings per share for the prior year have also been restated. The amount of the adjustment for both basic and diluted earnings per share was an increase of $0.3 cents per share for continuing operations.

22. Cash flow information

Cash, including cash on hand, cash at bank and cash on deposit total $30,651k at 30 June 2019 ($9,778k at 30 June 2018.)

a) Reconciliation of profit after tax to net cash inflows from operating activities

For the financial year ended	30 June 2019 $'000	30 June 2018 $'000 (restated)
(Loss)/Profit after tax	(14,730)	3,522
Add back:		
Non-cash items:		
Depreciation and amortisation	29,675	23,192
Share-based payments expense	(223)	105
Impairment of intangible assets	22,607	3,448
Amortisation of capitalised transaction costs	2,528	1,362
Net foreign exchange differences	458	(95)
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	10,590	(16,195)
Movement in tax accounts	(3,330)	(13,306)
Decrease in other assets	785	1,254
(Decrease)/Increase in trade payables and other liabilities	(33,044)	39,635
Increase/(decrease) in other provisions	4,633	(2,984)
(Decrease) in customer deposits	(240)	(745)
(Decrease) in deferred revenue	(2,063)	(1,485)
Optus liability acquired on Vaya acquisition	-	(11,835)
Net cash inflows from operating activities	**17,646**	**25,873**

b) Non-cash investing and financing activities

There is no non-cash investing and financing activities at 30 June 2019.

23. Financial risk management

amaysim's activities expose it to a variety of financial risks: market risk including foreign currency risk, price risk including energy price risk and interest rate risk, credit risk and liquidity risk. It is the role of the Audit and Risk Management Committee to have general oversight of risk management systems and internal control structures inclusive of those financial risks identified here.

a) Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as fair value through profit for accounting purposes.

Contractual maturities of derivative financial liabilities as at	30 June 2019 $'000	30 June 2018 $'000
Current assets		
Energy Hedge Contracts – cash flow hedges	3,337	-
Currency hedges	-	94
Total current derivative financial instrument assets	**3,337**	**94**
Non-current assets		
Energy Hedge Contracts – cash flow hedges	194	-
Total non-current derivative financial instrument assets	**194**	**-**
Current liabilities		
Interest rate collar	(140)	(9)
Currency hedges	(25)	-
Energy Hedge Contracts – cash flow hedges	(1,925)	(7,715)
Total current derivative financial instrument liabilities	**(2,090)**	**(7,724)**
Non-current liabilities		
Energy Hedge Contracts – cash flow hedges	(376)	(197)
Total non current derivative financial instrument liabilities	**(376)**	**(197)**
Total Derivatives	**1,065**	**(7,827)**

(i) Classification of derivatives

The Group's accounting policy for its cash flow hedges is set out in Note 1(n). For hedged forecast transactions that result in the recognition of a non-financial asset, the Group has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 15 (i).

b) Market risk

(i) Foreign currency risk

The Group has minimal foreign exchange risks. All sales and the majority of expenses are denominated in Australian dollars.

There are some amounts of operating expenses that are invoiced and paid in foreign currency. Majority of the foreign currency invoices are in Philippine peso ("PHP") which relates to the amaysim's customer service centre in the Philippines and USD in relation to IT infrastructures invoices.

As a result, the Group purchased a 12 month (from July 2019 to June 2020) par forward non-deliverable foreign exchange ("FX") contract (AUD/PHP). These FX hedges minimise the risk of the AUD depreciating against the PHP that could materially impact on the Group's results.

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

Foreign Exchange Risk	30 June 2019 $'000	30 June 2018 $'000
Carrying Amount (in $'000)	(25)	94
Notional Amount (in PHP'000)	540,000	359,016
Maturity Date	Jul 19 - Jun 20	Jul 18 - Jun 19
Hedge Ratio	90%	70%
Changes in intrinsic value of outstanding hedging instruments	(119)	N/A
Change in value of hedged item used to determine hedge effectiveness (in PHP'000)	180,984	N/A
Weighted Average rate	AUD 1 : PHP 36.35	AUD 1 : PHP 40.43

As at 30 June 2019, the Group had one USD bank account and one NZD bank account with CBA. The balances are kept at a minimum to cover any foreign currency operating expenses incurred by the business. The balance of the USD bank account at the end of the year was US$1,738.59 and the NZD account was NZ$nil.

(ii) Interest rate risk

The Group's exposure to interest rate risk is predominantly associated with its syndicated loan facility, being a change in interest rates. As a result, the Group executed an interest rate collar in September 2017 to reduce the risk that interest rates rise to a level that would have a material impact on the Group's operations. The interest rate collar expires in March 2020. The effects of the interest rate collar on the Group's financial position and performance are as follows:

Interest Rate Risk	30 June 2019 $'000	30 June 2018 $'000
Carrying Amount	(140)	(9)
Notional Amount	33,000	41,000
Maturity Date	Sep 17 - Mar 20	Sep 17 - Mar 20
Hedge Ratio	58%	45%
Changes in intrinsic value of outstanding hedging instruments	(131)	N/A
Change in value of hedged item used to determine hedge effectiveness	(8,000)	N/A
Weighted Average rate	1.785% to 2.88%	1.785% to 2.88%

Profit or loss is sensitive to higher/lower interest income from cash or cash equivalents and interest expense from borrowings as a result of changes in interest rates. The interest expense sensitivity assumes the notional amount exposed to floating rate loans.

Interest Rate Sensitivity	Impact on Post tax Profit		Impact on other components of equity	
Cash and Cash Equivalents & Borrowings	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Interest Rates - increase by 100 bps*	(49)	(160)	-	-
Interest Rates - decrease by 100 bps*	49	160	-	-

*Holding all other variables constant

(iii) Wholesale energy price risk

Energy price risk is the risk that amaysim, via its subsidiary amaysim Energy, is exposed to fluctuations in wholesale energy prices and these fluctuations will impact the Group's financial results and cash flows. The Group is exposed to changes in wholesale prices of energy as it purchases energy from the spot market to sell to its customer base. The Group is also exposed to changes in the price of environmental scheme certificates that it is required to purchase and surrender as part of operating as an energy retailer in the Australian Energy Market.

To manage its electricity and gas price risk, the Group enters into bespoke hedge contracts. These hedge contracts are

financial derivative contracts that are net settled against a published electricity price or gas price and are designed for amaysim's customer demand.

The electricity derivative contracts are referred to as load-following contracts as the notional megawatt (MW) they are settled against is the total load of amaysim Energy's customer base in the nominated state. These contracts swap amaysim Energy's exposure to a floating price into a fixed price. These hedge contracts establish the price at which future quantities of energy are purchased and settled giving it certainty as to Gross Margin. Any resulting differential to be paid or received under the hedge contract is recognised as a component of energy costs through the term of the contract.

The gas derivative contracts are a combination of load-following contracts (similiar to that described above) and fixed volume contracts. These contracts are referred to as fixed volume contracts as the notional Gigajoules (GJ) they are settled against is a fixed amount based on the expected usage of amaysim Energy's customer base in the nominated state. These contracts swap amaysim Energy's exposure to a floating price into a fixed price. These hedge contracts establish the price at which future quantities of energy are purchased and settled giving it certainty as to Gross Margin. Any resulting differential to be paid or received under the hedge contract is recognised as a component of energy costs through the term of the contract. The Group has elected to apply cash flow hedge accounting to those instruments.

The net value of electricity and gas derivatives instruments have been classified as either current or non current financial assets or current or non current financial liabilities at the reporting date and are listed in Note 23(a).

Under the terms of these hedge contracts, where hedges are out of the money beyond certain limits, the Group may be required to provide temporary credit support to hedge counterparties. It is not possible to predict if temporary credit support requirements will eventuate, or the size or period over which any temporary credit support might need to be made. The Group monitors this risk and if temporary credit support is required, either prepays the wholesale energy commitment or provides bank guarantees to the hedge counterparties.

Wholesale price risk – Electricity	30 June 2019 $'000	30 June 2018 $'000
Carrying Amount	3,879	(7,912)
Face Value Amount	104,086	97,326
Maturity Date	Jun 20 - Jun 21	Dec 18 - Jun 20
Hedge Ratio	100%	100%
Changes in intrinsic value of outstanding hedging instruments	11,792	10,823
Change in value of hedged item used to determine hedge effectiveness	6,760	(51,896)
Weighted Average price for the year ($/Mwh)	103	97

Wholesale price risk – Gas	30 June 2019 $'000	30 June 2018 $'000
Carrying Amount	(2,649)	-
Face Value Amount	37,159	36,711
Maturity Date	Dec 19 - Dec 20	Aug 18 - Dec 19
Hedge Ratio	90%	100%
Changes in intrinsic value of outstanding hedging instruments	(2,649)	N/A
Change in value of hedged item used to determine hedge effectiveness	448	N/A
Weighted Average price for the year ($/Gigajoules)	12	11

c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to amaysim. The Group's business model naturally allows its credit risk to be mitigated. The Group has a large customer base and allows the risk to be spread over a large number of counterparties rather than large risks with a few small counterparties. Also, each customer only spends a relatively small amount and so the impact of individual customers not paying their bill is small.

The Group uses methods such as obtaining agency credit information, confirming references and setting appropriate credit limits and referring overdue accounts to an external collections agency to mitigate risks. The Group recognises the estimated financial impact of credit risk in the consolidated balance sheet as a loss allowance.

d) Liquidity risk

The Group actively monitors its liquidity risks to ensure sufficient liquid assets (mainly cash and cash equivalents) are maintained to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Financing arrangements

The Group has syndicated debt facilities as detailed in Note 14 at the end of the reporting period.

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities for non derivatives and derivatives into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cashflows. The electricity and gas derivatives have been estimated using forward electricity and gas prices at balance sheet date. The interest rate collar is at fair value as it is due within 1 year.

As at	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
At 30 June 2019					
Non-derivatives					
Trade and other payables	85,058	-	-	-	85,058
Borrowings	3,061	2,824	60,751	-	66,636
Other liabilities	11,728	2,314	2,012	192	16,246
Total non-derivatives	**99,847**	**5,138**	**62,763**	**192**	**167,940**
Derivatives					
Currency hedges	25	-	-	-	25
Interest rate collar	140	-	-	-	140
Energy hedge contracts – cash flow hedges					
-(inflow)	-	-	-	-	-
-outflow	1,925	376	-	-	2,301
Total derivatives	**2,090**	**376**	**-**	**-**	**2,466**

As at	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Restated At 30 June 2018					
Non-derivatives					
Trade and other payables	107,632	-	-	-	107,632
Borrowings	19,233	79,812	-	-	99,045
Other liabilities	6,806	2,778	1,331	226	11,141
Total non-derivatives	**133,671**	**82,590**	**1,331**	**226**	**217,818**
Derivatives					
Interest rate collar	9	-	-	-	9
Customer load-following contracts – cash flow hedges:					
-(inflow)	-	-	-	-	-
-outflow	7,715	197	-	-	7,912
Total derivatives	**7,724**	**197**	**-**	**-**	**7,921**

The prior year has been restated due to changes in accounting policies. Refer to Note 21 for further information.

24. Capital and financial risk management

The Group's objectives when managing capital are to:

- safeguard the ability to continue as a going concern and continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Capital management policies are designed around providing sufficient cashflow for operational activities including maintaining required security deposits. In light of the Company's growth strategy, the Board holds the view that it is in the interests of shareholders for the Company to retain a greater proportion of profits in the business and not to declare a dividend for the 2019 financial year. The Board expects this approach to continue for the short to medium term.

The Board regularly reviews its approach to capital allocation with a view to ensuring that returns to shareholders are maximised. If, in the future, the Company has capital in excess of its investment needs, then the Board will consider all appropriate avenues of returning capital to shareholders.

The Group is in compliance with financial covenants related to the Group's borrowings as disclosed in Note 14.

25. Financial assets and liabilities

This note provides information on the classification and measurement of the Group's financial assets and liabilities.

As at	Measurement	30 June 2019 $'000	30 June 2018 $'000
Financial assets			
Trade receivables	Amortised cost	48,097	60,032
Energy & Currency hedge contracts	Designated into hedges (Fair value through OCI)	3,531	94
Other current assets*	Amortised cost	233	492
Other non-current assets	Amortised cost	619	537
Total Financials assets		**52,480**	**61,155**
Financial liabilities			
Trade and other payables**	Amortised cost	74,971	99,044
Customer deposits	Amortised cost	2,192	2,432
Borrowings	Amortised cost	56,515	89,574
Energy & Currency hedge contracts	Designated into hedges (Fair value through OCI)	2,326	7,912
Interest rate collar	Fair value through P&L	140	9
Total Financials liabilities		**136,144**	**198,971**

* Other current assets exclude advance payments, energy trade certificates and tax receivables.
** Trade and other payables exclude tax and payroll liabilities.

Due to the short term nature of trade receivables, other assets, customer deposits and trade payables, their carrying value is assumed to approximate their fair value.

The fair value of the borrowings are not materially different to their fair value, since all borrowings have a floating interest rate close to current market rates.

26. Interests in other entities

In 2019, the Group had no interests in other entities. In 2018 the Group had an interest in Octopus Ventures Inc (incorporated joint venture) which was dissolved on 3 October 2018. The carrying value of this interest was immaterial.

27. Deed of cross guarantee

(i) Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiaries as mentioned below are relieved from the Corporation Act 2001 requirements for preparation, audit, and lodgement of financial reports and Directors' report.

As a condition of the legislative Instrument, amaysim Australia Limited and its subsidiaries (closed group) entered into a Deed of Cross Guarantee. The effect of the Deed is that amaysim Australia Limited has guaranteed to pay any deficiency in the event of the winding up of any of those subsidiaries.

Those subsidiaries have also given a similar guarantee in the event that amaysim Australia Limited is wound up.

The Deed was executed on 9 June 2016 and was amended on 11 November 2016 and 22 December 2017 to add new subsidiaries.

The parties subject to the Deed at the end of the reporting period are:

- amaysim Australia Limited
- amaysim Services Pty Limited
- EastPoint IP Pty Limited
- Vaya Pty Limited
- Live Connected Holdings Pty Limited
- Live Connected Incubator Co. Pty Limited
- Live Connected Pty Limited
- Zenconnect Pty Limited
- Australian Broadband Services Pty Ltd
- amaysim Operations Pty Limited
- amaysim Ventures Pty Limited
- amaysim Labs Pty Limited
- amaysim SaleCo Limited
- Click Energy Group Holdings Pty Ltd
- amaysim Energy Pty Ltd
- On The Move Pty Ltd
- A.C.N 133 799 149 Pty Ltd
- M2C Services Pty Ltd

The above companies represent a 'closed group' for the purposes of the Class Order.

Key financial information relating to the closed group is summarised below for the year ended 30 June 2019.

Statement of Comprehensive Income

For financial year ended	30 June 2019 $'000	30 June 2018 (Restated) $'000
Service revenue	**504,825**	**546,186**
Other Revenue	3,118	5,397
Interest and other Income	510	201
Network and wholesale related expenses	(356,134)	(396,362)
Employee expenses	(42,357)	(33,349)
Marketing expenses	(18,504)	(24,780)
IT and facilities expenses	(12,411)	(8,912)
Depreciation and amortisation expense	(43,355)	(19,490)
Finance expenses	(8,283)	(8,092)
Inetgration and acquisition expenses	(147)	(2,302)
Other expenses	(38,330)	(41,778)
(Loss)/Profit before income tax	(11,068)	16,719
Income tax benefit/(expense)	**2,571**	**(4,415)**
(Loss)/Profit after tax attributable to the owners of the closed group (Continuing Operatons)	(8,497)	12,304
Loss after tax attributable to the owners of the closed group (Discontinued Operations)	**(7,397)**	**(9,818)**
Profit attributable to the owners of the closed group	**(15,894)**	**2,486**

Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2019 and restated comparative for 30 June 2018 of the closed group consisting of amaysim Australia Limited and the subsidiaries subject to the Deed.

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
Current assets		
Cash and cash equivalents	30,293	9,114
Trade and other receivables	47,344	60,101
Derivative financial instruments	3,337	94
Current Tax Assets	687	3,353
Other current assets	3,846	4,926
Total current assets	**85,507**	**77,588**
Non-current assets		
Property, plant and equipment	1,647	2,887
Intangible assets	180,008	203,305
Deferred tax assets	(170)	(174)
Derivative financial instruments	194	-
Other non-current assets	50	50
Total non-current assets	**181,729**	**206,068**
Total assets	**267,236**	**283,656**
Current liabilities		
Trade and other payables	81,369	105,711
Customer deposits	2,192	2,432
Deferred revenue	7,134	8,385
Borrowings	-	13,585
Derivative financial instruments	2,090	7,724
Provisions	8,751	3,700
Current tax liabilities	(879)	(693)
Total current liabilities	**100,657**	**140,844**
Non-current liabilities		
Derivative financial instruments	376	197
Borrowings	56,515	75,989
Provisions	1,415	1,949
Deferred tax liabilities	78	4,187
Other non-curent liabilities	-	-
Total non-current liabilities	**58,384**	**82,322**
Total liabilities	**159,041**	**223,166**
Net assets	**108,195**	**60,490**
Equity		
Contributed equity	167,163	118,290
Equity Compensation Reserve	(8,383)	(8,160)
Foreign Currency Translation Reserve	802	(5,744)
Cash flow Hedge Reserve	26	(174)
Retained earnings	12,558	20,249
Accumulated losses (prior year)	(63,971)	(63,971)
Total equity	**108,195**	**60,490**

28. Commitments and Contingent Liabilities

The Directors are of the opinion that provisions are not required in respect of any contingent matters, as for any of these matters it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

a) Lease commitments:

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
Within one year	4,232	3,293
Later than one year but not later than five years	8,850	5,597
Later than five years	-	-
Minimum lease payments	**13,082**	**8,890**

b) Large-scale Generation Certificates (LGCs)

The Group has entered into contracts to purchase LGCs. These LGCs are designated for own use. Commitments for the purchase of the LGCs under these contracts are as follows:

As at	30 June 2019 $'000	30 June 2018 $'000 (restated)
Within one year	3,696	3,696
Later than one year but not later than five years	11,087	14,782
Later than five years	-	-
LGC commitments	**14,783**	**18,478**

29. Related party transactions

a) Parent entities

The ultimate parent entity is amaysim Australia Limited. The principal activities of the Group is disclosed in the Director's Report which is not part of the financial report. The principal place of business and registered office is 17-19 Bridge Street, Sydney. The telephone number of the registered office is 0282030100. amaysim Energy Pty Limited's principal place of business and registered office is 90 Collins Street, Melbourne.

b) Subsidiaries

amaysim Australia Limited has the following subsidiaries:

Entity name	Country of incorporation	30 June 2019	30 June 2018
amaysim Services Pty Limited	Australia	100%	100%
Eastpoint IP Pty Limited	Australia	100%	100%
amaysim Operations Pty Limited	Australia	100%	100%
amaysim Ventures Pty Limited	Australia	100%	100%
amaysim Labs Pty Limited	Australia	100%	100%
amaysim SaleCo Limited	Australia	100%	100%
Vaya Pty Limited	Australia	100%	100%
Zenconnect Pty Limited	Australia	100%^	100%^
LiveConnected Holdings Pty Limited	Australia	100%^	100%^
LiveConnected Pty Limited	Australia	100%^	100%^
LiveConnected Incubator Co Pty Limited	Australia	100%^	100%^
amaysim Philippines Incorporated	Philippines	99%^	99%^
Australian Broadband Services Pty Ltd	Australia	100%	100%
Click Energy Group Holdings Pty Ltd	Australia	100%	100%
On The Move Pty Ltd	Australia	100%^^	100%^^
amaysim Energy Pty Ltd	Australia	100%^^	100%^^
M2C Services Pty Ltd	Australia	100%^^	100%^^
A.C.N 133 799 149 Pty Ltd	Australia	100%^^	100%^^

^ Equity held through Vaya Pty Limited
^^Equity held through Click Energy Group Holdings Pty Limited

All subsidiaries have a 30 June financial year end.

The Company used to engage amaysim Services Pty Limited to provide Customer support services. This entity was dormant during the period.

amaysim Philippines Incorporated is engaged to provide Customer Services Centre and software development services in Manila Philippines.

Eastpoint IP Pty Limited is an entity which was used to acquire the amaysim trademark.

Vaya Pty Ltd and its subsidiaries were acquired by amaysim as an Australian online-only mobile services provider and has been fully integrated into amaysim.

Click and AusBBS were acquired in FY2017.

In order to comply with Philippines shareholding requirements, 1% of the shareholding in amaysim Philippines Incorporated must be held locally. The Company has effective control of amaysim Philippines Incorporated (subject to certain local regulatory requirements) and it has been consolidated on this basis.

Various intercompany loans are in existence between the parent entity and some of its wholly owned subsidiaries. The loans are unsecured, interest free and have no fixed terms for repayment. The loans are a net asset to the parent entity of $43,644,196.

Transactions with other related parties

Unless otherwise disclosed, transactions with other related parties are made on normal commercial terms and conditions

c) Key management personnel compensation

For the financial year ended	30 June 2019 $	30 June 2018 $
Short-term employee benefits	4,909,385	2,918,673
Termination expenses	693,761	-
Post-employment benefits	139,302	128,683
Long-term benefits	(8,470)	7,024
Share-based payments	(168,722)	(96,526)
Total	**5,565,256**	**2,957,854**

30. Share-based payments

The Group has two types of share-based payments arrangements:

- KMPs and other Executives' LTIP; and
- Executive and Employees' share rights.

A description of the general terms and conditions of these arrangements, including a description of how the fair value of each plan has been determined, is provided below.

a) Share-based payments expense

For the financial year ended	2019 $'000	2018 $'000
Legacy Employee Share Rights Plans (ESRP) issued 2012	-	15
Legacy Long Term Incentive - Options (LTIP) issued 2016 and 2017	(865)	(456)
Legacy Long Term Incentive - Employee Share Rights Plans (ESR) issued 2017	(546)	546
Long Term Incentive - Employee Share Rights Plans (ESR) issued 2019	1,188	-
Total at 30 June 2019	**(223)**	**105**

Refer to Note 30(b) for further detail in relation to the negative LTIP expense for the period.

b) Long Term Incentive – Options Plans (LTIP)

In previous financial years, the Company granted option plans to key executives of the Group. These plans are in the form of options which vest in three tranches and convert into either ordinary shares or a cash payment at the option of the Company, subject to vesting conditions.

The LTIP have been treated as equity-settled with a corresponding adjustment to the equity compensation reserve in equity. This is because there is no precedent of cash settlement, nor current intention to settle these awards in cash, although they can either be settled in shares or cash at the discretion of the Board.

(i) Summary of movements in options

	Number	Weighted average share price ($)
Options oustanding at 30 June 2017	**7,644,419**	1.80
Granted	-	-
Exercised	-	-
Forfeited	(3,395,556)	1.80
Options outstanding at 30 June 2018	**4,248,863**	1.80
Options vested and exercisable at 30 June 2018	**(143,346)**	1.80
Options outsanding at 1 July 2018	**4,105,517**	1.80
Granted	-	-
Exercised	-	-
Forfeited(i)	(3,763,450)	1.79
Options outstanding at 30 June 2019	**342,067**	1.79

(i) Relates to options which employees are no longer entitled to due to the cessation of employment, and options forfeited due to the performance condition not being met.

At 30 June 2019, the performance condition was not met for the awards which were due to vest at 30 June 2019 (Tranche 2 and Tranche 3) which resulted in the forfeiture of 295,428 options. Additionally, as a result of the Group restructure during FY19, the number of options which employees are no longer entitled to as a result of cessation of employment was 3,468,022. The number of options outstanding at 30 June 2019 is 342,067. As at 30 June 2019 in line with Australian Accounting Standards, the cumulative expense related to these awards was reversed in the consolidated statement of comprehensive income for the year ended 30 June 2019.

(ii) Description of arrangements

Grant date	Number of instruments granted	Performance period	Vesting date	Fair value	Vesting conditions	Expiry date
15-Jul-15	218,750	Jul 2015 - Jun 2019	Jul-19	$0.42	a) Service condition; b) Performance condition: based on EPS CAGR as set up and approved by the Board	24 months after vesting date
	218,750	Jul 2015 - Jun 2020	Jul-20	$0.43		
30-Oct-15	123,518	Jul 2015 - Jun 2019	Jul-19	$0.83		
	123,518	Jul 2015 - Jun 2020	Jul-20	$0.83		
8-Mar-16	139,131	Jul 2016 - Jun 2019	Jul-19	$0.54		
7-Feb-17	156,297	Jul 2015 - Jun 2019	Jul-19	$0.49		
	156,297	Jul 2015 - Jun 2020	Jul-20	$0.49		
1-May-17	1,370,224	Jul 2017 - Jun 2018	Jul-20	$0.44	1) Tranche 1 is based on: a) Service condition b) Click Energy Group EBITDA in FY18 2) Tranches 2 and 3 are based on: a) Service condition; b) Performance condition: based on EPS CAGR as set up and approved by the Board	
	613,746	Jul 2018 - Jun 2019	Jul-20	$0.44		
	613,746	Jul 2019 - Jun 2020	Jul-20	$0.44		
1-May-17	185,770	Jul 2017 - Jun 2018	Jul-19	$0.43		
	185,770	Jul 2018 - Jun 2019	Jul-19	$0.43		
Total *	**4,105,517**					

* Of the 4,105,517 options issued, 3,763,450 options forfeited during the period, refer to Note 30(b)(i) above

(iii) Fair value measurements

The fair value of the LTIP has been calculated by an independent valuer, using a Binomial value model.

Grant date	15-Jul-15	30-Oct-15	08-Mar-16
Option consideration	Nil	Nil	Nil
Exercise price	$1.80 per option	$1.80 per option	$1.80 per option
Share price	$1.80	$2.53	$1.78
Volatility	34%	34%	75% in first year, 34% in remaining years
Expected dividend yield	4.4%	4.4%	4.4%
Risk-free interest rate	1.925% – 2.94%	1.74% – 2.61%	1.95% – 2.56%

Grant date	07-Feb-17	01-May-17
Option consideration	Nil	Nil
Exercise price	$1.80 per option	$1.79 per option
Share price at grant date	$1.92	$1.82
Volatility	50% in first year, 40% in second year 30% in last year	50% in first year, 40% in second year 30% in last year
Expected dividend yield	4.8%	4.8%
Risk-free interest rate	1.79% – 2.695%	1.675% – 2.575%

c) Long Term Incentive (LTI) – Employee Share Rights (ESR)

(i) LTI ESR Legacy

In FY18, the Group issued a new LTI plan to Executives and other key personnel in the form of performance share rights with similiar hurdles as for the LTI options: EPS performance hurdles and service conditions. The accounting treatment has been treated as equity-settled as they depend on the same LTI Rules. At 30 June 2019, 233,766 forfeited due to the performance hurdles not being met and 518,029 rights has been reversed due to employees who are no longer entitled to the awards as a result of cessation of employment.

(ii) LTI ESR New Plans

In FY19, the Group issued a new LTI plan to Executives and other key personnel in the form of performance rights. The hurdles for these share rights are based on Underlying EBITDA and service conditions. These share rights have been treated as equity-settled with a corresponding adjustment to the equity compensation reserve in equity. The Group has the ability to settle the awards in shares or cash however, there is no precedent of cash settlement, nor current intention to settle these awards in cash although they can either be settled in shares or cash at the discretion of the Board.

(iii) Summary of movements in share rights

For the financial year ended	Number	Weighted average fair value ($)
Share Rights outstanding at 1 July 2018	**985,561**	1.77
Granted (new FY19 ESRP)	10,412,910	0.74
Exercised (last tranche of previous ESRP)	-	-
Forfeited(i)	(751,795)	1.77
Share Rights outstanding at 30 June 2019	**10,646,676**	0.74

(i) Relate to rights forfeited by employees on resignation.

(iv) Description of arrangements

Grant date	Number of instruments granted	Performance period	Vesting date	Vesting conditions
18-Oct-17	352,157	Jul 2017 - Jun 2019	01-Jul-19	a) Service condition; b) Performance condition: based on EPS CAGR as set up and approved by the Board
	176,079	Jul 2017 - Jun 2020	01-Jul-20	
	176,079	Jul 2017 - Jun 2021	01-Jul-21	
16-Nov-17	140,623	Jul 2017 - Jun 2019	01-Jul-19	
	70,312	Jul 2017 - Jun 2020	01-Jul-20	
	70,312	Jul 2017 - Jun 2021	01-Jul-21	
26-Oct-18	4,000,000	Jul 2018 - Jun 2021	01-Jul-21	a) Service condition; b) Performance condition: based on Underlying EBITDA
12-Jun-19	6,412,910	Jul 2018 - Jul 2022	01-Jul-22	a) Service condition; b) Performance condition: based on Underlying EBITDA
Total *	**11,398,472**			

* Of the 11,398,471 share rights issued, 751,795 forfeited during the period, refer to Note 30(c)(i) above

(v) Fair value measurements

The fair value of the ESRP has been calculated by an independent valuer using a Discounted Cash Flow Model.

Grant date	18-Oct-17	16-Nov-17	26-Oct-18	12-Jun-19
Exercise price	nil	nil	nil	nil
Share price at grant date	$1.99	$1.96	$1.15	$0.74
Expected dividend yield	4.8%	4.8%	0.0%	0.0%

31. Remuneration of auditors

The following fees were paid or payable by the amaysim Group for and on behalf of all Group entities for services provided by the auditor and its related practices during the financial year:

	2019 $	2018 $
Audit and review of financial statements		
Australia	751,760	665,000
Other PwC network firms	7,934	30,000
Total remuneration for audit / review services	**759,694**	**695,000**
Taxation services	-	
Total remuneration for taxation services	**-**	**163,000**
Other services Australia		
Tax advice and due diligence services	-	-
Control and business processes	-	-
Risk services	-	-
Audit of regulatory services	15,600	50,000
Accounting advice	-	30,000
Fees related to capital raise	149,520	-
Total remuneration for other services	**165,120**	**80,000**
Total remuneration of PricewaterhouseCoopers	**924,814**	**938,000**

32. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

For the financial year ended	30 June 2019 $'000	30 June 2018 $'000 (original)
Net profit after tax for the year	(2,829)	14,558
Total comprehensive income	(2,606)	17,708
Balance sheet		
Current assets	51,336	46,649
Non-current assets	162,791	176,861
Total assets	**214,128**	**223,510**
Current liabilities	37,735	70,344
Non-current liabilities	57,512	78,504
Total liabilities	**95,247**	**148,848**
Net Assets	**118,881**	**74,662**
Equity		
Issued capital	167,163	118,290
Equity compensation reserve	(8,383)	(8,160)
Cash flow Hedge Reserve	(17)	66
Foreign currency translation reserve	18	(116)
Retained earnings	24,072	28,437
Accumulated losses (prior years)	(63,971)	(63,971)
Total equity	**118,881**	**74,662**

The liabilities of the Group are held in another entity and not recharged to the parent. The movement in retained earnings for the current year includes impact of changes in accounting policies, refer to Note 21 for further information.

33. Events occurring after the reporting period

In the interval between the end of the financial year and the date of this report, there has been no item, transaction or event likely to affect significantly the operations of the Group in this financial year or future financial years.

Thorsten Kraemer resigned as an Independent Non-Executive Director on 23 August 2019.

Directors' Declaration

for the year ended 30 June 2019

In the opinion of the Directors of the Company:

(a) the financial statements and notes set out on pages 64 to 127 and the Remuneration Report set out in this Report, are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date, 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; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group, as set out in Note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

Note 1 (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of Directors.

Andrew Reitzer
Chairman

Peter O'Connell
Chief Executive Officer and Managing Director

Sydney
26 August 2019

Audit Report

Independent auditor's report

To the members of amaysim Australia Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of amaysim Australia Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $1 million, which represents approximately 5% of the Group's three year weighted average profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We used a three year weighted average profit before tax due to fluctuations in profit and loss from year to year, to normalise the materiality measure over time.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit procedures were predominately performed at the Group's corporate head office in Sydney and at the amaysim Energy office in Melbourne.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Management Committee.

Key audit matter	*How our audit addressed the key audit matter*
Mobile revenue recognition *(Refer to note 1(g)(i), 3 and 21(a)(i))* We considered mobile revenue a key audit matter due to the magnitude of the balance, the judgements required by the Group in adopting AASB 15 during the year and the complexity of the Group's billing systems. Complex judgements involving manual calculations, such as average tenure, data usage in relation to unlimited revenue recognition and customer breakage, which are dependent on information from multiple sources, are used by the Group to determine the amounts and timing of revenue recognition.	We performed the following procedures, amongst others: Considered the appropriateness of the accounting models applied by the Group including whether key judgements such as recognising revenue on a straight-line basis for unlimited mobile plans is consistent with the requirements of AASB 15. We evaluated and tested a sample of controls over the mobile revenue billing system such as the reconciliation of customer usage between the Group's billing system and third party carrier reports. On a sample basis, we compared information in system generated reports to supporting documentation such as invoices to evaluate the completeness and accuracy of these reports. For unlimited mobile plans we developed an expectation of revenue using published plan prices and numbers of subscribers from third party carrier information and compared this to the revenue recognised by the Group. For other material revenue streams, we compared a sample of revenue transactions to supporting evidence such as invoices and cash receipts. We assessed the timing of revenue recognition by testing the mathematical accuracy of the Groups deferred revenue calculation at financial year end date and testing the reconciling inputs in the calculation to the billing system schedules. We assessed the Group's estimates of average customer tenure and customer data usage by agreeing a sample of inputs to historical customer information. We considered and assessed the adequacy of the Group's disclosure of mobile revenue recognition in respect of the requirements of AASB 15.

Key audit matter	How our audit addressed the key audit matter
Recognition of unbilled energy revenue and unbilled network costs *(Refer to note 1(g)(ii) and (iii), 11 and 13)* Specific to the energy business, we focused on the recognition of unbilled revenue and related network distribution costs, which represent the revenue and network costs of electricity and gas supplied to customers between the last meter reading or last network supplier invoice and the financial year end date. The unbilled energy revenue and unbilled network cost accruals were a key audit matter due to relative size of the balances at financial year end and the significant judgement required by the Group to apply estimates of: • average unbilled days • average daily consumption • average billed rate in determining these accruals.	We performed the following procedures, amongst others: Obtained an understanding of the Group's process and methodology to estimate the unbilled revenue and unbilled network cost accrual. On a sample basis, compared key inputs used in the Group's estimate such as last meter read date, customer and network price information and historical consumption to customer and network invoices. In conjunction with PwC data analytics specialists, on a sample basis, we used the inputs described above to evaluate whether the estimates for unbilled revenue and unbilled network costs accruals were determined in accordance with the Group's methodology. We considered and assessed the adequacy of the Group's accounting policies and disclosures in respect of unbilled energy revenue and unbilled network costs in light of the requirements of Australian Accounting Standards.
Carrying value of goodwill and intangibles impairment *(Refer to note 1(g)(vi), (vii) and (viii), 1(m)(i) and (iii) and 17)* The carrying amount of intangible assets at 30 June 2019 was $180m (2018: $203m). The Group has two Cash Generating Units (CGUs) being "Mobile Services" and "Energy". The Group determined the recoverable amount of goodwill and intangible assets using a 'value in use model' based upon a discounted cash flow forecast. Determination of recoverable amount involves judgement about the future cash flows and plans for these assets and CGUs. We noted recent regulatory changes in the energy sector as an impairment indicator. The Group recognised an impairment to customer contract and distributor relationships intangible assets of $15.7m following analysis of customer churn and customer life information. During the year the Group discontinued the broadband and devices businesses. The devices assets were fully impaired as at 30 June 2018, however a further impairment of $6.9m was recognised in the financial year 2019 in relation to broadband. We considered the carrying value of goodwill and intangible assets a key audit matter because of their financial significance and the judgement involved by the Group in assessing their recoverable amounts.	We performed the following procedures, amongst others: • considered if the value in use models were consistent with the requirements of Australian Accounting Standards • assessed whether the allocation of assets to the CGUs was consistent with our knowledge of the Group's operations and internal Group reporting, including the basis for inclusion of corporate costs in determining the recoverable amount • compared the Board-approved cash flow forecasts used in the value in use models by comparing these amounts to historical results and considered the impact of recent regulatory changes. • evaluated the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results for the past year • assessed the Group's consideration of the sensitivity to a change in key assumptions that would be required for the assets to be impaired and considered the likelihood of such a movement in those key assumptions We compared the Group's impairment charge for devices, broadband and energy customer contract lists and distributor relationship intangibles assets to the relevant carrying amount for accuracy and completeness. We assessed the recoverable amount of the Energy customer contracts and distributor relationships intangible assets as at 30 June 2019 through obtaining updated value in use models and performing the following: • considered if the value in use models were consistent with the models used to initially value the assets • tested the mathematical accuracy of the value in use model on a sample basis • Assessed the reasonableness of key assumptions by comparing them to historical information, consumer data, and industry research We considered and assessed the adequacy of the Group's accounting policies and disclosures in respect of the requirements of Australian Accounting Standards.
Optus wholesale network service agreement *Note 1(i)(i)* From June 2019, a new wholesale network service agreement (NSA) with Optus is effective which changes the way the Group purchases data from Optus. Wholesale costs arising from the NSA are recognised in the consolidated statement of comprehensive income with reference to the volume of data made available to the Group during the reporting period, as a proportion of the total volume of data made available to the Group over the whole contract term. Differences between the cumulative net consideration paid to Optus and the cumulative expense recognised in profit and loss at any point in time is recognised within current assets or current liabilities in the consolidated balance sheet. We considered this area a key audit matter because of judgement required by the Group in determining the accounting policy to be applied to recognise wholesale cost expense.	We performed the following procedures, amongst others: We read the terms of the NSA and discussed with management how the Group intends to utilise wholesale network services. We compared the Group's methodology for calculating the wholesale network services costs against the requirements of Australian Accounting Standards. In conjunction with PwC financial reporting specialists, we considered alternative views for the timing of recognition of wholesale cost expenses. We recalculated the allocation of network service costs in the reporting period.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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

Our opinion on the remuneration report

We have audited the remuneration report included in pages 43 to 60 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of amaysim Australia Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Scott Walsh
Partner

Sydney
26 August 2019

Shareholder Information

amaysim Australia Limited – ordinary shares

amaysim has ordinary shares on issue. These are listed on the Australian Securities Exchange under ASX code: AYS. Details of trading activity are published daily in most major Australian newspapers (print, online and mobile) and by electronic information vendors.

At a general meeting, every shareholder present in person or by direct vote, proxy, attorney or representation has one vote on a show of hands and, on a poll, one vote for each fully paid share held unless that share is a 'default share'.

The ASX constitution classifies default shares as shares held above the 15% voting power limit by one party and its associates.

Distribution of shareholdings as at 13 August 2019

Number of shares held	Number of holders	Number of shares	% of issued capital
1 - 1,000	928	519,257	0.18
1,001 - 5,000	1,356	3,757,849	1.27
5,001 - 10,000	602	4,687,329	1.59
10,001 - 100,000	753	20,993,457	7.11
100,001 Over	72	264,152,529	89.85
Total	**3,711**	**295,110,421**	**100.00**

The number of investors holding less than a marketable parcel of 500 AYS shares (based on a share price of $0.71) was 615. They hold 228,578 shares in total.

On-market buy-back

There is no current on-market buy-back.

Substantial shareholders at 13 August 2019

The following organisations have disclosed a substantial shareholder notice to AYS.

Name	Number of shares	% of voting power
Investmentaktiengesellschaft für langfristige Investoren TGV	54,274,685	19.19
Fidelity Worldwide Investment	29,664,576	11.04
University of Notre Dame du Lac	15,628,354	7.67

Largest 20 shareholders as at 1 August 2019

	Investor	Units	% of units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	131,957,688	44.71
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	72,225,547	24.47
3	CITICORP NOMINEES PTY LIMITED	14,750,914	5.00
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	8,222,396	2.79
5	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	6,214,705	2.11
6	RICANGUS PTY LTD	3,667,005	1.24
7	UNIVERSAL-INVESTMENT <GESELLSCHAFT MBH A/C>	3,030,997	1.03
8	MR ANDREAS PERREITER	2,867,005	0.97
9	THORSTEN KRAEMER	2,416,780	0.82
10	BNP PARIBAS NOMINEES PTY LTD DRP	2,408,181	0.82
11	MR CHRISTIAN JOHANN MAGEL	2,267,005	0.77
12	NATIONAL NOMINEES LIMITED	1,603,011	0.54
13	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD DRP	1,110,137	0.38
14	EQUITAS NOMINEES PTY LIMITED	772,000	0.26
15	DR ADRIAN FRASER TREWIN PAYNE + DR PENELOPE ELIZABETH PAYNE	650,000	0.22
16	SCHERZER & CO	612,679	0.21
17	TRUMAN NOMINEES PTY LTD <DRENEN FAMILY>	604,604	0.20
18	TOAL INTERNATIONAL PTY LTD	500,000	0.17
19	DUNTON PTY LIMITED	500,000	0.17
20	BOND STREET CUSTODIANS LIMITED <COCKEJ>	459,943	0.16
		256,840,597	**87.04**

Glossary

Term	Meaning
3G	Third generation mobile telecommunications. These are broadband mobile telecommunications services which support voice channels, IP-based video and data service
4G	Fourth generation mobile telecommunications. These are enhanced broadband mobile telecommunication services which support voice, video and data services over an all-IP network
4G Plus	4G including 700MHz network
AAS	Australian Accounting Standards
ASSB	Australian Accounting Standards Board
AusBBS	Australian Broadband Services Pty Ltd
amaysim	The business carried out by the "amaysim" brand or by the Company (as the context requires)
amaysim Energy	amaysim Energy Pty Limited formerly Click Energy Pty Limited
ARPU	Average revenue per subscriber; calculated as net revenue for the period divided by average subscribers for that period, and expressed on a monthly basis
ASX	ASX Limited (ACN 008 624 691) or the market operated by ASX Limited, as the context requires
ASX Listing Rules	Official listing rules of ASX
Board of Directors	The board of directors of the Company
CAGR	Compound annual growth rate
Capital Expenditure	A combination of capitalised product development costs and other costs primarily related to property, plant and equipment.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Churn	A telecommunications industry measure of the number or proportion of subscriptions that disconnected from a telecommunication
Click	Click Energy Group Holdings Pty Ltd
CODM	Chief Operating Decision Maker
Company	amaysim Australia Limited (ACN 143 613 478) and its subsidiaries.
Corporations Act	Corporations Act 2001 (Cth)
Director	Each of the directors of the Company from time to time
Dividend Policy	Has the meaning given to that term in the Dividends section of this report
DMO	Default Market Offer that is set by the Australian Energy Regulator to limit what energy retailers can charge customers
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment
EPS CAGR	CAGR of earnings per Share
ESP	The employee share plan
ESRP	Employee Share Rights Plan under which employees are awarded share-based compensation benefits
Gross Profit	Total Net revenue less network and wholesale related expenses
Group	amaysim Australia Limited (ACN 143 613 478) and its subsidiaries
IFRS	International Financial Reporting Standards
IT	Information Technology
KPI	Key Performance Indicator
LTI awards	Options or performance rights to subscribe for or be transferred Shares, which may be offered to eligible employees (including executives, officers and permanent employees) selected by the Directors at their discretion
LTIP	amaysim's Long Term Incentive Plan, under which LTI awards may be offered to eligible employees (including executives, officers and permanent employees) selected by the Directors at their discretion

Term	Meaning
MNO	Mobile network operator which holds licences to use radio frequency spectrum and owns or operates wireless communications networks, including towers, base stations and switching centres. They are the dominant type of mobile service provider and typically offer lock-in contracts with subsidised handsets
Mobile Services	2G, 3G and 4G mobile services including voice calling, video calling, text messsge and multimedia messaging throughout Australia and between Australia and international destinations, data and a range of information, entertainment and connectivity services related to those services
MVNO	Mobile Virtual Network Operator which purchases wholesale services from MNOs and does not operate mobile network infrastructure. A MVNO inserts its own brand and addresses a particular market segment. MVNOs are generally free to set their own tariffs and distribute SIMs under their brand through their own distribution channels. They also provide their own customer service
Net revenue	Net Revenue means total service revenue and other revenue
NPAT	Net profit after tax
NPATA	Net profit after tax and after adding back the tax affected amortisation relating to acquired contracts and intangibles other than software
NPS	Net Promoter Score is a management tool that can be used to gauge the loyalty of a firm's customer relationships; it serves as an alternative to traditional customer satisfaction research
NSA	amaysim's wholesale Network Supply Agreement with Optus
PwC	PricewaterhouseCoopers
PwCS or Investigating Accountant	PricewaterhouseCoopers Securities Ltd
SaleCo	amaysim SaleCo Pty Limited (ACN 605 248 315)
Shareholder	The registered holder of a Share
Shares	Fully paid ordinary shares in the capital of the Company
SIM	Subscriber Identity Module cards that contain a smart chip with memory that allows for data storage and software applications
Smartphone	A mobile phone built on a mobile operating system, with more advanced computing capability and connectivity
STI	Short Term Incentives that are part of the Executive KMP remuneration structure
Subscribers	The number of active mobile accounts or active SIMs rather than individual users
TIO	Telecommunications Industry Ombudsman
TSR	Total Share Return, a measure of performance of a company's shares over time
Underlying figures	Underlying figures have been calculated from statutory data and exclude the impact of non core income and expenses, strategic investments, any acquisition related expenses including consequential changes in the value of tax assets, integration & transaction costs and impairment with a related tax adjustment where applicable. Refer to Directors' Report for a reconciliation
Vaya	Vaya Pty Ltd
VDO	Victorian Default Offer set by the Essential Services Commission to regulate what price energy retails can charge customers
WACC	Weighted Average Cost of Capital, the rate that a company is expected to pay on average to all providers of capital