Annual Report 2020

iSelect

iSelect is Australia's leading destination for comparison and purchasing across insurance, utilities and personal finance products.

Inside this report

IMPORTANT NOTICE AND DISCLAIMER

All references to FY16, FY17, FY18, FY19 and FY20 appearing in this Annual Report are to the financial years ended 30 June 2016, 30 June 2017, 30 June 2018, 30 June 2019 and 30 June 2020 respectively, unless otherwise indicated.

This Annual Report contains forward-looking statements. The statements in this Annual Report are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Annual Report, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Group, the Directors and management.

The Group cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Annual Report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. To the full extent permitted by law, iSelect disclaims any obligation or undertaking to release any updates or revisions to the information contained in this Annual Report to reflect any change in expectations or assumptions.

NON-IFRS INFORMATION

iSelect's results are reported under International Financial Reporting Standards (IFRS). Throughout this Annual Report, iSelect has included certain non-IFRS financial information. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. iSelect uses these measures to assess the performance of the business and believes that information is useful to investors. EBITDA, EBIT, Operating Cash Conversion and Revenue per Sale (RPS) have not been audited or reviewed.

Any and all monetary amounts quoted in this Annual Report are in Australian dollars (AUD) unless otherwise stated.

Any references to "Group" in this Annual Report refer to iSelect Limited and its controlled entities.

ABN: 48 124 302 932

About iSelect

Health

Energy

Broadband

Car

Life

Home Loans

Travel

Mobile Phones

Pet

Home & Contents

At iSelect, we're passionate about helping Australians reduce their household bills. Our vision is to make Australians' lives easier by saving them time, effort and money.

Each year, we help millions of Australians to compare and purchase insurance and utilities products.

But iSelect is so much more than simply an online comparison website.

Comparing online is just one step in our comparison and purchasing service. While our comparison services are initially provided via our website, most of our customers choose to speak over the phone with one of our 190 trained consultants.

Our consultants help customers to choose the most suitable product from those made available from our range of providers. And we save our customers hassle by taking care of the whole process, from initial comparison through to completing the purchase.

Compare, Select & Save

Our dedicated teams and services cover a range of household decisions and expenses, from choosing a health insurance policy, energy provider or mobile phone plan, through to comparing home loans or internet plans.

At iSelect, we can help with almost every type of insurance, including life and income protection, car, home & contents, business and even pet insurance and travel insurance.

We compare and sell a wide range of Australia's leading brands and our support is provided at no cost to the customer.

We are proud to be ASX-listed and, unlike some other comparison sites, we are not privately owned by an insurance company.

As well as our flagship iSelect brand, the iSelect Group also owns EnergyWatch (www.energywatch.com.au).

www.iselect.com.au

Letter from our Chairman & CEO

Dear Shareholders,

On behalf of the Board of Directors of iSelect Limited, we present to you iSelect's 2020 Annual Report. The year ended 30 June 2020 (FY20) was characterised by challenges, adjustments and opportunities.

The past year has undoubtedly been extremely challenging for iSelect, as it has for so many other businesses. The year began with regulatory change in the energy market in H1FY20 and concluded with the unexpected shock of COVID-19 severely disrupting market demand during our key trading period for Health in H2FY20.

Within this context, iSelect has achieved an underlying EBITDA result of $13.7 million for FY20, inclusive of $3.7 million of JobKeeper subsidies. Pleasingly, despite regulatory change and the ongoing COVID-19 headwinds, the Energy market has returned and our H2FY20 operational performance has been sound. We finished the year strongly and have set the business up for success in the year ahead.

As we turn our focus to FY21, many Australians are under increased financial pressure due to reduced income or loss of employment as a result of COVID-19. In this uncertain economic environment, we believe our vision of helping Australians to save time, effort and money is more relevant than ever.

Challenges both expected and unexpected

While anticipated, the Energy regulatory changes introduced on 1 July 2019 had a considerable impact on retailers, products and RPS. These changes also significantly impacted our cross-serve business throughout FY20. COVID-19 compounded what was already a challenging year for our Energy business, slowing the market recovery and posing an initial operational challenge which has since been overcome.

Unfortunately, the severity of these market disruptions, combined with the uncertain timing of a recovery, has impacted the valuation of our Energy Watch business. As a result, we have incurred $9 million of impairment charges in relation to Energy Watch. For our iSelect-branded Energy business, conversion rates continued to improve during H2FY20, have now returned to historical levels and we expect the energy market to normalise in FY21.

In Health, we saw strong performance and YoY growth until mid-March when our leads and revenue were dramatically reduced by the unexpected shock of COVID-19. Unfortunately, the onset of COVID-19 within the Australian landscape coincided with our peak trading period. This culminated in the last-minute cancellation of the annual April 1 health insurance premium rise, along with the suspension of elective surgery and many extras services in late H2FY20.

Unsurprisingly, these factors saw a significant reduction in demand which, when combined with reduced cross-serve from Energy, ultimately resulted in a decline in revenue for Health from mid-March to the end of FY20. More positively, Health conversion improved YoY due to an increased focus on operational performance.

While ongoing reforms and declining demand continued to impact Life Insurance, our General Insurance business performed strongly and conversion improved YoY, despite reduced cross-serve from Energy.

COVID-19 also had a significant operational impact on the business, including the implementation of the technology requirements to rapidly shift all staff to working remotely without adversely impacting productivity or customer experience. We are now fully set up to provide flexible working options ongoing, which opens up future opportunities to attract talented staff from beyond our geographical location.

Adapting to change

While COVID-19 has undoubtedly presented the business with many challenges, it has also provided opportunities for change and improvement. Following a challenging FY20 and uncertain macroeconomic outlook, the Board conducted a strategic review and have repositioned the business for improved profitability in FY21.

This strategic review has resulted in significant changes and led to the introduction of our 'Future Operating Model'. In response to COVID-19, we introduced fixed base cost reductions and have right-sized our operations going forward. We have scaled back our call centre capacity to better align with expected demand and increase operational efficiency. This leaner model will enable greater emphasis on marketing ROI, profitability and cash flow in the short to medium term and more streamlined technology investment. This model change will also allow us to build a strong base and return to growth in the near term.

> "Gus was super nice and easy to deal with, answered all my questions straight away and made it a painless process!"
> Keely, Lutwyche, QLD **Telco**

Strong cash flow outlook

During FY20 iSelect's investment in technology continued, with a further $8.7 million invested in our Australian business, in line with our strategy of prioritising partners, customers and data. FY20 was expected to be the peak in our capital investment, with substantially lower capital expenditure planned from FY21 onwards. Our trail commission asset continues to perform in line with expectation. As at June 30 2020, our Group Cash Balance was $11.3 million.

Following several years of working capital increases, due to trail revenue, we expect a working capital reduction from H2FY21. In addition, the strategic decisions taken in our Life business and our exit from iMoney will further strengthen our cash flow going forward. This, combined with free cash from operations, will allow us to maintain investment in technology in FY21.

The Board remains focused on conserving cash for business reinvestment as well as expected market consolidation and has determined to not declare a final dividend for FY20. However, with the stronger cash flows expected in FY21 and beyond, the Board will reconsider capital management options in the future.

iMoney sale to improve EBIT and cash flow

In early August 2020, iSelect finalised the sale of Intelligent Money SDN BHD ("iMoney") to one of the founders of the iMoney business for a nominal value. iSelect has no further obligations or liabilities in respect of iMoney following the sale.

The transaction followed an earlier exploratory sale process that had progressed to documentation with interested parties, but due to the ongoing impact of COVID-19 on iMoney's operations, the sale process did not result in a transaction.

Despite iMoney's potential, it had become clear that the capital investment needed to continue to support that business was no longer aligned with iSelect's strategy, especially in light of operational and other impacts of COVID-19 on the Asian market.

Corporate activity

During July 2020, iSelect was in confidential and incomplete discussions with Innovation Holdings Australia Pty Ltd ("IHA"), a 28.7% shareholder in iSelect regarding a number of alternate "change of control" proposals. These discussions resulted in IHA proposing for negotiation of an off-market takeover offer to acquire the remaining shares in iSelect.

On 1 August 2020, IHA notified iSelect that it was not proceeding because the parties could not agree on various terms, particularly considering the ongoing uncertainty associated with COVID-19, which had escalated significantly in Victoria in the month since discussions began.

In 2019, the Australian Competition and Consumer Commission (ACCC) commenced proceedings against iSelect in relation to our energy comparison site. iSelect takes its obligations under Australian Consumer Law very seriously and has processes in place to ensure compliance. This matter was not resolved during FY20 and remains before the Federal Court. As such, the Company is unable to make further comment at this time.

Commitment to strategic initiative delivery

Realisation of our vision to make Australians' lives easier by saving them time, effort and money relies upon successfully implementing our technology roadmap. We remain committed to our strategy of moving our business from a transactional to a relationship-based service.

In FY20, our test and learn culture delivered on many key technology initiatives, not least of which was the launch of Customer Account which is integral to our transition to a relationship-based business. Our 'Save Search' functionality is now live across Health, Energy and Telco, not only making life easier for customers but allowing us to track monthly active users (MAUs) and products purchased per user. Building customer trust and confidence in our brand means we are more likely to increase customer lifetime value through repeat visits, upsell and cross-sell.

As we move into FY21, we will continue to invest in our Customer Account capabilities along with improvements to our data and contact strategies which will benefit both our customers and our partners.

Continued focus on marketing efficiency

In contrast to many advertisers, strong investment in brand was maintained throughout COVID-19 and was rewarded with key brand metrics moving in a positive direction during H2FY20. Changes to the marketing strategy implemented as part of our Future Operating Model have immediately delivered a positive margin contribution, with significant improvement in YoY marketing ROI achieved in Q4FY20.

New partnerships

As part of our Future Operating Model, we have outsourced fulfillment of customer orders within Life and Home Loans to new partners. These exciting new white label partnerships with Lifebroker and Lendi pave the way for future B2B and affiliate click-out opportunities. In FY21, we will continue to expand our relationships with third party lead sources to enable further diversification and growth, including the likely expansion into new verticals.

A resilient team

At the time of writing, iSelect's Melbourne head office remains closed due to COVID-19 restrictions in place in Victoria. As always, the safety and wellbeing of our people comes before anything else. We would like to thank all our team members for adapting as we moved quickly to a 'Work-from-home' (WFH) environment in March. During this time our staff have never wavered in their commitment to our customers. Our talented team members have remained focused on helping Australians to save money at a time when it is arguably more important than ever. The Board and Executive Team could not be more grateful for the incredible effort all staff have made during this difficult time in Victoria.

FY21 and beyond

The business has continued to react quickly to the rapidly changing COVID-19 environment. Since March 2020, we have adjusted our operations, resized our cost base and exited iMoney which will improve profitability and cash flow into FY21. We have taken the challenges presented by COVID-19 as an opportunity to adjust our operating model, particularly in Life Insurance and Home Loans, and reduced our fixed cost base. We have also taken a conservative position by impairing our Energy Watch business. So far in H1FY21, the early signs are positive with underlying July 2020 EBITDA of $1.7 million, an improvement of $0.7 million over July 2019. August has also continued this trend even though demand in the Health market has yet to return to previous levels.

Looking ahead to FY21, assuming demand in our key markets of Health and Energy remain stable, we expect to improve efficiency through strong operational performance in our key verticals and a reduced overhead cost base. Strategic investments in our brand and technology will continue in FY21 and anticipated growth in monthly active users (MAUs) is predicted to translate into higher margin sales.

In the shadow of COVID-19, Australian households remain under increased financial strain. This puts iSelect in a unique position to help Australians save money on their bills and expenses and makes our service more important than ever. We will continue to adapt our model to the changing external environment while always remaining focused on improving our service and value offering to our customers.

We would like to close by thanking you, our shareholders, for your ongoing support through FY20. Despite the many challenges during FY20, we believe we have the right model and strategy in place for improved profitability in FY21.

Yours sincerely,

Chris Knoblanche AM
Chairman

Brodie Arnhold
Chief Executive Officer

Challenges and Opportunities

The external challenges experienced during FY20 have provided an invaluable opportunity to adjust our model and reposition the business for success in FY21.

iSelect 2020 Operational Headlines

EBITDA[1]

$13.7m

(UNDERLYING) -40% YOY

1 Including Jobkeeper

FY20 was undoubtedly very challenging for iSelect, due to the impact of the regulatory change in the energy market in H1FY20 and the unexpected shock of COVID-19 disrupting our key trading period for Health in H2FY20.

The expected energy reforms had a severe impact in H1FY20, with conversion levels halving in July 2019. Due to its 'high volume' nature, the decline in Energy also impacted our cross-serve business, affecting Group revenue and margins. Pleasingly, we saw significant recovery in H2FY20, with conversion recovering to 90% of historical levels.

In Health, FY20 saw strong performance and YoY growth until mid-March when the unexpected shock of COVID-19 dramatically impacted performance in our peak trading period. The last-minute cancellation of the annual rate rise and suspension of elective surgeries and extras services saw Health demand decline by 50% in March and April. Positively, this has now recovered very close to previous levels.

As a result of these challenges and the uncertain outlook, a strategic review has been conducted to set the business up for improved profitability in FY21.

X-SERVE % OF REVENUE

12%

-2.00PP YOY

LEADS

3.30m

-17% YOY

SALES

294.9k

-23% YOY

RPS

$460

+5% YOY

MARKETING ROI

3.10

-8% YOY

EBITDA MARGIN

11.1%

(UNDERLYING) -3.4% YOY

Product and Technology

“Very good information, worked out very good cover at far less $ than the others with no loss of benefit.”

Victor, Rossmoyne WA **Health**

Commitment to strategic initiative delivery

Adapting to COVID-19

During FY20 and looking ahead into FY21, our Product and Technology teams have remained committed to the delivery of key strategic initiatives which will enable us to trade through the COVID-19 crisis and position the business strongly on the other side.

In response to COVID-19, our teams were fully deployed working remotely and we have seen strong productivity from our technical and contact centre staff while overcoming the work-from-home challenges we are facing due to Victoria's extended lockdown.

Test, learn and deliver on key initiatives

Our product engineering teams have also performed during FY20, with a strong test-and-learn culture underpinning solid delivery performance.

Over the past year we have implemented a number of important technologies including new iConnect data models that leverage the Genesys engagement platform, upgrades to our internal referral and up-sell tools, launching live agent, implementing marketing automation and introducing an affiliate API platform that allows us to easily take leads from commerical and marketing partners. During FY20 we also launched bill scan comparisons for Energy and have seen significant improvements in SEO, post-sales leakage and conversion rate optimisation programs.

Our platform transformation and cloud migration programs have also moved ahead at pace in FY20, with most of our platforms now migrated to Amazon Web Services, while significant progress has also been made in the modernisation of our data infrastructure.

Customer Account and Saved Search

A key achievement in FY20 was the launch of Customer Account and our 'saved search' feature which is now live for Health, Energy and Telco. 'Saved search' makes it easy for customers to save their needs and preferences so that when they return to the site they can quickly return to their results page without having to re-enter their details. We know many customers make multiple visits to our website during the research phase prior to purchasing, making this feature a critical improvement to customer experience.

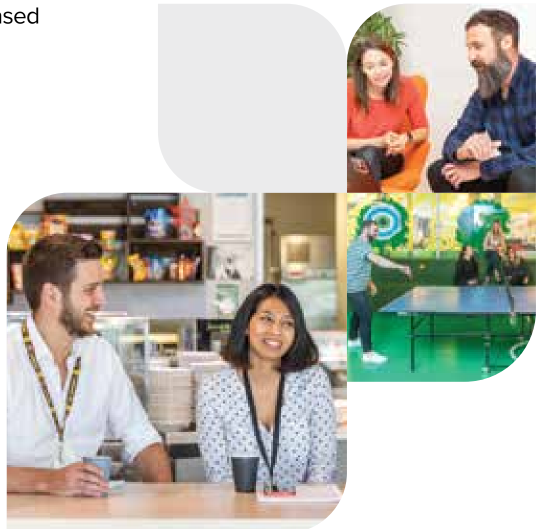
Growing our Customer Account capabilities is key to our transition to a relationship-based business and a focus for the year ahead is encouraging more of our customers to sign up for an account through the 'saved search' capability.

Looking ahead

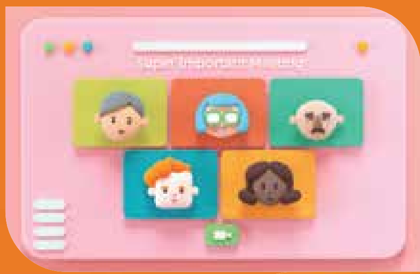
As we build on our Customer Account capabilities throughout FY21, the data and permission we gain from customers will enable us to use our marketing automation journeys to provide automated comparisons, such as the ability to email or text customers with suitable product options based on what we know about them. In the future, we'll essentially do the hard work for customers who have signed up for the 'saved search' service and will further bring to life our vision of saving customers time, effort and money.

These kinds of personalised services will also allow us to leverage the customer data available through our partner marketplace, and position iSelect strongly as consumer data rights mature in Australia.

In addition to Customer Account, FY21 will also see further enhancements to both our data and contact strategies. Data strategy improvements will include moving towards near or real-time self-service reporting and BI across the business, stronger partner integrations and improved data science models. Considerable focus will be given in FY21 to improving the way we contact our customers, including better web experience, live agent support such as web chat, and calling a customer when they want to be called. Improving contact and conversion rates, and more targeted and personalised communication via eDMs, will further enhance customer experience.



Brand and Marketing



FY20 highlighted the strength and resilience of the iSelect brand, as external challenges demanded a flexible and agile marketing approach.

The strength of the iSelect brand was clearly demonstrated over the past year, as our ‘Compare, Select, Save’ brand proposition continued to resonate strongly with consumers looking to save on their household bills in light of increased financial pressures.

Ongoing brand investment over FY20 resulted in a stabilisation of brand metrics. Key marketing achievements over the past year include the automation of our digital marketing bid strategy and the implementation of Salesforce Marketing Cloud, which has enhanced our 1:1 communication capability.

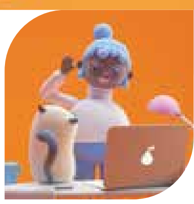
The unique challenges presented by COVID-19 required an agile approach to TVC production in H2FY20. We rapidly executed a series of unique animated TVCs. From the pitfalls of working from home to finding easier ways to save, these well-received spots touched on the new challenges facing Australians without losing iSelect’s trademark irreverent humour. Post-COVID, our marketing strategy featured a more flexible budget, limited long-term commitments and the ability to quickly pivot in response to the ever-changing landscape.

Looking ahead, brand and high organic traffic volumes position us strongly. Our Future Operating Model will prioritise marketing investment in brand and SEO. Greater emphasis will be placed on generating organic demand, with paid digital spend executed with increased return on investment thresholds in place. Ongoing investment in above the line media will maintain brand awareness, including the development of new creative to further evolve our ‘Compare, Select, Save’ proposition.

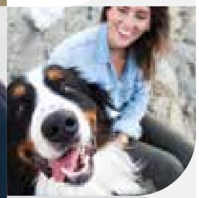
“Service was fantastic, very friendly and easy to understand. Electricity and internet sorted within minutes.”

Danielle, Baulkham Hills, NSW

Energy & Telco



Our Marketplace


We are evolving our model and strengthening our relationships with partners to make the comparison journey easier for our customers.

The breadth and depth of our partnerships remains a key strength and sets us apart from our competitors. During FY20, we established relationships with prominent new partners and further strengthened existing partnerships. We introduced more competitive offers and focused on operational improvements, resulting in a reduction in sales leakage.

We truly believe our evolution from a transactional business into a technology-enabled customer relationships model will present our partners with a unique opportunity to help more Australians, more often.

Insurance

Utilities

Money

Our People

“Excellent Customer service. Going above and beyond to get the best cover and value for money.”
Zoheb, Hornsby NSW
Health

During FY20 we focused on bringing our vision to life.

During FY20 we focused on bringing our vision to life. More clearly connecting our work with our vision highlighted the invaluable role we play in supporting Australians with their household budget, a role that has become even more important as many Australian families experience increased financial pressure. Doing this well relies on the expertise of our people. Our highly knowledgeable consultants have helped our customers navigate through the impact of COVID-19 on household bills as well as significant regulatory reform in the Energy sector.

Listening to our people

Our detailed employee engagement survey at the end of FY19 told us what we were doing well and where there was room for improvement. Pulse 'check-ins' with our team throughout FY20 showed the changes we made in response to the survey feedback had improved employee experience, particularly through a stronger connection to our vision. A similar 'check-in' in early May to gauge our response to COVID-19 demonstrated that our approach and communication was viewed positively by the team.

Our community

Over the past year, our community work has been led by what was most important to our people. Our proudest moments were employee-led initiatives to support community and not-for-profit organisations, which aligned with our focus on improving mental health outcomes, as well as support for the victims of the devastating bushfires last summer.

Developing our people

iSelect remains one of the largest employers in Melbourne's Bayside area and continues to attract a wide range of talented people into various disciplines across the business. In FY20 we piloted a program with Chisholm Institute which gave a number of our people the opportunity to achieve formal qualifications and our first cohort is due to graduate later in 2020.

During FY20 we expanded our online learning offering available through our iSelect Academy, while continuing to support our core training for new employees across customer service and sales. We also extended our focus on leadership development with the introduction of an Emerging Leader program targeting up and coming talent that is designed to prepare them for their first management opportunity. In addition, we launched our first career framework for front-line leadership and we look forward to establishing a similar framework for our front-line employees during FY21.

Wellbeing & Inclusion

We understand that a contact centre environment presents its own unique challenges. We have had an Employee Assistance Program for a number of years but wanted to build on this in FY20. Symbolised by renaming our Safety Committee the 'Safety and Wellbeing Committee', over the past year we have increased our focus on understanding and improving employee wellbeing. Engaging the services of an Organisational Psychologist, we surveyed team members and facilitated group discussions which fed into our new wellbeing strategy.

The challenges presented by COVID-19 also resulted in a unique opportunity to establish more flexible working arrangements on an ongoing basis. We hope more flexible options in FY21 and beyond will not only improve employee wellbeing but also further enhance the diversity of our workforce.

As we continue to adjust to new ways of working following COVID-19, regular and transparent communication will be even more important as we strive to become an employer of choice.

> "Staff were super fast and friendly and saved me heaps of money by reviewing my policies."
>
> Michelle, New South Wales
>
> **Home & Contents**

Board Members

Chris Knoblanche AM

Chairman & Independent Non-Executive Director

Chris joined the iSelect Board as Chairman and Independent Non-Executive Director on 1 July 2015. Chris also serves on the Boards of Latitude Financial (Hallmark Companies), Environment Protection Authority NSW and is Chair of HiPages Group. He has previously served as an adviser to and on the Board of Aussie Home Loans, Trustee of the Sydney Opera House (2014 – 2020) and was a Director of Greencross Limited prior to TPG Capital acquisition.

Chris has considerable expertise as the Chair of several board-level audit and risk committees. Chris is a Chartered Accountant and has extensive CEO, executive and financial markets experience, having served as Managing Director and Head of Citigroup Corporate and Investment Banking (Australia and NZ), a partner in Caliburn (now Greenhill Investment Bank) and CEO of Andersen Australia and Andersen Business Consulting – Asia.

Chris holds a Bachelor of Commerce (Accounting and Financial Management) and is a Member of Chartered Accountants in Australia and New Zealand (CA ANZ), and Fellow of CPA Australia (FCPA). In 2014 Chris was awarded an Order of Australia (AM) for significant service to arts administration, the community and the business and finance sector. In 2000 Chris was awarded the Centenary Medal by the Australian Government for services to the arts and business.

Brodie Arnhold

CEO and Executive Director

Brodie commenced his role as CEO of iSelect in August 2018 after spending four months as acting-CEO. He first joined iSelect as a Board member in September 2014 and has over 15 years' domestic and international experience in private equity, investment banking and corporate finance.

Prior to his current role with iSelect, Brodie was the CEO of Melbourne Racing Club. He has also worked for Investec Bank from 2010-2013 where he was responsible for building a high-net-worth private client business.

Brodie worked for Westpac Banking Corporation where he grew the institutional bank's presence in Victoria, South Australia and Western Australia, and from 2006-2010 held the role of Investment Director at Westpac's private equity fund.

During his career Brodie has also worked at leading accounting and investment firms including Deloitte (Australia), Nomura (UK) and Goldman Sachs (Hong Kong). Brodie is the Chairman and Non-Executive Director of Shaver Shop Group Ltd (ASX: SSG).

Brodie holds a Bachelor of Commerce and MBA from the University of Melbourne and is a member of Chartered Accountants in Australia and New Zealand (CA ANZ).

Shaun Bonett

Independent Non-Executive Director, Chair of Remuneration and Nominations Committees

Shaun was appointed to the iSelect Board in May 2003. Shaun founded Precision Group in 1994 and serves as its CEO and Managing Director, being principally responsible for the strategic direction of Precision. In addition, Shaun acts as a Director and Strategic Adviser of various entities Precision has interests in, including as Chairman of Litigation Lending and of Prezzee, Skyfii and Lenders Direct.

Shaun holds a Bachelor of Arts (Major in Jurisprudence), Bachelor of Law and Graduate Diploma in Legal Practice from the University of Adelaide and is a Barrister and Solicitor of the High Court of Australia.

Shaun is also a Fellow of the Australian Institute of Company Directors, a member of the Young Presidents' Organisation, and of the President's Council of the Art Gallery of NSW.

Philanthropy is also a key part of Shaun's activities, and he acts as Deputy Chairman of Life Education Australia, is a Director of the Princes Trust, a Director of the Chinese Language and Culture Education Foundation of Australia, and founder of his own charity the Heartfelt Foundation.

Bridget Fair

Independent Non-Executive Director

Bridget was appointed to the Board of iSelect in 2013 and is a senior media executive with over 20 years' experience in corporate affairs, government relations, business strategy and commercial negotiation in the media, technology and communications sectors.

Bridget joined Free TV Australia as Chief Executive Officer in February 2018.

Bridget previously held a number of senior roles with Seven West Media and has also worked with the ABC and SBS.

Bridget is a former Chairman of Screenrights and has been on the boards of OzTAM and Freeview.

She is a board member of the Judith Neilson Institute for Journalism & Ideas. She is also a graduate of the Australian Institute of Company Directors.

Melanie Wilson

Independent Non-Executive Director, Chair of Audit and Risk Management Committee

Melanie joined the iSelect Board in April 2016 and brings extensive experience in online business and digital marketing. In her former role as Head of Online for BIG W she managed Australia's largest general merchandise e-commerce website.

Melanie has more than 12 years' experience in senior management roles across Australian and global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks), Starwood Hotels and Woolworths. She also held corporate finance and strategy roles with leading investment banks and management consulting firms including Goldman Sachs and Bain & Company.

Melanie is currently a non-executive Director of JB HiFi (ASX: JBH), Baby Bunting Group Ltd (ASX: BBN) and EML Payments (ASX: EML). Melanie holds a Master in Business Administration (MBA) degree from the Harvard Business School and a Bachelor of Commerce (Honors) degree from University of Queensland.

Geoff Stalley

Independent Non-Executive Director

Geoff was appointed to the iSelect Board in December 2018 and is an entrepreneurial senior executive with more than 25 years' consistent success in starting, building, growing and improving the performance of businesses. Geoff's expertise spans corporate innovation and growth, business strategy and execution, and major transformational change as well as operational management and people leadership.

He joined Serco in 2019 as Chief Growth Officer ASPAC to lead and drive the growth agenda across Asia Pacific. Geoff's career has also included Managing or Lead Partner positions for global consulting businesses with clients including Westpac, AMP, Telstra, Qantas, FedEx, Oracle, Caterpillar and Brambles.

Geoff is also the Chair of Uplifting Australia, a not-for-profit organisation focused on the emotional wellbeing of children; a member of the Advisory Board for online car sales business Mogo; and a mentor to a number of start-ups at Stone & Chalk.

Geoff is a Graduate of the AICD Directors Course, has a Masters of Economics (Macq), a Bachelor of Business (UTS), is a CA of Chartered Accountants in Australia and New Zealand (CA ANZ) and a CPA.

> "Unequaled service and product knowledge."
> Walter, Armidale NSW
> **Telco**

Leadership Team

Brodie Arnhold

CEO and Executive Director

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Brodie holds a Bachelor of Commerce and MBA from the University of Melbourne and is a member of the Chartered Accountants in Australia and New Zealand (CA ANZ).

Vicki Pafumi

Executive – Finance & Strategy

Vicki joined iSelect in November 2015 and held senior roles within the Company's finance and operations functions before being appointed Chief Financial Officer (CFO) in July 2018. Prior to Vicki's appointment as CFO, she held the role of Interim CFO from 27 January 2016 to 3 July 2017 and from 17 November 2017 to 1 July 2018.

Prior to that, Vicki was responsible for Workforce Planning, Dialler Operations and Project Management as well as the management of our Cape Town business. Vicki has over 25 years' experience spanning all areas of finance, six sigma, supply chain, operations and aftermarket.

A results driven professional with extensive people management experience, Vicki is passionate about leading and developing individuals to succeed and be their best. Vicki holds a Bachelor of Business (Accountancy, Law and Economics major) from Monash University, is a qualified CPA and is a member of the Australian Institute of Company Directors.

Slade Sherman

Executive – Customer Experience

Slade joined iSelect in February 2018 as Chief Experience Officer (CXO). Slade is responsible for customer and digital strategy including Technology, Data Science, and Product functions. He has extensive experience in digital transformation, having led large-scale technology based projects for leading global businesses.

Prior to joining iSelect, Slade was COO for Creator Global, following senior roles at Buzz Products, Crowdsauce and The Rewards Factory.

Slade holds a Bachelor of Science (Psychology) from the University of New South Wales. He is also a graduate of the Australian Institute of Company Directors.

Warren Hebard

Executive – Marketing & Commercial

Warren joined iSelect in April 2018 as Chief Marketing Officer (CMO) and is responsible for the brand's overall marketing strategy and execution. In June 2020, his role expanded to also include responsibility for iSelect's commercial partnerships.

Warren brings extensive digital, ATL media, retention, creative, brand and ROI data led decision-making experience to iSelect.

Previous to his role at iSelect, Warren was Chief Marketing Officer at William Hill Australia. Prior to working at William Hill he held senior executive roles both in agency environments and in-house including with online bookmaker TomWaterhouse.com, as Brand Director, launching the brand into the Australian marketplace.

Michael White

Executive – Sales & Operations

Michael joined iSelect in February 2016 and held senior roles within the Company's commercial and operations functions before being appointed Executive, Sales and Operations in June 2020.

A commercial and results-orientated executive, Michael's experience spans all major retail sectors including grocery, discount and department stores. Michael's successful track record in growing businesses is underpinned by a strategic and customer-led approach, while also focusing on building people and business capability.

Prior to joining iSelect, Michael held senior sales and marketing roles at Masterfoods (MARS Group), Manassen Foods, Hallmark, FIJI Water, Valcorp Fine Foods and Heinz.

Michael holds both a Bachelor of Business and Masters of Entrepreneurship & Innovation from Swinburne University of Technology.

Sonya Oakley

Executive – People & Culture

Sonya joined iSelect in April 2019 and is responsible for the Company's Human Resources, Safety & Wellbeing functions. A highly astute, pragmatic and authentic leader in People & Culture, Sonya has an extensive understanding of strategic and operational best practice human resources.

Sonya brings a great depth of relevant HR leadership experience to iSelect through senior HR roles within mid-large businesses. Sonya joined iSelect from Telstra, where she was General Manager HR for IT & Digital Solutions and previously held the role of Global Head of Talent Acquisition and Career Services. Prior to joining Telstra, Sonya was the Director of Human Resources ANZ at Delaware North and spent over a decade with the Coles Group in a variety of specialist senior positions.

Sonya holds a Bachelor of Economics from the University of Newcastle and a Graduate Diploma in Psychology from Monash University. She is also a Certified Professional of the Australian Human Resources Institute.

“Great service. Friendly, efficient and successful in saving me money.”
Yolanda, Queensland
Energy

Corporate Governance Statement

This statement explains how the Board of iSelect Ltd (the Board) oversees the management of iSelect Ltd's (iSelect or the Company) business.

This statement explains how the Board of iSelect Ltd (the Board) oversees the management of iSelect Ltd's (iSelect or the Company) business. The Board is responsible for the overall corporate governance of iSelect, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of iSelect and oversees its business strategy including approving the strategic goals of iSelect and considering and approving an annual operating plan, including a budget.

As at the date of this report, the Board of Directors is comprised of an independent non-executive Chairman, four other non-executive independent Directors and one Executive Director. Currently, the Board consists of:

DIRECTORS	POSITION	APPOINTED	INDEPENDENT
Chris Knoblanche	Non-Executive Chairman	1 July 2015	Yes
Brodie Arnhold	Executive Director and Chief Executive Officer	25 September 2014	No
Shaun Bonett	Non-Executive Director	1 May 2003	Yes
Bridget Fair	Non-Executive Director	30 September 2013	Yes
Geoff Stalley	Non-Executive Director	1 December 2018	Yes
Melanie Wilson	Non-Executive Director	1 April 2016	Yes

Details of each Director's skills, experience, expertise, qualifications, term of office, relationships affecting independence, their independence status and membership of committees are set out within the Company's 2020 Annual Report.

The Board is committed to maximising iSelect's performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of iSelect. In conducting iSelect's business with these objectives, the Board seeks to ensure that iSelect is properly managed to protect and enhance shareholder interests, and that iSelect, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing iSelect, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for iSelect's business and which are designed to promote the responsible management and conduct of iSelect.

The ASX Corporate Governance Council has developed and released its 4th edition ASX Corporate Governance Principles and Recommendations (ASX Recommendations) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, iSelect is required to provide a statement in its annual report disclosing the extent to which it has followed the ASX recommendations in the reporting period. Where iSelect does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

An overview of iSelect's main corporate governance practices are set out below. The information in this statement relating to the Directors, Board committee memberships and other details is current at the date of the Company's 2020 Annual Report.

Details of iSelect's key policies and practices and the charters for the Board and each of its committees are available in the Our Company/Governance section of the Company's website at www.iselect.com.au

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.

Recommendation 1.1

A listed entity should have and disclose a Board Charter setting out:

(a) The respective roles and responsibilities of its Board and management; and

(b) Those matters expressly reserved to the Board and those delegated to management.

The Board has adopted a formal Charter that details the functions and responsibilities of the Board. The Board Charter also establishes the functions reserved to the Board and those powers delegated to management. The Board delegates to the Chief Executive Officer (CEO) the authority and power to manage iSelect and its businesses within the levels of authority specified.

The CEO's role includes the day-to-day management of iSelect's operations including effective leadership of the management team in addition to the development of strategic objectives for the business.

The number of Board and Board Committee meetings held during the year along with the attendance by Directors is set out in the Directors' Report under Directors' Meetings.

The Board is appointed by shareholders who hold them accountable for the Company's governance, performance, strategies and policies. To assist with the efficient and effective discharging of its responsibilities, the Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board.

The Board strives to build sustainable value for shareholders whilst protecting the assets and reputation of iSelect. The Board's responsibilities include but are not limited to:

- approving iSelect's strategies, budgets, plans and policies;
- assessing performance against strategies implemented by management;
- reviewing operating information to understand the state of health of the Company;
- approval of proposed acquisitions, divestments and significant capital expenditure;
- approval of capital management including approving the issue or allotment of equity, borrowings, dividend policy and other financing proposals;
- ensuring that iSelect operates an appropriate corporate governance structure and compliance systems;
- approving iSelect's risk management strategy and frameworks, and monitoring their effectiveness;
- approval and monitoring of the annual and half year financial reports; and
- appointment and removal of the CEO.

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee, a Nominations Committee and a Remuneration Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of iSelect, relevant legislative and other requirements and the skills and experience of individual Directors.

The Board Charter provides that, with guidance from the Nominations Committee and, where necessary, external consultants, the Board shall identify candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board.

Directors may obtain independent professional advice at iSelect's expense on matters arising in the course of their Board and committee duties, after obtaining the Chair's approval.

A copy of the Board Charter is available in the Our Company/Governance section of the Company's website at www.iselect.com.au

Recommendation 1.2

A listed entity should:

(a) undertake appropriate checks before appointing a Director or Senior Executive or putting someone forward for election as a Director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

The Board is committed to ensuring appropriate checks are conducted before appointing a person, or putting forward a candidate for election to shareholders, as a Director. The types of verifications the Company typically undertakes include checks as to the proposed Director's character, experience, education, criminal and bankruptcy history.

All information relevant to a decision to elect or re-elect a Director will be provided to shareholders before a resolution is put forward to shareholders at the General Meeting. This information will include details of any other material directorships and biographical details, including relevant qualifications and experience.

Recommendation 1.3

A listed entity should have a written agreement with each Director and Senior executive setting out the terms of their appointment.

Non-Executive Directors are appointed pursuant to formal letters of appointment setting out the key terms and conditions of the appointment including details regarding Directors' remuneration, role and responsibilities, confidentiality of information, disclosure of interests, matters affecting independence and entering into deeds of indemnity, insurance and access. Each Senior Executive also has a written employment contract which sets out the terms of their employment.

Recommendation 1.4

The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Board is responsible for appointing and removing the Company Secretary and the Company Secretary shall be accountable to the Board, through the Chair, on all corporate governance matters. All Directors shall have direct access to the Company Secretary.

Recommendation 1.5

A listed entity should:

(a) have and disclose a Diversity Policy;

(b) through its Board or a Committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, Senior Executives and workforce generally;

(c) disclose in relation to each reporting period:

(i) the measurable objectives set for that period to achieve gender diversity;

(ii) the entity's progress towards achieving those objectives; and

(iii) either:

(a) the respective proposition of men and women on the Board, in Senior Executive positions and across the whole workforce (including how the entity has defined 'Senior Executive' for these purposes); or

(b) if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act.'

It the entity was part of the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its Board should be to have not less than 30% of its Directors of each gender within a specified period.

The workforce of iSelect is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected by the Company. In recognition of the Company's workforce, the Company has established a 'Diversity Policy' and also formed the iSelect Diversity Council. The iSelect Diversity Council is committed to its goal of fostering an inclusive and equitable work environment for all of its people. The iSelect Diversity Council is charged with ensuring that iSelect and all of its Directors, employees and contractors comply with the Diversity Policy.

The Diversity Policy is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au

Measurable objectives for achieving gender diversity set

The Diversity Policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The objectives for the year ended 30 June 2020 and the progress towards achieving them are outlined below:

OBJECTIVES	KEY PERFORMANCE INDICATOR	ACTIONS	STATUS
Recruitment & Talent Development	Increased focus and use of search tools to enable more proactive talent pooling of strong female talent for future opportunities.	Implemented flexible working arrangements to expand options for existing and potential new talent.	Complete
Gender Representation	Emerging Leader program launched which included an objective of having strong female participation in the program.	General diversity consideration is incorporated into the selection process when filling vacancies with candidates.	Complete
Increase Diversity and Inclusion Awareness	Increase Mental Health & Disability Support by improving employee and manager awareness	Training and awareness programs continued throughout the year to educate and/or refresh all employees about acceptable and expected behaviours and values in the workplace. Series of events held to educate employees and destigmatise mental health issues	Complete

Gender Equality Indicators

The proportion of female employees, senior leadership, Executive and Board members as disclosed to the Workplace Gender Equality Agency (WGEA) during the year are outlined below:

EMPLOYEE CATEGORY	TOTAL	FEMALE COMPONENT	FEMALE %
All employees	458	155	34%
Board	6	2	33%
Executive Team	7	3	43%
Senior Leadership	16	2	13%

iSelect remains committed to gender diversity on its Board and at all tiers of the Company.

Recommendation 1.6

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and

(b) disclose for each reporting period whether performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company's Board Charter details a process for the review of Board, committee and individual Directors' performance. During the year ended 30 June 2020, an evaluation was completed to review the Board to ensure that it is working effectively and efficiently in fulfilling its functions.

The Chairman of the Board also held discussions with individual Directors as to their performance.

Recommendation 1.7

A listed entity should:

(a) have and disclose a process for evaluating the performance of its Senior Executives at least once every reporting period;

(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company's Board Charter details a process for the review of the performance of the Chief Executive Officer.

The performance of the Company's Senior Executives, including the CEO, is reviewed regularly to ensure that Senior Executive members continue to perform effectively in their roles. Performance is measured against the goals and Company performance set at the beginning of the financial year and reviewed throughout the year. A performance evaluation for Senior Executives has occurred during the year in accordance with this process.

PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Recommendation 2.1

The Board of a listed entity should:

(a) have a Nomination Committee which:

  (i) has at least three members, a majority of whom are independent; and

  (ii) is chaired by an Independent Director.

And disclose:

  (i) the Charter of the Committee;

  (ii) the members of the Committee; and

  (iii) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

The Board has an established Nominations Committee which consists of a majority of independent Directors, is chaired by an independent Director and has at least three members.

The committee currently comprises Shaun Bonett (chair), Bridget Fair and Melanie Wilson.

The Nominations Committee meets as often as is required by the Nominations Committee Charter or other policies approved by the Board to govern the operation of the Nominations Committee. The number of Nominations Committee meetings held during the year is set out in the Directors' Report under Directors' Meetings.

Following each meeting, the Nominations Committee reports to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Nominations Committee that requires Board approval.

Further details for the procedure for the selection of new Directors to the Board, the re-election of incumbent Directors and the Board's policy for the nomination of Directors are contained within the Company's 'Nominations Committee Charter' and 'Board Charter'.

A copy of the Company's 'Nominations Committee Charter' is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au.

Recommendation 2.2

A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.

The Nominations Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The criteria to assess nominations of new Directors are reviewed annually and the Nominations Committee regularly compares the skill base of existing Directors with that required for the future strategy of iSelect to enable identification of attributes required in new Directors. In searching for and selecting new Directors for the Board, the Committee assesses certain criteria to make recommendations to the Board. The criteria which will be assessed include the candidate's background, experience, professional skills, personal qualities, gender, capability to devote the necessary time and commitment to the role, potential conflicts of interest, independence and whether their skills and experience will complement the existing Board.

The Board's objective is to have an appropriate mix of expertise and experience on the Board and its committees so that it can effectively discharge its corporate governance and oversight responsibilities. This mix and depth of experience is described in the Board skills matrix as follows:

SKILLS AND EXPERIENCE	EXPLANATION	NUMBER OF DIRECTORS
Accounting and Financial Reporting	Accounting qualifications and/or experience assists the Board with the provision of financial expertise in overseeing the integrity of financial reporting	4
Legal and Compliance	Legal qualifications and/or experience assists the Board in meeting its legal and compliance obligations	2
Strategy	Experience in strategy assists the Board in developing and sustaining appropriate strategies to ensure continued growth for the Company	6
Corporate Governance	Experience in the development of policies and frameworks supports proper corporate governance including the monitoring of material risks	4
Remuneration and Human Resource Management	Expertise in remuneration and human resources management assists with the Board's role in overseeing talent management and development, including succession planning	3
Government Relations	Experience in working with government, government organisations and regulators assists the Company to operate effectively and compliantly in regulated industries	2
CEO and Board Experience	Performing in a CEO or Senior Executive role assists with the development of appropriate business strategies and operating plans	6
Industry Experience	Experience in a senior position within industry assists the Board with understanding and improving the Company's processes and strategies	6
Audit and Risk Management	Experience in audit and risk management assists the Board by providing an understanding of financial management and developing appropriate processes and strategies to deal with risk	5

One of the five Directors of the Company (Shaun Bonett) has served for a term of more than ten years. The Company considers that Mr Bonett's sustained knowledge of the Company enables him to continue to make a strong contribution as an independent Director of iSelect.

Recommendation 2.3

A listed entity should disclose:

(a) the names of the Directors considered by the Board to be Independent Directors;

(b) if a Director has an interest, position or relationship that might raise issues about the independence of a Director but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and

(c) the length of service of each Director.

The Board considers an independent Director to be a Non-Executive Director who is not a member of iSelect's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The iSelect Board Charter sets out guidelines and thresholds of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers thresholds of materiality for the purpose of determining 'independence' on a case- by-case basis, having regard to both quantitative and qualitative principles.

Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation;
- In general, the Board will consider an affiliation with a business that accounts for less than 5% of the relevant base to be immaterial for the purpose of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board; and
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be, reasonably perceived to materially interfere with the Director's ability to act in the best interests of iSelect.

The Board considers that each of the independent Director is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director's judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations. The Board considers that the following current Directors are independent:

- Chris Knoblanche
- Shaun Bonett
- Bridget Fair
- Geoff Stalley; and
- Melanie Wilson.

Recommendation 2.4

The majority of the Board of a listed entity should be independent Directors. The Board consists of a majority of independent Directors.

Recommendation 2.5

The Chair of the Board of a listed entity should be an independent Director, and in particular, should not be the same person as the CEO of the entity.

The Board recognises the ASX Corporate Governance Council's recommendation that the Chairman should be an independent Director. Chris Knoblanche, in his role as independent Chairman for the year ended 30 June 2020 is in line with the recommendation.

The role of Chairman and CEO were not exercised by the same individual at any time during the year ended 30 June 2020.

Recommendation 2.6

A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.

The Board recognises the importance of having a program for inducting new Directors and providing appropriate professional development opportunities for Directors to maintain the skills to perform their role as Directors effectively.

The induction program for new Directors includes briefings by the CEO and other members of senior management about iSelect. The briefings will provide details on iSelect's structure, people, policies, culture, business strategies and performance. The induction program also includes site visits to review operations and understand the industries in which iSelect operates.

The Company operates a program of professional development for Directors including regular written updates on key developments within corporate governance and ad-hoc seminars on relevant topics including corporate governance and accounting. Formal professional development opportunities for Directors are considered by the Chair on a case-by-case basis.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

A listed entity should instill and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

Recommendation 3.1

A listed should articulate and disclose its values.

The Board recognises that it has a responsibility for setting the ethical tone and standards of the Company and iSelect's Senior Executives recognise that they have a responsibility to implement practices that are consistent with those standards. The reputation of the Company is one of its most valuable assets and the Board acknowledge the importance of protecting this asset by acting ethically and responsibly.

Recommendation 3.2

A listed entity should:

(a) have and disclose a code of conduct for its Directors, Senior Executives and employees; and

(b) ensure that the Board or a committee of the Board is informed of any material breaches of the code.

The Company has developed a 'Code of Conduct' Policy, which has been fully endorsed by the Board and applies to all Directors and employees. The Code of Conduct is designed to identify and encourage:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account the Company's legal obligations; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A copy of the Company's 'Code of Conduct' is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au.

Recommendation 3.3

A listed entity should:

(a) have and disclose a whistleblower policy; and

(b) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.

The Board has developed a Whistleblower Policy, which applies to Directors, Senior Executives and employees.

Any material breaches of the Policy are to be reported to the Audit and Risk Management Committee immediately.

A copy of the Company's Whistleblower Policy is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au.

Recommendation 3.4

A listed entity should:

(a) have and disclose an anti-bribery and corruption policy; and

(b) ensure that the Board or a committee of the Board is informed of any material breaches of that policy.

The Company has developed a 'Gifts and Benefits Policy' which applies to Directors, Officers and all employees whether permanent or contracted or any other person directly or indirectly linked to iSelect. All reportable gifts and benefits are reviewed and reported to the Board on a quarterly basis and reviewed by the General Counsel on a monthly basis.

Breaches of, or suspicious conduct are to be reported through the relevant channels, such as the Whistleblower hotline, the Head of Legal and Compliance, or to the Executive team.

A copy of the Gifts and Benefits Policy is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au.

PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Recommendation 4.1

The Board of a listed entity should:

(a) have an Audit Committee which:

(i) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors; and

(ii) is chaired by an independent Director, who is not the Chair of the Board.

and disclose:

(iii) the Charter of the Committee;

(iv) the relevant qualifications and experience of the members of the Committee; and

(v) in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendance of the members at those meetings.

The Board has established an Audit and Risk Management Committee to assist in the discharge of its responsibilities. The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing iSelect's internal control structure and risk management systems. The Audit and Risk Management Committee also confirms the quality and reliability of the financial information prepared by iSelect, works with the external auditor on behalf of the Board and reviews non-audit services provided by the external auditor, to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides advice to the Board and reports on the status and management of the risks to iSelect. The purpose of the Committee's risk management process is to ensure that risks are identified, assessed and appropriately managed.

The Board has adopted a policy regarding the services that iSelect may obtain from its external auditor. It is the policy of iSelect that the external auditor:

- Must be independent of iSelect and the Directors and Senior Executives. To ensure this, iSelect requires a formal confirmation of independence from its external auditor on a six-monthly basis; and
- May not provide services to iSelect that are, or are perceived to be, materially in conflict with the role of the external auditor. Non-audit or assurance services that may impair, or appear to impair, the external auditor's judgement or independence are not appropriate. However, the external auditor may be permitted to provide additional services which are not, or are not perceived to be, materially in conflict with the role of the auditor, if the Board or Audit and Risk Management Committee have approved those additional services. Such additional services may include financial audits, tax compliance, advice on accounting standards and due diligence in certain acquisition or sale transactions.

Information on the procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners is contained within the Company's 'Audit and Risk Management Committee' Charter.

Recommendation 4.1 (con'd)

The Committee currently comprises Melanie Wilson (chair), Bridget Fair and Geoff Stalley.

The Board acknowledges the ASX Recommendations that the Audit and Risk Management Committee should be chaired by an independent Director (who is not Chair of the Board) and in recognition of this, Melanie Wilson currently chairs the Audit and Risk Management Committee.

An Audit and Risk Management Committee Charter has been adopted by the Board and sets out the functions and responsibilities of the Committee.

The Audit and Risk Management Committee meets as often as is required by the Audit and Risk Management Committee Charter. The number of Audit and Risk Management Committee meetings held during the year is set out in the Directors' Report under Directors' Meetings.

The Chair of the Audit and Risk Management Committee invites members of management and representatives of the external auditor to be present at meetings of the Committee and may seek advice from external advisors. The Audit and Risk Management Committee regularly reports to the Board about Committee activities, issues and related recommendations.

A copy of the Company's 'Audit and Risk Management Committee Charter' is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au.

Recommendation 4.2

The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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.

Before approval of the financial statement for the periods ended 31 December 2019 and 30 June 2020, the Board received assurance from the CEO and the CFO that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

This assurance was given on 25 February 2020 by Brodie Arnhold (the CEO) and by Vicki Pafumi (the CFO) and 27 August 2020 by the CEO and the CFO.

The Board has also received from the CEO and the CFO written affirmations concerning the Company's financial statements as set out in the Directors' Declaration.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Audit and Risk Management Committee ensures that any corporate reports the Company releases to the market that have not been subject to audit or review by an external auditor discloses the process taken to verify the integrity of its content.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price and value of its securities.

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

As a company listed on the ASX, iSelect is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act 2001. iSelect is required to disclose to the ASX any information, with the exception of certain carve-outs, concerning iSelect which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of iSelect's securities.

The Board aims to ensure that shareholders and stakeholders are informed of all major developments affecting iSelect's state of affairs. As such, iSelect has adopted a 'Disclosure' Policy and 'Shareholder Communication' Policy, which together establish procedures to ensure that Directors and senior management are aware of, and fulfil, their obligations in relation to providing timely, full and accurate disclosure of material information to iSelect's stakeholders and comply with iSelect's disclosure obligations under the Corporations Act and ASX Listing Rules. The 'Disclosure' Policy also sets out procedures for communicating with shareholders, the media and the market.

iSelect has formed a Disclosure Committee which meets as frequently as needed to determine, among other things, whether there are matters that require disclosure to the ASX. The Disclosure Committee will make recommendations to the Board on matters which may require disclosure to the market. The members of the Disclosure Committee consist of a Non-Executive Director, CEO, CFO and the General Counsel/ Company Secretary (Chair).

iSelect is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act. Information is to be communicated to shareholders through the lodgement of all relevant financial and other information with the ASX and with continuous disclosure announcements also made available on iSelect's website, www.iselect.com.au.

A copy of the Company's 'Disclosure' Policy and 'Shareholder Communication' Policy are publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au.

Recommendation 5.2

A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.

The Board has received confirmation of release from the ASX Market Announcements Office whenever there has been a market release by the Company.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Company ensures that all investor presentations are lodged with the ASX ahead of the presentation.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company maintains an investor section of its website, which includes information about itself which is relevant to shareholders and other stakeholders. The "Our Company" section includes a Governance section, which includes detailed information on the Company's governance framework and documents.

Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

The Board has adopted a 'Shareholder Communication' Policy which is designed to supplement the iSelect 'Disclosure 'Policy. The 'Shareholder Communication' Policy aims to promote effective communication with shareholders and other stakeholders.

The policy recognises the following key methods of communication which will be used to provide information to shareholders and other stakeholders:

- releases to the Australian Securities Exchange (ASX) in accordance with continuous disclosure obligations;
- iSelect's website;
- iSelect's annual and half-yearly reports;
- the annual general meeting; and
- email and other electronic means.

In addition to the abovementioned communication methods, since listing on the ASX in 2013 the Company has maintained an active investor relations program to facilitate effective two-way communication with retail and institutional shareholders and other relevant equity market stakeholders. This program includes face to-face meetings with investors, broker analysts and proxy firms as well as responding to shareholder enquiries as appropriate. The Company utilises public investor webcasts and conference calls for key announcements such as the full year and half year financial results. The Board encourages effective participation at iSelect's General Meetings by providing opportunity for shareholders to ask questions of the Company's Directors and auditors.

iSelect encourages shareholders to receive Company information electronically by registering their email address online with iSelect's shareholder registry. The Company also allows shareholders to communicate electronically with the Company and share registry including providing shareholders the ability to submit proxy voting instructions online.

A copy of the Company's 'Shareholder Communication' Policy is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au.

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Company encourages full participation by shareholders at the Annual General Meeting during which they are invited to raise questions or make comments regarding the operations and performance of the Company.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

All resolutions put to security holders at a meeting of security holders are decided by a poll.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company, and its share registry service provider, gives security holders the option to receive communications electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1

The Board of a listed entity should:

(a) have a committee(s) to oversee risk, each of which:

  (i) has at least three members, a majority of whom are independent Directors; and

  (ii) is chaired by an independent Director.

  and disclose

  (iii) the Charter of the Committee;

  (iv) the members of the Committee; and

  (v) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

As stated in Principle 4, the Board has established an Audit and Risk Management Committee to assist in the discharge of its responsibilities to establish a sound risk management framework and periodically review effectiveness of that framework. This Committee is structured to ensure it consists of a majority of independent Directors and it is chaired by an independent Director.

The Company has also developed a 'Risk Management Framework' which is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au

Recommendation 7.2

The Board or a committee of the Board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company's 'Board Charter' provides that a function of the Board with the guidance of the Audit and Risk Management Committee is:

- approving policies on and overseeing the management of business, financial and non-financial risks (including foreign exchange and interest rate risks, enterprise risk and risk in relation to occupational health and safety);
- reviewing and monitoring processes and controls to maintain the integrity of accounting and financial records and reporting; and approving financial results and reports for release and dividends to be paid to shareholders. The Company's 'Audit and Risk Management Charter' also provides that the Committee's specific function with respect to risk management is to review and report to the Board that:
  - iSelect's ongoing risk management program effectively identifies all areas of potential risk;
  - adequate policies and procedures have been designed and implemented to manage identified risks;
  - a regular program of audit is undertaken to test the adequacy of and compliance with prescribed policies regarding high risks; and
  - proper remedial action is undertaken to redress areas of weakness.

The Company seeks to take and manage risk in ways that will generate and protect shareholder value and recognises that the management of risk is a continual process and an integral part of the management and corporate governance of the business.

The Company acknowledges that it has an obligation to all stakeholders, including shareholders, customers, employees, contractors and the wider community and that the efficient and effective management of risk is critical to the Company meeting these obligations and achieving its strategic objectives.

The Board, with assistance from the Audit and Risk Management Committee, requires management to design and implement a suitable risk management framework to manage the Company's material business risks. During the year, management reported to the Board as to the effectiveness of the Company's management of its material business risks. The Audit and Risk Management Committee is responsible for evaluating the adequacy and effectiveness of a risk management framework established by management.

The Audit & Risk Management Committee conducted a review of the Company's risk management framework during the year and were satisfied that it continues to be sound having regard to the size and complexity of the Company's operations.

Recommendation 7.3

A listed entity should disclose, if it has an internal audit function, how the function is structured and what role it performs.

iSelect's internal audit function provides independent and objective assurance on the adequacy and effectiveness of the Company's systems for internal control, together with recommendations to improve the efficiency of the relevant systems and processes.

iSelect may use external service providers to supplement its core internal team to deliver the internal audit function.

The annual internal audit plan is approved by the Audit and Risk Management Committee and internal audit has full access to all functions, records, property and personnel of the Company. Internal audit administratively reports to the CFO and has a direct reporting line to the Chair of the Audit and Risk Management Committee.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

iSelect's 'Risk Management' Policy supports its strategy of creating an environment in which risk management underpins consistently good practice – enabling informed decisions that optimise returns within a specified appetite for risk.

iSelect understands that "material exposure" in this context means a real possibility that the risk in question could substantively impact the Company's ability to create or preserve value for shareholders over the short, medium or long term. In this context materiality is linked to the rating attributed to residual risks taking into account the risk mitigation strategies and controls in place, and "Very High" rated risk would be considered material.

At the time of reporting, iSelect has no material exposure to "Very High" rated risks to our economic, environmental and social sustainability profile.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract retain and motivate high quality Senior Executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

Recommendation 8.1

The Board of listed entity should:

(a) have a Remuneration Committee which:

(i) has at least three members, a majority of whom are independent Directors; and

(ii) is chaired by an independent Director;

and disclose:

(iii) The Charter of the Committee;

(iv) The members of the Committee; and

(v) As at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendance of the members at those meetings.

The Board has established a Remuneration Committee to assist in the discharge of its responsibilities. The role of the Remuneration Committee is to review and make recommendations to the Board on remuneration packages and polices related to the Directors and Senior Executives. The Remuneration Committee is also charged with ensuring that the remuneration policies and practices are consistent with iSelect's strategic goals and human resources objectives.

The Remuneration Committee meets as often as is required by the Remuneration Committee Charter. The number of Remuneration Committee meetings held during the year is set out in the Directors' Report under Directors' Meetings.

Following each meeting, the Remuneration Committee reports to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Remuneration Committee that requires Board approval.

The Committee currently comprises Shaun Bonett (chair), Bridget Fair and Melanie Wilson.

The Board acknowledges the ASX Recommendations that the Remuneration Committee should be chaired by an independent Director and in recognition of this, Shaun Bonett currently chairs the Remuneration Committee.

A copy of the Company's 'Remuneration Committee Charter' is publicly available in the Our Company/Governance section of the Company's website at www.iselect.com.au.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other Senior Executives. iSelect clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.

Non-Executive Director remuneration is fixed and Non-Executive Directors do not participate in any 'at risk' incentive plans. Remuneration paid to Senior Executives in the 2020 financial year includes fixed and variable components.

The remuneration policy for the Board and the remuneration of each Director is set out in both the Remuneration Report, which forms part of the Directors' Report, and in Notes to the Financial Statements.

The Board acknowledges the guidelines, which recommend that Non-Executive Directors should not be provided with retirement benefits other than superannuation. The Company also notes that Chris Knoblanche has a notice period of 3 months, which may constitute a retirement benefit. The Company believes that a notice period for the Chair is appropriate to ensure continuity.

Information on the performance evaluation and structure of remuneration for the Company's Senior Executives can be found in the Remuneration Report, which forms part of the Directors' Report.

Recommendation 8.3

A listed entity, which has an equity based remuneration scheme, should:

(a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and

(b) Disclose that policy or a summary of it.

The Company's 'Share Trading' Policy prohibits the Directors and Senior Executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

The Company's Long Term Incentive and Performance Right Plan was approved by shareholders at the 2018 Annual General Meeting.

Directors Report

The Directors present their report with the consolidated financial statements of the Group comprising iSelect Limited and its subsidiaries for the financial year ended 30 June 2020 and the auditor's report thereon.

DIRECTORS

The names of the Directors in office during or since the end of the financial year are:

Chris Knoblanche AM
Non-Executive Chairman

Brodie Arnhold
Executive Director & Chief Executive Officer

Shaun Bonett
Non-Executive Director

Bridget Fair
Non-Executive Director

Melanie Wilson
Non-Executive Director

Geoff Stalley
Non-Executive Director

The above named Directors held office for the whole of the period unless otherwise specified. The qualifications, experience, special responsibilities and other details of the Directors in office at the date of this report appear on pages 18 and 19 of this annual report.

COMPANY SECRETARY

Mark Licciardo (resigned 16 February 2020)

Gavin Byrnes (appointed 16 February, resigned 24 April 2020)

Mark Licciardo (appointed 24 April 2020)

DIRECTORS' MEETINGS

The number of meetings of Directors, including meetings of Committees of Directors, held during the year and the number of meetings attended by each Director is presented below.

DIRECTORS	BOARD OF DIRECTORS		AUDIT AND RISK MANAGEMENT COMMITTEE		REMUNERATION COMMITTEE		NOMINATIONS COMMITTEE	
	HELD^	ATTENDED	HELD^	ATTENDED	HELD^	ATTENDED	HELD^	ATTENDED
C. Knoblanche	8	8	-	-	-	-	-	-
B. Arnhold	8	8	-	-	-	-	-	-
S. Bonett	8	8	-	-	1	1	-	-
B. Fair	8	8	4	4	1	1	-	-
M. Wilson	8	8	4	4	1	1	-	-
G Stalley	8	8	4	4	-	-	-	-

^ The number of meetings held indicates the total number held whilst the Director was in office during the course of the year.

PRINCIPAL ACTIVITIES

The principal activities during the financial year within the Group were health, life and car insurance policy sales, mortgage brokerage, energy, broadband and financial referral services. There have been no significant changes in the nature of these activities during the year.

REVIEW OF RESULTS AND OPERATIONS[1]

Summary of financial results

	2020 $'000	2019 $'000	CHANGE
Continuing Operations			
Operating revenue	120,425	149,294	(19%)
Gross profit	34,522	51,779	(33%)
EBITDA	(11,922)	10,588	(213%)
EBIT	(20,531)	2,947	(797%)
NPAT	(20,462)	1,831	(1,218%)
Reported Results (including discontinued operations)			
Operating revenue	125,270	154,585	(19%)
Gross profit	35,868	53,225	(33%)
EBITDA	(31,682)	6,062	(623%)
EBIT	(41,039)	(2,252)	(1,722%)
NPAT	(43,549)	(4,360)	(899%)
EPS (cents)	(19.9)	(1.7)	(1,071%)
Underlying Results			
Underlying EBITDA[2]	9,966	22,866	(56%)
Underlying EBIT[2]	1,357	15,151	(91%)
Underlying NPAT[2]	509	11,062	(95%)
Underlying EPS[2]	0.2	5.1	(96%)

1 Throughout this report, certain non-IFRS information, such as EBITDA, EBIT, Net Profit after Tax (NPAT), Earnings Per Share (EPS), Conversion Ratio, Leads and Revenue Per Sale (RPS) are used. Earnings before interest and income tax expense (EBIT) reflects profit for the year prior to including the effect of net finance costs and income taxes. Earnings before interest, income tax expense, depreciation and amortisation (EBITDA) reflects profits for the year prior to including the effect of net finance costs, income taxes, depreciation and amortisation. The individual components of EBITDA and EBIT are included as line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Non-IFRS information is not audited. Reference to underlying results excludes the financial impacts of iMoney performance, impairment losses and write-offs from discontinued assets and operations, and material corporate restructure and COVID-19 related transactions, provides further insight into the financial performance of the Group and align with how management view the business internally and how management performance is measured and incentivised

2 Refer to the Reported versus Underlying Results reconciliation on page 109. The reconciliation forms part of the Review of Results and Operations.

Group financial performance and reported results

The Group provides comparison services for insurance and utilities products through its main brand iSelect (www.iselect.com.au). The Group's business model is comprised of four key pillars that are linked: brand, lead generation, conversion and product providers. The Group derives the majority of its revenue from fees or commissions paid by product providers for a successful sale of their products.

Operating revenue for the year ended 30 June 2020 was $125,270,000, representing a decrease of 19% on the prior comparative period.

The Group delivered gross profit of $35,868,000, a reduction of 33% on prior year. This was due to the following:

- Regulatory changes in the Energy market enacted in July 2019 impacted retailer margins and products, resulting in a sharp drop in conversion in H1, which normalised by the end of FY20.
- The late deferral of the annual premium rate rise in Private Health Insurance in the second half of March.
- The variability in demand across our key segments following the onset of the COVID-19 pandemic, combined with the transition of all our staff to a remote work environment.

Reported operating overheads for the year was $35,381,000. Material corporate restructure, COVID-19 related costs, impairment losses and iMoney group performance were excluded from the underlying result. On an underlying basis, operating overheads reduced from last year by 11%, as a result of the Group's efforts to optimise its fixed cost base.

Reported EBITDA for the year was a loss of $31,682,000. On an underlying basis, EBITDA was a profit $9,966,000, down 56% on prior year, mostly due to the decline in gross operating profit.

Reported EBIT was a loss of $41,039,000. Underlying EBIT of $1,357,000 has been adjusted for costs relating to impairment losses, corporate restructure, COVID-19 related transactions and iMoney group performance, totalling $42,396,000.

Reported NPAT was a $43,549,000 loss and underlying NPAT was $509,000.

REVIEW OF RESULTS AND OPERATIONS (CON'D)

Key Operating Metrics

Leads

iSelect categorises a lead across the business as a second-page visit to one of its websites, or an inbound phone call from a potential customer to the Customer Contact Centre. This is considered by management to be a more conservative metric than counting all the unique visits to the homepage as leads.

Conversion Ratio

Once a lead is generated, iSelect provides information and purchase support to the customer either via its websites or its Customer Contact Centre. If that results in a customer referral to a product provider, then the lead is considered to have been converted. The conversion ratio is used to measure the efficiency in turning leads into sales. An increase in the conversion ratio increases iSelect's earnings without the need for additional marketing spend.

It should be noted that product sales are subject to clawback provisions and lapses (for example, from customers deciding not to continue with their selected products). The conversion ratio as tabled represents the 'gross' conversion of leads, before the impact of clawback and lapses.

Revenue Per Sale

Revenue per sale (RPS) measures the average revenue generated from each lead that is converted to a sale. It should be noted the RPS of different products sold by the Group varies considerably.

Consolidated Key Operating Metrics

The Group's key operating metrics are considered to be "leads", "conversion ratio" and "RPS". Throughout this report consolidated key operating metrics are provided.

CONSOLIDATED	2020	2019	CHANGE
Leads (000s)	3,296	3,959	(17%)
Conversion ratio[1]	8.9%	9.6%	(0.7pp)
Average RPS[2] ($)	$460	$440	5%

1 Conversion ratio is calculated as the number of gross sales divided by sales leads (ie. average percentage of sales leads that are converted into sales)

2 Average RPS is calculated as gross referred revenue divided by the number of gross sales

Discussion of Consolidated Key Operating Metrics

The consolidated key operating metrics for the financial year 2020 are discussed in more detail below. Key operating metrics by segment are also discussed in this Review of Results and Operations, in the section on Segment Performance.

Leads

Leads decreased by 17% to 3,296,000, mainly due to regulatory change and COVID-19 headwinds. The Health and Energy and Telecommunications segments had volume declines of 12% each, while the Life and General segment had a decline of 29%. The decline for the Health segment was explained by the onset of COVID-19, with the business performing strongly until mid-March, prior to the announcement of the deferral of the annual rate rise. Volumes for the Energy & Telecommunications segment were significantly impacted by the regulatory change in the Energy market, but recovered throughout the second half. The decline in the Life and General Insurance segment was driven by ongoing changes in the Life Insurance market, resulting in Life volumes down 31% against prior year.

Conversion Ratio

Conversion declined slightly at 8.9% for the year, primarily driven by the impact of Energy regulatory changes. The Health segment saw conversion improve by 0.6pp, a result of operational improvements. The Energy & Telecommunications segment experienced a decline of 2.9pp, driven by the impact of regulatory changes on retailers and products, followed by volatility in demand following COVID-19. Conversion increased by 1.6pp in the Life & General segment, reflecting strong performance in the General Insurance business.

Revenue Per Sale

RPS has increased by 5%, ending the year at $460. This was driven by increased share of business from the Health segment following the impact of regulatory changes in Energy, and volatility in demand from COVID-19 impacting volumes in General Insurance.

REVIEW OF RESULTS AND OPERATIONS (CON'D)

Segment Performance

Health

The Health segment offers comparison, purchase and referral services across the private health insurance category.

FINANCIAL PERFORMANCE	2020 $'000	2019 $'000	CHANGE
Operating revenue	74,100	79,234	(6%)
Segment EBITDA[1]	8,230	12,283	(33%)
Margin %	11.1	15.5	(4.4pp)

KEY OPERATING METRICS	2020	2019	CHANGE %
Leads (000s)	866	982	(12%)
Conversion ratio	9.7%	9.1%	0.6pp
Average RPS ($)	$1,003	$996	1%

1 Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.

The Health segment showed operating revenue declining by $5,134,000 (or 6%) to $74,100,000 against prior comparative period. This was due to the unfortunate timing of COVID-19 and the announcement of the cancellation of the annual rate rise in mid-March. Until then, the Health business performed strongly against prior year, with revenue up 7% as at the end of February.

Despite the wider market headwinds impacting total lead volumes, our continued focus on contact centre performance optimisation resulted in conversion improving by 0.6pp year on year.

EBITDA reduced by 33% to $8,230,000, reflecting the reduction in revenue and increased operating spend following the impact of COVID-19 on Health demand, lower cross-serve volumes from Energy regulatory changes, and higher investment in brand and technology.

Life and General Insurance

The Life and General Insurance segment offers comparison, purchase and referral services across a range of life insurance, car insurance and other general insurance products.

FINANCIAL PERFORMANCE	2020	2019	CHANGE
Operating revenue	18,475	24,826	(26%)
Segment EBITDA[1]	2,539	6,254	(59%)
Margin %	13.7	25.2	(11.5pp)

KEY OPERATING METRICS	2020	2019	CHANGE %
Leads (000s)	815	1,154	(29%)
Conversion ratio	8.8%	7.2%	1.6pp
Average RPS ($)	$273	$301	(9%)

1 Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.

Operating revenue for the Life and General segment decreased by $6,351,000 (or 26%), mostly coming from the Life Insurance category. RPS declined 9% to $273, reflecting increased share of volume from the General Insurance business which has a lower RPS than the Life business.

The General Insurance business performed strongly, despite market headwinds from COVID-19 impacting Travel Insurance volumes. Conversion increased by 1.6pp, reflecting continued focus on operational performance improvements.

The segment posted an EBITDA profit of $2,539,000 compared with the prior year profit of $6,254,000. The year on year EBITDA decline was mostly driven by the Life business, which decreased by $3,081,000. The remainder of the EBITDA change was attributed to the General Insurance business, which was impacted by reduced cross-serve volumes from Energy.

Energy and Telecommunications

The Energy and Telecommunications segment offers comparison, purchase and referral services across a range of household utilities including electricity, gas and broadband products.

FINANCIAL PERFORMANCE	2020	2019	CHANGE
Operating revenue	26,689	43,071	(38%)
Segment EBITDA[1]	(1,633)	7,305	(122%)
Margin %	(6.1)	17.0	(23.1pp)

KEY OPERATING METRICS	2020	2019	CHANGE %
Leads (000s)	1,537	1,753	(12%)
Conversion ratio	9.0%	11.9%	(2.9pp)
Average RPS ($)	$224	$247	(9%)

1 Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.

The Energy and Telecommunications segment delivered a revenue result of $26,689,000, which was $16,382,000 or 38% lower than previous year. The decline against prior year is largely explained by Energy regulatory changes introduced on 1 July 2019, which established price ceilings for retailers, resulting in limited product offerings which saw conversion levels drop significantly against historical trends. Throughout the year, as the market recovered, conversion recovered and ended the year close to levels prior to the introduction of regulatory changes.

As a result of the challenging market conditions coming from regulatory changes and COVID-19, the segment posted an EBITDA loss of $1,633,000 compared with the prior year result of $7,305,000 profit (a 122% decrease).

REVIEW OF RESULTS AND OPERATIONS (CON'D)

Financial position and cash flow

CASH FLOW SUMMARY	2020	2019	CHANGE
Net cash provided from operating activities	1,850	4,709	(61%)
Net cash used in investing activities	(9,565)	(12,337)	(23%)
Net cash used in financing activities	(3,286)	(3,471)	(5%)
Net change in cash and cash equivalent	(11,001)	(11,099)	(1%)

FINANCIAL POSITION SUMMARY	2020	2019	CHANGE
Current assets	61,208	75,460	(19%)
Non-current assets	112,983	150,607	(25%)
Total assets	174,191	226,067	(23%)
Current liabilities	28,335	34,555	(18%)
Non-current liabilities	31,139	34,348	(9%)
Total liabilities	59,474	68,903	(14%)
Net assets	114,717	157,164	(27%)
Equity	114,717	157,164	(27%)

Capital expenditure and cash flow

Net operating cash inflow was $1,850,000, which was $2,859,000 lower than last year. This correlates to the reduction in operating revenue and profit, and the working capital movement from higher levels of trail revenue. In addition, as a result of the loss position reported for FY20, the Group received a net tax refund of $619,000 during the year, compared to the prior year net tax refund of $2,327,000.

Net investing cash outflows for the year was $9,565,000. The $2,772,000 decrease in spend in investing activities relates to the Group's acquisition of additional interest in iMoney in February 2019.

Net financing cash outflows for the 2020 year totalled $3,286,000. This included $2,562,000 lease payments and $244,000 interest expense related to leases.

Statement of financial position

Net assets have decreased to $114,717,000 at 30 June 2020 from $157,164,000 at 30 June 2019.

Statement of financial position (con'd)

Current assets have decreased from 30 June 2019 by 19% to $61,208,000. This is driven by a reduction in cash assets, a result of continued investment in technology. The current component of the trail commission asset is $29,850,000, which increased by 16% since 30 June 2019.

Non-current assets have decreased from 30 June 2019 by 25% to $112,983,000 which is largely due to capital asset write-offs and goodwill impairment. The non-current component of the trail commission asset is $88,413,000 which is consistent with 30 June 2019.

Current liabilities decreased from 30 June 2019 to 30 June 2020 by 18% to $28,335,000 primarily due to payments to suppliers in addition to trade related payable balances post 30 June 2019.

Non-current liabilities have decreased by 9% ending on $31,139,000. This relates to decreases in lease liabilities and deferred tax liabilities.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

For the financial year ending 30 June 2020 the Group remains positive about its future performance. Following the challenging market and wider macroeconomic conditions in FY20, a strategic review of the business has been completed, with the aim of repositioning the business for EBITDA growth in FY21.

The transition to a future operating model will allow the business to focus on its core strengths and boost profitability in the year ahead. The following factors are believed to be relevant for the the next twelve months:

- A reduced and more efficient contact centre, with performance improving thanks to the Group's ability to adapt to remote working conditions, and to align resourcing to expected demand across the key segments.
- Changes in our Life Insurance business, which has been transitioned into a lead referral partnership.
- Continued focus on our vision to become a relationship-based business. The roll-out of Customer Account capabilities is continuing and expected to deliver significant improvements in customer experience and reduce customer acquisition costs.
- Streamlined technology spend aligned with strategy and continued focus on cost reduction.
- The exit of iMoney will allow the Group to improve its cash position, as heavy investment will no longer be required to fund this subsidiary.

The Group also remains aware of potential risks to its business and will continue to closely monitor and work to mitigate these throughout FY21. These include potential changes in government policy and legislation, any commercial decisions taken by product providers currently listed on the Group's websites and considerable uncertainty stemming from specific ongoing business impacts associated with the COVID-19 pandemic and from broader economic repercussions.

CHANGES IN THE STATE OF AFFAIRS

In the Directors' opinion there have been no significant changes in the state of affairs of the Group during the year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 14 August 2020, the Group sold its investment in Intelligent Money SDN BHD ("iMoney") to one of the founders of the iMoney business for a nominal value. The Group has no further obligations or liabilities in respect of iMoney following the sale. The transaction follows an earlier exploratory sale process that had progressed to documentation with interested parties but did not result in a transaction.

In a COVID-19 context, iSelect notes the recent developments in Victoria, including the declaration of a State of Disaster with effect from 2 August 2020, where the related business effects remain highly uncertain.

No other matters or circumstances have arisen since the end of the period that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year the Group paid a premium in respect of a contract insuring the Directors and Officers of the Group against a liability incurred by such a Director or Officer to the extent permitted by the Corporations Act 2001. The Group has not otherwise, during or since the end of the period, indemnified or agreed to indemnify a Director, Officer or Auditor of the Group or of any related body corporate against a liability incurred by such a Director, Officer or Auditor. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE GROUP

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

ENVIRONMENTAL REGULATION

The Group is not subject to significant environmental regulation in respect of its operations. The Group has not incurred any liability (including any liability for rectification costs) under any environmental legislation.

GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors have followed the corporate governance statement found on pages 22 to 33 of this report.

NON-AUDIT SERVICES

The Directors, with advice provided by the Group's Audit and Risk Management Committee, are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of the non-audit service provided means that auditor independence was not compromised. Ernst & Young received or are due to receive fees for a non-audit service of $34,000 for regulatory compliance.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the year ended 30 June 2020 is on page 55 of this report.

ROUNDING

The Group is of the kind referred to in ASIC Class Order 2016/191, dated 24 March 2016, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration Report

This Remuneration Report for the year ended 30 June 2020 outlines the remuneration arrangements of the Group in accordance with the Corporations Act 2001 (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Senior executive remuneration for the year ended 30 June 2020
4. Senior executive contracts
5. Link between group performance, shareholder wealth and remuneration
6. Non-executive director remuneration
7. Key management personnel shareholdings
8. Key management personnel option holdings
9. Other transactions and balances with KMP and their related parties

1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, including any Director (whether executive or otherwise) of the parent entity. The KMP during and since the year ended 30 June 2020 were as follows:

CURRENT NON-EXECUTIVE DIRECTORS	
Chris Knoblanche	Independent Chairman
Shaun Bonett	Non-Executive Director
Bridget Fair	Non-Executive Director
Melanie Wilson	Non-Executive Director
Geoff Stalley	Non-Executive Director
CURRENT SENIOR EXECUTIVES	
Brodie Arnhold	Executive Director & Chief Executive Officer
Slade Sherman	Executive – Customer Experience
Warren Hebard	Executive – Marketing & Commercial
Vicki Pafumi	Executive – Finance & Strategy
FORMER SENIOR EXECUTIVES	
Henriette Rothschild	Chief Operating Officer (ceased 17 January 2020)

2. REMUNERATION GOVERNANCE

2.1 Remuneration committee

In accordance with the Remuneration Committee Charter ("the Charter"), the role of the Remuneration Committee is:

- To review and make recommendations to the Board on remuneration packages and policies related to the Directors and Senior Executives; and
- To ensure that the remuneration policies and practices are consistent with the Group's strategic goals and human resources objectives.

The Remuneration Committee membership is made up of members of the Board, none of whom are Senior Executives, as determined in accordance with the iSelect Board Charter ("the Board Charter"). For the year ended 30 June 2020:

- Shaun Bonett acted as Chair of the Committee
- Bridget Fair served as a member of the Committee
- Melanie Wilson served as a member of the Committee

Details regarding Remuneration Committee meetings are provided in the Directors' Report.

The Remuneration Committee meets as often as is required by the Charter or other policies approved by the Board to govern the Committee's operation. The Remuneration Committee reports to the Board as necessary, and seeks Board approval as required. iSelect's CEO attends certain Remuneration Committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements.

2.2 Information used to set Senior Executive Remuneration

To ensure the Remuneration Committee has sufficient information to make appropriate remuneration decisions and recommendations, it may seek and consider information from independent remuneration consultants. Remuneration advice provided by such consultants is used to aid decision making, but does not replace thorough consideration of Senior Executive remuneration by the Directors.

During the 2020 financial year, iSelect's Remuneration Committee did not seek a remuneration recommendation from an external consultant in relation to our KMP.

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2020

3.1 Remuneration Principles and Strategy

iSelect relies heavily on our people to enable the business to perform, grow and innovate.

The aim of the Group's remuneration strategy is to align iSelect's remuneration with its strategic direction, create shareholder value and provide a tangible link between remuneration outcomes with both Group and individual performance.

Fixed remuneration is set at a level which is competitive with remuneration for professionals with the required skills and expertise to maximise the current and future value of the business. Variable remuneration provides the opportunity for employees to share financially in iSelect's overall performance and performance of the business when targets are met or exceeded.

The Group's Senior Executive remuneration strategy is designed to:

- **Align the interests of Senior Executives with shareholders –** the remuneration framework incorporates variable components including short-term incentives and long-term incentives. Performance is assessed against both financial and non-financial targets, goals and key performance indicators that are relevant to the success of the Group and provide acceptable returns for shareholders; and
- **Attract, motivate and retain high-performing individuals –** the remuneration framework ensures that the remuneration paid is competitive with that offered by companies to professionals with the required skills and expertise to maximise the current and future value of the business as well as support retention through longer-term remuneration.

3.2 Remuneration Framework

Senior Executive remuneration is provided in a mix appropriate to the position, responsibilities and performance of each Senior Executive within the Group and considerations of relevant market practices.

For the financial year ended 30 June 2020, Senior Executive remuneration was structured as a mix of Total Fixed and Variable Remuneration utilising short and long-term incentive elements. As a result, the relative weightings of the three components are as follows:

	TOTAL REMUNERATION % (ANNUALISED AT TARGET) FOR FY2020		
	FIXED	VARIABLE	
	TOTAL FIXED REMUNERATION (TFR)	SHORT TERM INCENTIVE PLAN (STIP)	LONG TERM INCENTIVE PLAN (LTIP)
Current Organisation Structure[1]			
Executive Director & CEO	47%	29% (61% of TFR)	24% (50% of TFR)
Other Senior Executives	54%	24% (45% of TFR)	22% (40% of TFR)

1 As disclosed in section 1 under "Current Senior Executives"

Further details regarding each element of the remuneration mix is provided in section 3.3.

3.3 Details of Senior Executive remuneration components

The following table provides an overview of each of the elements of the remuneration framework with details for the fixed and variable components outlined separately in this section.

PARAMETER	DETAILS
Objectives	• align the interests of Senior Executives with shareholders – the remuneration framework incorporates variable components including short-term incentives and long-term incentives. Performance is assessed against both financial and non-financial targets, goals and key performance indicators that are relevant to the success of the Group and provide acceptable returns for shareholders, and • attract, motivate and retain high-performing individuals – ensure that remuneration paid is competitive with that offered by companies to professions with the required skills and expertise to maximise the current and future value of the business as well as support retention through longer-term remuneration.
Benchmark peer groups	Below executive level, the prime benchmarking reference is through job evaluation methodology matched to grade levels sourced through AON Hewitt's market data.
Review	Remuneration levels are reviewed annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the Group and individual, as well as the broader economic environment.
Total Fixed Remuneration (TFR)	TFR comprises cash salary, employer contributions to superannuation and salary sacrifice benefits.
Variable Remuneration (VR)	Variable Remuneration is awarded on a contingent basis depending on outcomes against defined targets. It is divided into two elements, a short-term incentive (STI) and a long-term incentive (LTI), which depend respectively on annual and long-term performance measures.
Total Remuneration (TR)	The sum of TFR, STI and LTI represents total remuneration (TR). It is intended that when VR is awarded at target levels, the TR will reflect "at target" TR for the benchmark populations. Additionally, when performance is exceptional, it is intended that Senior Executives well established in their roles will have the potential for TR to be at or above the 75th percentile of the benchmark population.

Total Fixed Remuneration (TFR)

TFR consists of base salary, statutory superannuation contributions and salary sacrifice benefits. Senior Executives may also elect to have a combination of benefits provided out of their TFR including additional superannuation. The value of any non-cash benefits provided to them includes the cost of any fringe benefits tax payable by iSelect as a result of providing the benefit. TFR is not "at risk" and is set using appropriate market benchmark data which considers the individual's role, responsibility, skills, experience and performance.

A review of TFR was undertaken at the commencement of the 2020 financial year. TFR levels for Senior Executives were increased by 2–3% based on individual performance and to align to targeted market-based remuneration levels. The impact of COVID-19 on TFR for Senior Executives is outlined in 3.5.

Variable Remuneration

Short Term Incentive Plan (STIP)

The STIP puts a significant proportion of remuneration "at risk" subject to the achievement of Group financial outcomes and individual performance measures. All Senior Executives are eligible to participate. This provides a tangible link between the interest of employees and the financial performance of the Group.

PARAMETER	DETAILS
Name	Short Term Incentive Plan (STIP)
Objective	To align superior outcomes for shareholders with remuneration outcomes for Senior Executives and employees; to reward performance; to be competitive in the broad market and to offer attractive levels of reward for over-performance. STIP is a key element in the overall remuneration objective to attract, motivate and retain high-calibre individuals.
Type	Annual awards based on annual objectives delivered in cash, with payments made once per year following the announcement of the audited financial results at financial year end.

3.3 Details of Senior Executive remuneration components (con'd)

Variable Remuneration (con'd)

Short Term Incentive Plan (STIP) (con'd)

PARAMETER	DETAILS
Opportunity amount	For FY20 the STIP opportunity was 29% for the Executive Director & CEO and 24% of the total remuneration package for Senior Executives. The minimum payout for each measure is 0% of TFR. Performance against the financial targets must be greater than the underlying EBIT target established by the Board in order for any STIP to be paid. For performance above the minimum threshold but below EBIT plus 2%, 30% of the STIP will be payable. Where performance is between the minimum threshold and target, the Board may apply discretion in awarding STIP between 30% and 100%. For performance above EBIT plus 2%, 100% of STIP will be available to be paid with a maximum of 150% for significantly greater performance against EBIT targets.
Performance measures	The performance measures for the Senior Executives have been adopted to provide a balance between financial and non-financial, Group and individual, operational and strategic aspects of performance. For the Executive Director & CEO, there are three financial measures – Underlying EBIT, operational expenses and Marketing return on investment (ROI), and a measure of performance against individual goals. Operating expenses were set against the Group's financial year 2020 budget on an underlying basis. Marketing ROI is set against a target multiple set by the Board. For other Senior Executives there are two performance measures considered within the STIP – a financial measure (Underlying EBIT) and individual goals. The Board uses underlying EBIT as a primary measure to assess the Group's operating performance while maintaining focus on the Group's operating results and associated cash generation. Underlying EBIT is set against the Group's financial year 2020 budget. Individual goals create personal, non-financial measures specific to each individual's area of accountability. Goals are aligned to business objectives in the areas of growth and diversification, marketplace efficiency, customer experience, employee experience, platforms and technology, regulatory and compliance requirements and Contact Centre performance. For the financial year ended 30 June 2020, the relative weightings were as follows: CEO / Other Senior Executives Financial measures: 60% / 50% Individual Goals: 40% / 50%
Approval	The Group's financial performance STIP targets are set by the Board, based on the recommendation of the Remuneration Committee. The CEO's individual goals are set and measured by the Board with the assistance of the Remuneration Committee. The individual goals of each Senior Executive are set and measured by the CEO. Recommendations by the CEO in relation to payment on the basis of achievement of performance targets set under the STIP are made to the Remuneration Committee.
Service and behavioural conditions	The award of a STI is subject to ongoing employment with satisfactory performance throughout the performance period. Adherence to iSelect's values and behavioural standards while running their operations is a requirement for achieving satisfactory performance.
Payment	All elements of the STIP are measured and paid annually following the preparation and completion of the financial statements. Payments are generally made in the month of September following financial year end.

3.3 Details of Senior Executive remuneration components (con'd)

Long Term Incentive Plan (LTIP)

LTIP awards are provided in the form of equity allocations which are made annually according to role size and influence on long-term performance. The equity may vest in the future subject to the Executive meeting service and performance obligations, and the Group meeting or exceeding performance hurdles.

Grants were made under the FY20 LTIP in July and August 2019. The details provided in this section relate to these grants during the financial year ended 30 June 2020. A detailed description of the LTI plan operation is provided below.

PARAMETER	DETAILS
Name	Long Term Incentive Plan (LTIP)
Objective	The LTIP has been established to provide a long-term incentive component of remuneration to support the attraction, reward and retention of key employees including Senior Executives. The LTIP links long-term reward with the ongoing creation of shareholder value.
Type	LTI is conditional equity that may or may not vest in the future. Vesting is subject to the Group meeting or exceeding long-term performance conditions (set out below).
Allocation basis and pricing period	The basis of LTI awards and allocations is on the face value of an iSelect share calculated as the 5 day VWAP up to and including the date the award is granted.
Grant	The Board's recommendation for the CEO's LTI equity award is submitted for approval at the first AGM following the end of the financial year, and the equity grant is made as soon as practicable after shareholder approval has been obtained. LTI equity grants to Senior Executives are made as soon as practicable after Board approval, which is generally at the end of August following the end of the financial year.
Allocation amount	The value of the allocation is role-based reflecting accountability and influence on long-term Group performance. For FY20: Role — % of TFR allocation on a Face Value basis CEO — 50% Other Senior Executives — 40% Awards are considered soon after the end of the financial year, and take into account demonstrated performance and long-term commitment as assessed at that time. The Board may determine that the allocation should be varied up or down (including to zero). The benchmarks used to determine the allocation levels are described in the Total Remuneration section 3.2.
Allocation approval	Annual LTI allocations for Senior Executives are approved by the Board on advice from the Remuneration Committee. The CEO makes recommendations to the Remuneration Committee in respect of his direct reports.
Instruments	Performance Share Rights (PSRs) are the standard vehicle for Senior Executives LTI awards for FY20. A PSR is a right to a fully paid ordinary share in the Company, subject to the fulfilment of performance and service conditions. The PSRs are granted at no cost because they are awarded as remuneration.
Dividends and voting rights	PSRs carry no dividend entitlements or voting rights.
Service and behavioural conditions	In addition to the performance conditions below, unvested LTI awards will ordinarily be forfeited if the holder does not remain in ongoing employment with satisfactory service through to the end of the performance period. Satisfactory service includes adherence to iSelect's values and behavioural standards.

3.3 Details of Senior Executive remuneration components (con'd)

Long Term Incentive Plan (LTIP) (con'd)

<table>
<tr><th>PARAMETER</th><th>DETAILS</th></tr>
<tr><td>Performance condition</td><td>
Awards granted under the FY20 LTIP are subject to a three-year performance period for Senior Executives and a relative Total Shareholder Return (TSR) hurdle.
The relative TSR target is a market-based performance measure that provides a direct link between Senior Executive reward and shareholder value. It provides an external market measure to encourage and motivate Senior Executive performance which is relative to the designated comparator group, the ASX Small Ordinaries Index excluding mining and energy companies, during the performance period. The ASX Small Ordinaries Index was selected as it was deemed to be the best comparator to the Group's current size. The ASX Small Ordinaries Index is made up of the small cap members of the ASX 300 Index (ASX members 101-300).
<table>
<tr><th>MEASURE</th><th>WEIGHTING</th><th>DESCRIPTION OF MEASURE</th></tr>
<tr><td>Relative Total Shareholder Return (TSR)</td><td>100%</td><td>
The shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period.
TSR measures the total change in the value of the shares over the performance period, plus the value of any dividends and other distributions being treated as if they were reinvested in shares.
The Group's TSR is compared against the TSR of the designated comparator group during the performance period. The shares will vest in line with the following relevant TSR vesting schedule:
<table>
<tr><th>RELATIVE TSR</th><th>% OF LTI PLAN SHARES THAT VEST</th></tr>
<tr><td>Less than 50th Percentile</td><td>0%</td></tr>
<tr><td>50th Percentile</td><td>50%</td></tr>
<tr><td>50th to 75th Percentile</td><td>Straight line vesting between 50% and 100%</td></tr>
<tr><td>Relative TSR</td><td>% of LTI Plan shares that vest</td></tr>
</table>
</td></tr>
</table>
</td></tr>
<tr><td>Minimum and maximum value</td><td>The minimum value of the PSRs is zero. This will be the case where awards are not made, or where service conditions are not met, or where performance conditions are not met and there is no vesting. The maximum present-day value is the present-day face value based on full vesting. The actual future value will of course depend on the future share price and the level of vesting.</td></tr>
<tr><td>Pricing period</td><td>The pricing period for allocation is the 5-day VWAP up to and including the last trading day of the date the award is granted.</td></tr>
<tr><td>Vesting and exercise</td><td>PSRs vest according to the level at which each the performance condition has been met. Exercise of PSRs is automatic on vesting and there is no exercise price.</td></tr>
<tr><td>Leaver</td><td>Where a Senior Executive ceases employment, any unvested LTIP shares will be forfeited in full satisfaction of the corresponding loan unless determined and approved otherwise by the Board.</td></tr>
<tr><td>Malus and clawback</td><td>Under the rules of the FY20 LTIP, the Board has the power (in certain circumstances) to determine a participants' interest in any or all of the LTIP shares to be forfeited and surrendered and/or that the value that the participant has derived from any vested shares is set off against any current or future fixed remuneration or annual bonuses owed to the participant. This applies in cases of fraud, dishonesty and breach of obligations, including, without limitation, a material misstatement of financial information whether the action or omission is intentional or inadvertent.</td></tr>
</table>

3.3 Details of Senior Executive remuneration components (con'd)

Long Term Incentive Plan (LTIP) (con'd)

PARAMETER	DETAILS
Change of control	In the event of a change of control, the Board may in its absolute discretion, subject to applicable laws, determine that all or a specified number of a participant's performance rights shall immediately vest having regard to all relevant circumstances including whether performance is in line with any applicable performance conditions.

3.4 Details of Senior Executive Remuneration outcomes for financial year ended 30 June 2020

Variable Remuneration

Short Term Incentive Plan (STIP)

As a result of the EBIT hurdle not being met, no STIP was awarded to Senior Executives for the year ended 30 June 2020.

	STIP OUTCOME (%)	ACTUAL STIP AWARDED	STIP FORFEITED (%)
CURRENT SENIOR EXECUTIVES			
Brodie Arnhold	0%	$0	100%
Slade Sherman	0%	$0	100%
Warren Hebard	0%	$0	100%
Vicki Pafumi	0%	$0	100%

Long Term Incentive Plan (LTIP)

The CEO and eligible Senior Executives received LTIP shares with a grant date of 20 August 2019 and 1 July 2019 respectively.

The relevant values of the grants are as follows:

RECIPIENT	GRANT DATE	FAIR VALUE OF AWARDS AT GRANT DATE	ONE WEEK VWAP UP TO AND INCLUDING GRANT DATE
		RELATIVE TSR	
Executive Director & CEO	20 August 2019	$0.31	$0.55
Other eligible Senior Executives	1 July 2019	$0.32	$0.61

NAME	NUMBER OF PERFORMANCE AWARDS GRANTED	VALUE AT GRANT DATE($)[1]	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST ($)
Brodie Arnhold	1,329,032	412,000	412,000
Slade Sherman	560,889	179,484	179,484
Warren Hebard	500,000	160,000	160,000
Vicki Pafumi	547,500	175,200	175,200

1 Determined at the time of grant per AASB2. For details on the valuation of the LTIP shares please refer to Note 5.2 of the financial statements.

3.4 Details of Senior Executive Remuneration outcomes for financial year ended 30 June 2020 (con'd)

FY2020 Performance Rights

During the 2020 financial year, a grant was made under the FY2020 Performance Rights Plan for eligible Senior Executives. The grant had a performance period of three years.

The FY2020 Performance Rights Plan grant consisted of issuing 4,266,453 rights to Senior Executives.

DETAIL		FY2020 GRANT OF PERFORMANCE RIGHTS PLAN	
Grant date		20 August 2019 (Executive Director and CEO) and 1 July 2019 (Other Senior Executives)	
Performance period (testing date is the last day of the period)		3 years	
MEASURE	**WEIGHTING**	**DESCRIPTION OF MEASURE**	
Relative Total Shareholder Return (TSR)	100%	Return (TSR) relative to the designated comparator group, the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period. TSR measures the total change in the value of the shares over the performance period, plus the value of any dividends and other distributions being treated as if they were reinvested in shares.	
		RELATIVE TSR	**% OF LTI PLAN SHARES THAT VEST**
		Less than 50th Percentile	0%
		50th Percentile	50%
		50th to 75th Percentile	Straight line vesting between 50% and 100%
		75th Percentile or more	100%
FAIR VALUE OF INSTRUMENT AT GRANT		**GRANT DATE**	**FAIR VALUE OF AWARDS AT GRANT DATE**
		20 August 2019	$0.31
		1 July 2019	$0.32

Previous Incentive Plans

FY2018 LTIP Vesting Outcomes

Following the completion of the performance period for the FY2018 LTIP performance period from 1 July 2017 to 30 June 2020, 0% of the FY2018 LTIP vested based on the independent evaluation of Relative TSR.

With reference to the 5-day VWAP, the total change in the value of iSelect's shares over the performance period was -89%. The 50th percentile of the designated comparator group achieved a TSR of -2% over the performance period and as such, the FY2018 LTIP hurdle was not met.

3.4 Details of Senior Executive Remuneration outcomes for financial year ended 30 June 2020 (con'd)

Number of performance awards on issue as at 30 June 2020

	BALANCE AT START OF YEAR	GRANTED	VESTED	FORFEITED / OTHER	BALANCE AT END OF YEAR
CURRENT SENIOR EXECUTIVES					
Brodie Arnhold	2,500,000	1,329,032	-	(2,500,000)	1,329,032
Slade Sherman	472,222	560,889	-	-	1,033,111
Warren Hebard	444,445	500,000	-	-	944,445
Vicki Pafumi	618,391	547,500	-	(80,000)	1,085,891
FORMER SENIOR EXECUTIVES					
Henriette Rothschild	770,000	605,672	-	(1,375,672)	-

3.5 Key Events Impacting Remuneration during the Year Ended 30 June 2020

Chief Operating Officer Departure

On 17 January 2020, Ms Henriette Rothschild resigned from her position as Chief Operating Officer. Henriette received the following during the financial year ended 30 June 2020 in satisfaction of her contractual entitlements:

- A pro-rata amount of TFR for the period up to 17 January 2020 of $249,739 and superannuation of $12,708;
- A payment of $24,167 comprising accrued annual leave entitlement.

COVID-19 Pandemic

During FY20, each of the KMP agreed to a reduction in fixed remuneration due to the impacts of the COVID-19 pandemic. The initial reduction was 20% of fixed remuneration from 1 April 2020. However, following a further review this reduction was increased to 30% of fixed remuneration, applicable from 15 April 2020 through to 30 June 2020.

3.6 Remuneration Paid to Senior Executives

The table below has been prepared in accordance with the requirements of the Corporations Act and relevant Accounting Standards.

NAME AND TITLE	YEAR	SHORT TERM BENEFITS SALARY $	SHORT TERM BENEFITS STIP $	SHORT TERM BENEFITS OTHER $	POST EMPLOY-MENT BENEFITS SUPER $	EQUITY SETTLED SHARE BASED PAYMENT EXPENSE[1] OPTIONS $	EQUITY SETTLED SHARE BASED PAYMENT EXPENSE[1] SHARES $	TERMI-NATION PAYMENT $	TOTAL $	PERFORMANCE RELATED $	PERFORMANCE RELATED %
CURRENT SENIOR EXECUTIVES											
Brodie Arnhold											
Chief Executive Officer	2020	765,176	-	-	-	-	309,000	-	1,074,176	309,000	29
	2019	788,405	195,000	-	-	-	250,000	-	1,233,405	445,000	36
Slade Sherman											
Executive – Customer Experience	2020	411,924	-	-	21,002	-	130,661	-	563,587	130,661	23
	2019	408,904	98,430	-	20,532	-	70,833	-	598,699	169,263	28
Vicki Pafumi											
Executive – Finance and Strategy	2020	390,907	-		24,001	-	156,400	-	571,308	156,400	27
	2019	400,001	96,080	-	24,500	-	134,581	-	655,162	230,661	35
Warren Hebard											
Executive – Marketing and Commercial	2020	356,908	-		23,981	-	120,000	-	500,889	120,000	24
	2019	379,469	87,750	-	20,531	-	66,667	-	554,417	154,417	28
FORMER SENIOR EXECUTIVES											
Henriette Rothschild (ceased 17 January 2020)											
Chief Operating Officer	2020	249,739	-	-	12,708	-	(350,249)	24,167	(63,635)[2]	(350,249)	n.m.[3]
	2019	436,533	106,290	-	23,883	-	129,667	-	696,373	235,957	34
David Christie (ceased 26 October 2018)											
Chief Strategy Officer	2020	-	-	-	-	-	-	-	-	-	-
	2019	146,648	-	-	6,844	-	-	367,015	520,507	-	-
Total Current & Former KMP	**2020**	**2,174,654**	**-**	**-**	**81,692**	**-**	**365,812**	**24,167**	**2,646,325**	**365,812**	**14**
	2019	2,559,960	583,550	-	96,290	-	651,748	367,015	4,258,563	1,235,298	29

1 The figures provided under the equity settled share based payments columns are based on accounting values and do not reflect actual payments received by Senior Executives.

2 Negative remuneration due to forfeited LTIP and Performance Rights Plan.

3 n.m. = not meaningful

4. SENIOR EXECUTIVE CONTRACTS

Remuneration arrangements for Senior Executives with service during the year ended 30 June 2020 are formalised in employment contracts. All contracts are for an unlimited duration, except for the Executive Director and CEO, which has a contract review date on 30 June 2021.

CURRENT SENIOR EXECUTIVES	
Brodie Arnhold	• 3 months notice by either party. • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Board.
Slade Sherman	• 6 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Board.
Warren Hebard	• 6 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Board.
Vicki Pafumi	• 6 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Board.
FORMER SENIOR EXECUTIVES	
Henriette Rothschild	• 6 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Board.

5. LINK BETWEEN GROUP PERFORMANCE, SHAREHOLDER WEALTH AND REMUNERATION

The variable or "at risk" remuneration of Senior Executives is linked to the Group's performance through measures based on the operating performance of the business.

5.1 Group Performance and STIP

For the year ended 30 June 2020 a significant proportion of the STIP award was to be determined with reference to underlying EBIT and therefore STIP not paid for this financial year.

Underlying EBIT

The underlying EBIT result for the year ended 30 June 2020 was a profit of $1,357,000. Details regarding reported and underlying EBIT performance of the business are provided in the Review of Results and Operations section of the Directors' Report.

5.2 Group Performance and LTI Plan Grants

LTIP grants were made in the financial year ended 30 June 2020. Grants made to Senior Executives in financial year 2020 are linked to Relative TSR.

5.3 Group Performance

MEASURE	FY2020	FY2019	FY2018 RESTATED[1]	FY2017	FY2016
Share price at year end	$0.20	$0.62	$0.82	$2.01	$1.25
5 day VWAP to 30 June	$0.21	$0.62	$0.80	$1.99	$1.26
Dividend paid per security	-	-	1.5 cents	5.5 cents	2.5 cents
EBIT	($41,039,000)	($2,252,000)	($15,278,000)	$22,534,000	S15,034,000
Operating revenue	$125,270,000	$154,585,000	$178,139,000	$185,101,000	$171,865,000
Reported earnings per share	(19.9 cents)	(1.7 cents)	(7.0 cents)	7.1 cents	5.1 cents

1 Restated due to retrospective adoption of new Accounting Standards. The EBIT, operating revenue and reported earnings per share as per the financial year 2018 audited financial statements were EBIT $12,941,000 loss, $181,439,000 operating revenue and 6.0 cents reported loss per share.

6. NON-EXECUTIVE DIRECTOR REMUNERATION

6.1 Remuneration Policy

The Group's Non-Executive Director remuneration strategy is designed to:

- **Attract and retain Directors of the highest calibre** – ensure remuneration is competitive with companies of a similar size and complexity. Independence and impartiality of Directors is aided by no element of Director remuneration being 'at risk' (i.e. Remuneration is not based upon Group performance); and
- **Incur a cost that is acceptable to shareholders** – the aggregate pool is set by shareholders with any change requiring shareholder approval at a general meeting.

6.2 Remuneration arrangement

Maximum aggregate remuneration

The aggregate remuneration paid to Non-Executive Directors is capped at a level approved by shareholders. The current Non-Executive Director fee pool was set at $950,000 on 31 May 2013. The amount of aggregate remuneration is reviewed annually with no increase in the Non-Executive Director fee pool during the financial year ended 30 June 2020.

Board and Committee fees, as well as statutory superannuation contributions made on behalf of the Non-Executive Directors, are included in the aggregate fee pool.

Non-Executive Director fees for the financial year ended 30 June 2020

The table below provides details of Board and Committee fees (inclusive of superannuation) for the year ended 30 June 2020. Director member fees have not increased during financial year 2020 and the remuneration of Non-Executive Directors does not include any commission, incentive or percentage of profits.

All committee members are also members of the Board. No additional fees are paid to Board members for their participation on committees, apart from where they act as a Chair of the committee.

Fees are annualised and include superannuation.

	FEE ($)
Chair	270,000
Board Member	95,000
Audit and Risk Management Committee	10,000
Remuneration Committee	10,000
Nomination Committee	10,000

6.3 Key Events Impacting Remuneration and makeup of Non-Executive Directors during the year ended 30 June 2020

COVID-19 Pandemic

During FY20 the Board agreed to a reduction in fixed remuneration due to the impacts of the COVID-19 pandemic. The initial reduction was 20% of fees from 1 April 2020. However, following a further review this reduction was increased to 30% of fees, applicable from 15 April 2020 through to 30 June 2020.

6.4 Remuneration Paid to Non-Executive Directors for the Year Ended 30 June 2020

	FEES & ALLOWANCES $	SHORT TERM BENEFITS $	SUPER $	OTHER $	TOTAL $
NON-EXECUTIVE DIRECTORS					
Chris Knoblanche					
2020	229,181	-	21,746	-	250,927
2019	246,576	-	23,424	-	270,000
Shaun Bonett					
2020	97,892	-	9,300		107,192
2019	105,023	-	9,977	-	115,000
Bridget Fair					
2020	80,638	-	8,242	-	88,880
2019	86,758	-	8,242	-	95,000
Melanie Wilson					
2020	89,216	-	8,476	-	97,692
2019	95,890	-	9,110	-	105,000
Geoff Stalley					
2020	80,638	-	7,652	-	88,290
2019	50,610	-	4,808	-	55,418
TOTAL					
2020	577,565	-	55,416	-	632,981
2019	584,857	-	55,561	-	640,418

7. KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The numbers of ordinary shares in iSelect Limited held during the financial year (directly and indirectly) by KMP of the Group and their related parties are set out below:

	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	LAPSED/ FORFEITED	OTHER CHANGES	BALANCE AT END OF YEAR
CURRENT SENIOR EXECUTIVES					
Brodie Arnhold	291,084	-	-	-	291,084
Slade Sherman	14,000	-	-	-	14,000
Warren Hebard	-	-	-	-	-
Vicki Pafumi	160,005	-	-	-	160,005
CURRENT NON-EXECUTIVE DIRECTORS					
Chris Knoblanche	418,091	-	-	-	418,091
Shaun Bonett	2,500,000	-	-	-	2,500,000
Bridget Fair	80,728	-	-	-	80,728
Melanie Wilson	43,242	-	-	-	43,242
Geoff Stalley	30,000	-	-	-	30,000
FORMER SENIOR EXECUTIVES[1]					
Henriette Rothschild	48,076	-	-	-	48,076

1 Balance is as at the date they cease being KMP.

8. KEY MANAGEMENT PERSONNEL OPTION HOLDINGS

There were no options in iSelect Limited held during the financial year (directly or indirectly) by KMP of the Group and their related parties.

9. OTHER TRANSACTIONS AND BALANCES WITH KMP AND THEIR RELATED PARTIES

Precision Group of Companies Pty Ltd

Precision Group of Companies Pty Ltd and its related entities ("Precision Group") are considered to be related parties of the Group. This is due to Precision Group being under significant influence of Mr Shaun Bonett, a Non-Executive Director of the Group. The Group paid Precision Group $285 (30 June 2019: $319,552) in relation to amount outstanding as at 30 June 2019. The lease agreements were terminated effective 30 June 2019. Mr Bonett was not present during any discussions relating to potential venues and the terms and conditions of the lease agreements.

Prezzee Pty Ltd

During the year, the Group paid Prezzee Pty Ltd $68,661 in relation to digital gift cards for customer and staff incentives. Prezzee Pty Ltd is considered to be a related party of the Group due to Precision Group's investment in Prezzee Pty Ltd. The amount payable to Prezzee Pty Ltd as at 30 June 2020 was $21.

Mr Bonett is not an officer or Director of Prezzee Pty Ltd.

This Directors' Report and Remuneration Report is signed in accordance with a resolution of the Directors.

On behalf of the Directors

Chris Knoblanche AM
Director
Melbourne,
27 August 2020

Melanie Wilson
Director
Melbourne,
27 August 2020

Auditor's Independence Declaration

Building a better working world

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Auditor's Independence Declaration to the Directors of iSelect Limited

As lead auditor for the audit of the financial report of iSelect Limited for the financial year ended 30 June 2020, I declare 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 iSelect Limited and the entities it controlled during the financial year.

Ernst & Young

T J Coyne
Partner
27 August 2020

Financial Statements

ABOUT THIS REPORT

This is the financial report for iSelect Limited and its controlled entities. iSelect Limited (the "Company") is a for-profit entity limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (Code: ISU). The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the financial statements of the Company and its subsidiaries (as outlined in note 6.2), together referred to in these financial statements as the "Group" and individually as "Group entities".

The financial report of iSelect Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of Directors on 27 August 2020.

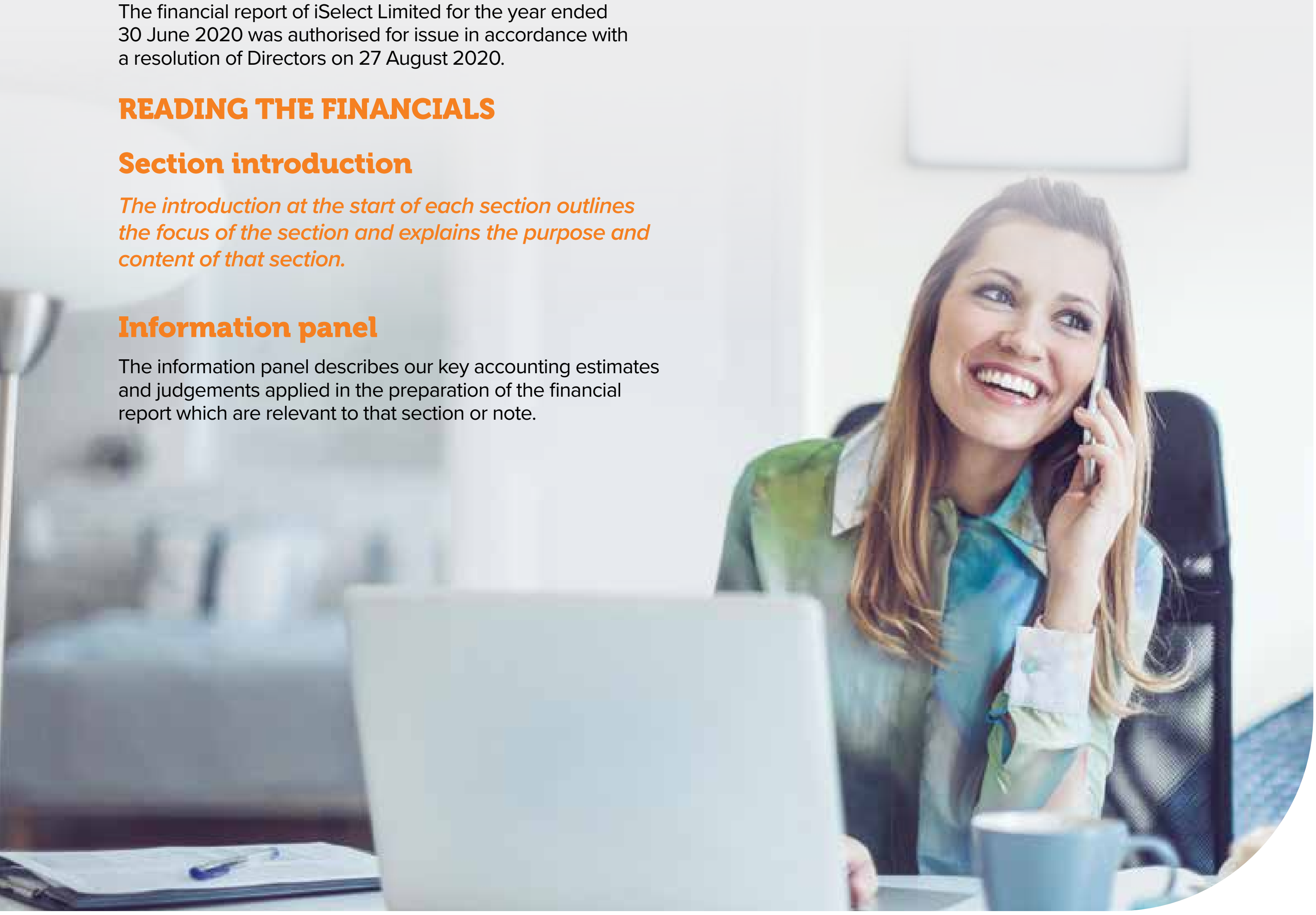
READING THE FINANCIALS

Section introduction

The introduction at the start of each section outlines the focus of the section and explains the purpose and content of that section.

Information panel

The information panel describes our key accounting estimates and judgements applied in the preparation of the financial report which are relevant to that section or note.



CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	NOTE	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
Continuing Operations			
Revenue from contracts with customers – continuing operations			
Upfront revenue	2.2	89,149	114,562
Trail commission revenue	2.2	31,276	34,732
Total revenue from contracts with customers		**120,425**	**149,294**
Cost of sales		(85,903)	(97,515)
Gross Profit		**34,522**	**51,779**
Other income	2.3	4,220	1,404
Administrative expenses		(30,251)	(33,398)
Impairment loss	3.2	(18,835)	(4,967)
Loss on disposal of property, plant and equipment and intangible assets		(669)	(3,245)
Share-based payments expense	2.3	(909)	(985)
Depreciation and amortisation	2.3	(8,609)	(7,641)
Profit/(Loss) Before Interest and Tax		**(20,531)**	**2,947**
Finance income		28	100
Finance costs		(381)	(524)
Net Finance Costs		**(353)**	**(424)**
Profit/(Loss) Before Income Tax Expense		**(20,884)**	**2,523**
Income tax benefit/(expense)	2.6	422	(692)
Profit/(Loss) for the Period from Continuing Operations		**(20,462)**	**1,831**
Discontinued Operations			
Profit/(loss) before tax for the period from discontinued operations	6.3	(20,832)	(5,283)
Income tax benefit/(expense)	2.6, 6.3	(2,255)	(908)
Profit/(loss) after tax for the period from discontinued operations		**(23,087)**	**(6,191)**
Loss for the Period		**(43,549)**	**(4,360)**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CON'D)

For the year ended 30 June 2020

	NOTE	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation movements		192	20
Other Comprehensive Income Net of Tax		**192**	**20**
Total Comprehensive Income for the Period		**(43,357)**	**(4,340)**
Profit/(Loss) attributable to			
Owners of the Company		(43,324)	(3,658)
Non-controlling interests		(225)	(702)
		(43,549)	**(4,360)**
Total Comprehensive Income attributable to			
Owners of the Company		(43,135)	(3,646)
Non-controlling interests		(222)	(694)
		(43,357)	**(4,340)**
Earnings/(loss) per share (cents per share)			
Basic / diluted profit/(loss) for the year attributable to ordinary equity holders of the parent	2.4	(19.9)	(1.7)
Earnings/(loss) per share (cents per share) for continuing operations			
Basic / diluted profit/(loss) for the year attributable to ordinary equity holders of the parent	2.4	(9.4)	0.8
Earnings/(loss) per share (cents per share) for discontinued operations			
Basic / diluted profit/(loss) for the year attributable to ordinary equity holders of the parent	2.4 6.3	(10.5)	(2.5)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	NOTE	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	2.5	10,522	21,956
Trade receivables and contract assets	3.3	15,826	22,989
Trail commission asset	3.4	29,850	25,626
Income tax receivable	2.6	-	679
Other assets		3,328	4,210
		59,526	**75,460**
Assets held for sale	6.3	1,682	-
Total Current Assets		**61,208**	**75,460**
Non-Current Assets			
Trail commission asset	3.4	88,413	88,452
Property, plant and equipment	3.1	6,939	9,353
Goodwill and other intangible assets	3.2	17,606	50,582
Deferred tax assets		-	2,195
Other assets		25	25
Total Non-Current Assets		**112,983**	**150,607**
Total Assets		**174,191**	**226,067**
LIABILITIES			
Current Liabilities			
Trade and other payables		18,102	25,153
Lease liabilities	3.5	2,544	2,569
Provisions	3.6	5,430	6,135
Other		325	698
		26,401	**34,555**
Liabilities directly associated with the assets held for sale	6.3	1,934	-
Total Current Liabilities		**28,335**	**34,555**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CON'D)

As at 30 June 2020

		CONSOLIDATED	
	NOTE	2020 $'000	2019 $'000
Non-Current Liabilities			
Lease liabilities	3.5	4,157	6,773
Provisions	3.6	422	418
Net deferred tax liabilities	2.6	26,560	26,982
Other		-	175
Total Non-Current Liabilities		**31,139**	**34,348**
Total Liabilities		**59,474**	**68,903**
Net Assets		**114,717**	**157,164**
EQUITY			
Contributed equity	4.2	111,290	111,290
Reserves	4.2	10,618	9,519
Retained earnings		(4,814)	38,510
Equity attributable to owners of the Company		117,094	159,319
Non-controlling interest		(2,377)	(2,155)
Total Equity		**114,717**	**157,164**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							
	CONTRIBUTED EQUITY	SHARE BASED PAYMENT RESERVE	BUSINESS COMBINATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	NOTE 4.2	NOTE 4.2	NOTE 4.2	NOTE 4.2				
Balance at 1 July 2018	**111,066**	**3,198**	**5,571**	**(24)**	**42,168**	**161,979**	**1,958**	**163,937**
Loss for the period	-	-	-	-	(3,658)	(3,658)	(702)	(4,360)
Other comprehensive income	-	-	-	12	-	12	8	20
Total Comprehensive Income	**-**	**-**	**-**	**12**	**(3,658)**	**(3,646)**	**(694)**	**(4,340)**
Transactions with Owners in their Capacity as Owners								
Acquisition of subsidiary with NCI	-	-	-	-	-	-	(3,419)	(3,419)
Issue of shares / recognition of share-based payments	224	762	-	-	-	986	-	986
Balance at 30 June 2019	**111,290**	**3,960**	**5,571**	**(12)**	**38,510**	**159,319**	**(2,155)**	**157,164**
Loss for the period	-	-	-	-	(43,324)	(43,324)	(225)	(43,549)
Other comprehensive income	-	-	-	189	-	189	3	192
Total Comprehensive Income	**-**	**-**	**-**	**189**	**(43,324)**	**(43,135)**	**(222)**	**(43,357)**
Issue of shares / recognition of share-based payments	-	910	-	-	-	910	-	910
Balance at 30 June 2020	**111,290**	**4,870**	**5,571**	**177**	**(4,814)**	**117,094**	**(2,377)**	**114,717**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

		CONSOLIDATED	
	NOTE	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Receipts from customers		143,991	166,129
Payments to suppliers and employees		(142,809)	(163,879)
Interest received		49	132
Income taxes refunded	2.6	619	2,327
Net cash provided from operating activities	2.5	**1,850**	**4,709**
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets		(9,565)	(8,918)
Acquisition of subsidiary, net of cash acquired and subsidiary loan		-	(3,419)
Net cash used in investing activities		**(9,565)**	**(12,337)**
Cash Flows from Financing Activities			
Repayment of lease liabilities		(2,562)	(2,839)
Interest paid		(724)	(632)
Net cash used in financing activities		**(3,286)**	**(3,471)**
Net decrease in cash and cash equivalents		(11,001)	(11,099)
Net foreign exchange difference		301	10
Cash and cash equivalents at the beginning of the year		21,956	33,045
Cash and cash equivalents at the end of the year	2.5	**11,256**	**21,956**

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

Section 1: Basis of preparation

This section explains basis of preparation of our financial report and provides a summary of our key accounting estimates and judgements.

1.1 Basis of preparation of the financial report

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, International Financial Reporting Standards (IFRS) and other authoritative pronouncements of the Australian Accounting Standards Board. It has been prepared on a historical cost basis. The financial report is presented in Australian dollars unless otherwise noted. The Company is a company of the kind referred to in ASIC Class Order 2016/191, dated 24 March 2016, and in accordance with that Class Order, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Coronavirus (COVID-19) pandemic

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by Governments, regulators and industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March 2020, an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdowns and uncertainties.

For the year ended 30 June 2020, COVID-19 has impacted the Group, specifically as follows:

- The Australia-based operations saw a reduction in revenue and gross profit between March and June 2020 of $13,746,000 (or 25%) and $5,202,000 (25%) compared to the same period in 2019.
- iMoney operations saw a reduction in revenue and gross profit between March and June 2020 of $1,205,000 (or 65%) and $301,000 (71%) compared to the same period in 2019. The majority of iMoney's partners were not able to continue operations and were therefore unable to receive and fulfill the leads generated by the business.
- The emergence of the COVID-19 pandemic has had a significant impact on the private health insurance industry, which has consequences for iSelect's health trail asset. The deferral (and potential cancellation) of the April 2020 premium increase reduced the asset value of the health trail book by $2,535,000.
- The assumptions underpinning the value-in-use calculations used to evaluate the supportability of goodwill were adjusted to reflect reasonable estimates of the impact of COVID-19 and the increased risks associated with the estimated cash flows. The combination of reductions in estimated cash flows and increased discount rates has resulted in the impairment of the Group's goodwill and brand names in relation to the Health, Car, Life and Household CGUs which totalled $18,835,000.
- Other effects on both the health and life insurance industries are currently less visible and will take further time to emerge (for instance, the impacts on attrition rates and on medium-to-longer term premium increase rates).

1.2 Terminology used

Earnings before interest and income tax expense (EBIT) reflects profit or loss for the year prior to including the effect of net finance costs and income taxes.

Our management uses EBIT and earnings before interest, income tax expense, depreciation and amortisation (EBITDA), in combination with other financial measures, primarily to evaluate the Group's operating performance. In addition, the Directors believe EBIT is useful to investors because analysts and other members of the investment community largely view EBIT as a key and widely recognised measure of operating performance.

EBITDA is a similar measure to EBIT, but it does not take into account depreciation and amortisation.

1.3 Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

NOTE	SECTION	PAGE
2.2	Revenue from contracts with customers	67
2.6	Taxes	71
3.1	Property, plant and equipment	75
3.2	Goodwill and other intangible assets	77
3.3	Trade receivables and contract assets	81
3.4	Trail commission asset	82
3.6	Provisions	85
5.2	Employee share plans	90

1.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2020. A list of controlled entities (subsidiaries) at year end is contained in note 6.2. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- the power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- the exposure, or rights, to variable returns from its involvement with the investee, and
- has the ability to use its power over the investee to affect its returns.

1.5 Foreign currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent's functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

1.6 Provision for Credit Impairment on financial assets measured at amortised cost

The Group assesses impairment for its financial assets carried at amortised cost using an expected credit loss (ECL) model.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls and consist of three components:

- Probability of default (PD): represents the possibility of a default over the next 12 months and remaining lifetime of the financial asset;
- A loss given default (LGD): expected loss if a default occurs, taking into consideration the mitigating effect of collateral assets and time value of money;
- Exposure at default (EAD): the expected loss when a default takes place.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the credit risk on the financial instrument has not increased significantly since initial recognition (except for a purchase or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to a 12-month ECL.

The Group uses the simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and contract assets. Specifically, AASB 9 requires the Group to recognise a loss allowance for expected credit losses on:

- trade receivables and contract assets, and
- financial guarantee contracts to which the impairment requirements of AASB 9 apply.

Assessment of ECL is disclosed in the relevant notes to the financial statements.

1.7 Changes in amended standards and interpretations

The Group applies, for the first time, the following standards and interpretations. The nature and effect of these changes are disclosed below.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. Whilst the Group operates in a multinational tax environment, tax obligations from jurisdictions outside of Australia are not material. As a result, there were no material impact on application of the Interpretation.

1.8 Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the notes to the financial statements.

Section 2: Performance for the year

This section explains our results and performance and includes our segment results, which are reported on the same basis as our internal management structure, and our earnings per share for the period. It also provides details of selected income and expense items, information about taxation and a reconciliation of our profit to net cash generated from operating activities.

2.1 Segment information

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management. We present our reportable segments and measure our segment results on a continuing operations basis, i.e. the same basis as our internal management reporting structure.

We have four reportable segments which offer a service that includes comparison, purchase support and lead referrals across:

- Health (private health insurance),
- Life and General Insurance,
- Energy and Telecommunications, and
- Other, predominately offering financial service products including home loans in Australia.

In the current year, unallocated corporate costs include costs associated with the business restructure and impairment losses.

All revenue from continuing operations is generated from Australia. All non-current assets from continuing operations are also located in Australia.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Trail commission asset		
Health	73,577	65,709
Life and General Insurance	39,433	42,123
Other	5,253	6,246
	118,263	**114,078**

	CONSOLIDATED	
	2020 $'000	2019 $'000
Impairment losses[1]		
Health	6,645	-
Life and General Insurance	2,456	-
Energy and Telecommunications	9,734	-
Other	-	4,967
	18,835	**4,967**

1 Included in unallocated corporate costs

	CONSOLIDATED	
	2020 $'000	2019 $'000
Health	74,100	79,234
Life and General Insurance	18,475	24,826
Energy and Telecommunications	26,689	43,071
Other	1,161	2,163
Operating revenue	**120,425**	**149,294**
Health	8,230	12,283
Life and General Insurance	2,539	6,254
Energy and Telecommunications	(1,633)	7,305
Other	582	(3,454)
Unallocated corporate costs	(21,640)	(11,800)
EBITDA	**(11,922)**	**10,588**
Depreciation and amortisation	(8,609)	(7,641)
Net finance cost	(353)	(424)
Profit / (loss) before income tax	**(20,884)**	**2,523**
Income tax expense / (benefit)	422	(692)
Profit/(Loss) from continuing operations	**(20,462)**	**1,831**

Revenue from two customers individually exceeded 10% of iSelect's revenue and amounted individually to $31,230,000 (2019: $24,300,000) and $19,964,000 (2019: $15,847,000), arising from upfront and trail commission in the Health segment.

2.2 Revenue from contracts with customers

	CONSOLIDATED	
	2020 $'000	2019 $'000
Upfront revenue		
Upfront fees	88,260	113,234
Click-through fees	139	213
Advertising and subscription fees	750	1,115
	89,149	**114,562**
Trail commission revenue	**31,276**	**34,732**
Total revenue from contracts with customers	**120,425**	**149,294**
Revenue related to performance obligations satisfied in previous years	**814**	**502**

Key estimate: upfront fee revenue

Upfront fee revenue is recognised on a net basis of the historical percentage of 'referred' sales expected to become 'financial' and that do not trigger a 'clawback'. These estimates are adjusted to actual percentages experienced at each reporting date. As such, the Group determines its revenue by estimating variable consideration and applying the constraint by utilising industry data and historical experience (refer to note 3.6 for further information).

Key estimate: trail commission revenue

The method of revenue recognition for trail commission revenue requires Directors and management to make certain estimates and assumptions based on industry data and historical experience of the Group. Refer to note 3.4 for details on trail commission revenue.

Recognition and measurement

Revenue represents the variable consideration estimated at the point in time when the Group has essentially completed its contracted services and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Upfront fees

When the Group refers a consumer to the product provider (and thereby satisfies its performance obligation), the Group is entitled to an upfront fee that is contingent upon the following events: (a) the referred sale becoming 'financial', which occurs upon new members joining a health fund, initiating a life insurance policy, obtaining general insurance products, mortgages, broadband or energy products via iSelect; and (b) whether a 'clawback' of the upfront fee is triggered. Upfront fees may trigger a 'clawback' of revenue in the event of early termination by customers as specified in individual product provider agreements. These contingencies are incorporated into the estimate of variable consideration (refer to key estimates).

Click-through fees

Click-through fees are recognised based on the contractual arrangement with the relevant product provider. This can occur at one of three points depending on the contract; either when an internet user clicks on a paying advertiser's link, submits an application or a submitted application is approved.

Advertising and subscription fees

Revenue for contracted services, including advertising and subscription fees, is recognised based on the transaction price allocated to each performance obligation. As a result, non-refundable revenue may be recognised across multiple periods until the performance obligation has been satisfied.

Trail commission revenue

Trail commissions are ongoing fees for customers referred to individual product providers or who have applied for mortgages via iSelect. Trail commission revenue represents commission earned calculated as a percentage of the value of the underlying policy relationship to the expected life and, in the case of mortgages, a proportion of the underlying value of the loan. The Group is entitled to receive trail commission without having to perform further services. On initial recognition, trail revenue and assets are recognised at expected value and subject to constraints.

2.3 Other income and expenses

In our profit or loss and other comprehensive income, we classify our expenses (apart from share-based payments, depreciation and amortisation and net finance income) by function, as this classification more accurately reflects the type of operations we undertake. The below provides more detail on the type (by nature) of expenses we incurred.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Other Income		
Government grant	3,699	600
Gain on revaluation of right of use assets	-	238
Gain on disposal of subsidiary	-	159
Sundry income	521	407
	4,220	**1,404**
Employee Benefits Expense		
Classified as cost of sales		
Remuneration, bonuses, on-costs and amounts provided for benefits	35,892	37,111
Superannuation expenses	3,042	3,254
Classified as administrative expenses		
Remuneration, bonuses, on-costs and amounts provided for benefits	16,272	19,171
Superannuation expenses	1,710	1,756
Share-based payments	909	985
	57,825	**62,277**
Depreciation and Amortisation[1]		
Depreciation	2,896	3,141
Amortisation of previously capitalised development costs	6,461	5,173
	9,357	**8,314**
Finance costs[2]		
Finance costs on lease liabilities	244	497
Other	480	135
	724	**632**

1 FY20 included depreciation and amortisation charges for discontinued operations which totalled $748,000.

2 FY20 included finance cost on lease liabilities of $3,000 and other finance cost of $340,000 for discontinued operations which totalled $343,000.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Research and development expenditure		
Research and development expenditure recognised as expenses	**2,833**	2,227

Recognition and measurement

Government grant

A government grant is recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. Grants that compensate the Group for expenses incurred are recognised as other income on a systematic basis in the same periods in which the expenses are incurred.

Due to the economic impacts of COVID-19, the Group has received JobKeeper payments under the COVID-19 government stimulus program. The amount recognised during the financial year was $3,699,000.

Employee benefits expense

The Group's accounting policy for expenses associated with employee benefits is set out in note 3.6. Employee benefits expense is net of amounts capitalised as development costs of $4,372,000 (2019: $3,369,000).

The policy relating to share-based payments is set out in note 5.2.

Depreciation and amortisation

Depreciation and amortisation reflects the use of property, plant and equipment and intangible assets over their useful life. Refer to note 3.1 and note 3.2 for further details.

Finance costs

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

Impairment of receivables

Impairment expenses are recognised to the extent that the carrying amounts of assets exceed their recoverable amounts. Refer to note 3.3 for details.

2.4 Earnings per share

This note outlines the calculation of Earnings Per Share (EPS) which is the amount of post-tax profit attributable to each share.

We calculate basic and diluted EPS. Diluted EPS reflects the effects of the equity instruments allocated to our employee share schemes under iSelect Limited's share-based payment plans which is considered dilutive.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Continuing operations	(20,462)	1,831
Discontinued operations	(22,862)	(5,489)
Profit/(loss) attributable to the owners of the Group	**(43,324)**	**(3,658)**

	SHARES ('000)	SHARES ('000)
WANOS[1] for basic earnings per share	217,761	217,761
Effect of dilution[2]	-	-
WANOS[1] adjusted for effect of dilution	217,761	217,761

	CENTS	CENTS
Earnings/(loss) per share:		
Basic/Diluted EPS	(19.9)	(1.7)
Basic/Diluted EPS – continuing operations	(9.4)	0.8
Basic/Diluted EPS – discontinued operations	(10.5)	(2.5)

1 Weighted average number of ordinary shares.

2 As at 30 June 2020, the Group has 589,933 (2019: 3,340,609) LTIP shares granted but not issued (see Note 5.2). These shares are not included in the diluted earnings per share calculation due to losses and any potential increases in the number of shares are considered anti-dilutive.

Recognition and measurement

Basic Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the financial year.

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-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.

2.5 Cash and cash equivalents

	CONSOLIDATED	
	2020 $'000	2019 $'000
Cash at bank and on hand	10,522	18,571
Cash at bank and on hand attributable to discontinued operations	734	3,385
	11,256	**21,956**

The Group has pledged $1,515,000 (2019: $1,683,000) to fulfill bank guarantee requirements. The Group also has an undrawn debt facility of $10,000,000 (2019: nil).

Recognition and measurement

Cash and short-term deposits in the consolidated statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

As all cash is held with major financial institutions (ADIs) and there has been no history of loss, it has been determined that expected credit loss would not be material and consequently has not been recognised.

Changes in liabilities arising from financing activities

	CONSOLIDATED	
	2020 $'000	2019 $'000
Lease liabilities		
Outstanding at the beginning of the period	9,342	8,533
Recognition of lease liability in relation to right-of-use assets	-	3,648
Write-off of lease liability on termination of lease	(71)	-
Foreign exchange movement	-	-
Cash flows	(2,562)	(2,839)
Outstanding at the end of the period	6,709	9,342

Reconciliation of profit after tax to net cash flows from operating activities

	CONSOLIDATED	
	2020 $'000	2019 $'000
Net profit/(loss) after tax	**(43,549)**	**(4,360)**
Non-cash items:		
Foreign exchange movements	(60)	(34)
Depreciation and amortisation	9,357	8,314
Share-based payments expense	909	985
Impairment loss	34,810	5,570
Loss on disposal of property, plant and equipment and intangible assets	669	3,247
Gain on sale of subsidiary	-	(159)
Items in net profit but not in operating cash flows:		
Interest expense classified as financing cash flow	724	632
(Increase)/decrease in assets		
Trade receivables	6,570	5,743
Trail commission asset	(4,185)	(11,158)
Income tax receivable	679	2,327
Other assets	527	797
Increase/(decrease) in liabilities		
Trade and other payables	(5,300)	(9,199)
Deferred taxes	1,773	1,583
Provisions	(701)	558
Other liabilities	(373)	(137)
Net cash flow provided from operating activities	**1,850**	**4,709**

2.6 Taxes

On May 2016 the Board of Taxation announced and released the Tax Transparency Code (the "Code"). Whilst the Code is voluntary, the Directors have elected to adopt it in order to provide greater tax disclosure transparency to the users of the financial report.

Part A: Disclosures of tax information

Part A of this report provides reconciliations of the Group's current and deferred taxes and a summary of its tax-related accounting policies.

Current income tax is calculated by applying the statutory tax rate to taxable income. Taxable income is calculated as the accounting profit adjusted for differences in income and expenses where the tax and accounting treatments differ.

Deferred income tax, which is accounted for using the balance sheet method, arises because timing of recognition of accounting income is not always the same as taxable income. This creates temporary differences, which usually reverse over time. Until they reverse, a deferred tax asset or liability must be recognised on the balance sheet.

The table to the right provides a reconciliation of notional income tax expense to actual income tax expense. The table on the following page details the amount of deferred tax assets and liabilities recognised in the statement of financial position.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Current taxes		
Amounts recognised in profit or loss		
Current income tax		
Current income tax expense	2,094	(16)
Previous years' adjustment[1]	373	219
Deferred income tax		
Origination and reversal of temporary differences	(1,628)	(1,646)
Reversal of previously recognised tax losses	(2,279)	-
Previous years' adjustment[1]	(393)	(157)
Income tax reported in income statement	**(1,833)**	**(1,600)**

	CONSOLIDATED	
	2020 $'000	2019 $'000
Tax reconciliation		
Accounting profit/(loss) before income tax	**(41,716)**	**(2,760)**
Notional income tax at the statutory income tax rate of 30%	12,515	828
Non temporary differences		
Share-based payments	(273)	(296)
Entertainment	(26)	(34)
Goodwill and brand name impairment	(5,650)	(1,314)
Initial recognition of research and development concessional credits	174	197
Previous years' adjustment in respect of current income tax[1]	362	219
Previous years' adjustment in respect of deferred income tax[1]	(392)	(157)
Unrecognised tax losses	(5,074)	(788)
Reversal of previously recognised tax losses	(2,279)	-
Other	(48)	(35)
Effect of lower tax rates in Malaysia	(1,184)	(158)
Effect of lower tax rates in Thailand	(1)	(4)
Effect of lower tax rates in Singapore	87	(38)
Effect of lower tax rates in Indonesia	(46)	(20)
Effect of lower tax rates in Hong Kong	2	-
Total income tax expense	**(1,833)**	**(1,600)**

1 Arises from the difference between provisional research and development concessional credits at previous reporting period and the amount claimed in income tax return in the current financial year.

2.6 Taxes (cont'd)

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
Deferred taxes		
Deferred tax assets relate to the following:		
Trade and other receivables	42	-
Trade and other payables	1,753	2,312
Provisions	3,996	4,759
Property, Plant and Equipment	64	-
ITAA 97 Section 40-880 business related costs	60	92
Unrealised foreign exchange differences	-	58
Unused tax losses	4,989	4,837
Other	-	13
Total deferred tax assets	**10,904**	**12,071**
Deferred tax liabilities relate to the following:		
Trail commission asset	(35,740)	(34,168)
Property, Plant and Equipment	-	(581)
Development costs	(1,724)	(2,109)
Total deferred tax liabilities	**(37,464)**	**(36,858)**
Net deferred tax liabilities[1]	**(26,560)**	**(24,787)**

1 Net deferred tax liabilities include net deferred tax assets of nil (2019: $2,195,000) from the iMoney Group.

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
Income tax receivable		
Total income tax expense	(1,833)	(1,600)
Restrospective adjustments from adoption of new accounting policy	-	7,647
Temporary differences		
Recognition of unused tax losses	-	212
Origination and reversal of temporary differences	1,773	(6,259)
Income tax receivable/(payable) in the current financial year	(60)	-
Income tax receivable/(payable) at the beginning of the year	679	3,006
Net tax (refunded)/paid during the year	(619)	(2,327)
Income tax receivable as at 30 June	**-**	**679**
Represented in the Statement of Financial Position by:		
Income tax receivable	-	679
Effective tax rate (ETR)		
Global operations[1]	(4.39%)	(58.02%)
Australian operations[2]	2.02%	139.95%

1 Global operations ETR: The Group calculated total consolidated company income tax expense divided by total consolidated accounting profit on continuing and discontinued operations.

2 Australian operations ETR: The Group calculated total company income tax expense for all Australian companies operations of and Australian operations of overseas company included in these consolidated financial statements, divided by accounting profit derived by all Australian companies and Australian operations of overseas companies included in these consolidated financial statements.

2.6 Taxes (cont'd)

Recognition and measurement

Our income tax expense is the sum of current and deferred income tax expenses. Current income tax expense is calculated on accounting profit after adjusting for non-taxable and non-deductible items based on rules set by the tax authorities. Deferred income tax expense is calculated at the tax rates that are expected to apply to the period in which the deferred tax asset is realised or the deferred tax liability is settled. Both our current and deferred income tax expenses are calculated using tax rates that have been enacted or substantively enacted at reporting date.

Our current and deferred taxes are recognised as an expense in profit or loss, except when they relate to items that are directly recognised in other comprehensive income or equity. In this case, our current and deferred tax expenses are also recognised directly in other comprehensive income or equity.

We generally recognise deferred tax liabilities for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither our accounting profit nor our taxable income at the time of the transaction.

For our investments in controlled entities and associated entities, recognition of deferred tax liabilities is required unless we are able to control the timing of our temporary difference reversal and it is probable that the temporary difference will not reverse.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carried forward unused tax losses and tax credits, can be utilised.

Deferred tax assets and deferred tax liabilities are offset in the statement of financial position where they relate to income taxes levied by the same taxation authority and to the extent that we intend to settle our current tax assets and liabilities on a net basis.

Tax Consolidation Legislation

The iSelect Group formed an income tax consolidated group as at 30 April 2007. Members of the Group entered into a tax sharing agreement at that time that provided for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts are expected to be recognised in the consolidated financial statements in respect of this agreement on the basis that the probability of default is remote.

In accordance with Group accounting policy, the Group has applied UIG 1052, in which the head entity, iSelect Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. This is governed through a tax funding agreement between iSelect Ltd and its wholly-owned Australian entities.

In addition to its own current and deferred tax amounts, iSelect Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The allocation of taxes to the head entity is recognised as an increase/decrease in the controlled entities' intercompany accounts with the tax consolidated group head entity.

Key estimates: current and deferred taxes

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and deferred tax liabilities are recognised on the consolidated statement of financial position. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions.

Judgements are also required about the application of income tax legislation in respect of the availability of carry forward tax losses. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised on the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of profit or loss and other comprehensive income in future periods.

2.6 Taxes (cont'd)

Part B – Taxes paid report

Part B of this report discloses the taxes paid by iSelect Ltd and provides qualitative information about our approach to tax risk.

Tax policy, strategy and governance

Our philosophy is to embrace change by understanding the decisions, activities and operations undertaken by the Group, therefore enabling us to manage tax uncertainties and ensure our people, systems and processes are tax compliant in all aspects.

We achieve this by:

- Ensuring our teams are appropriately trained and resourced;
- Developing and maintaining strong internal control at management and Board level;
- Ensuring our systems and data are up-to-date and accurate;
- Collaborating across the organisation; and
- Maintaining robust documentation on processes and in supporting tax positions.

The Group adheres to the following tax principles:

- Complying with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever we operate;
- Ensuring openness, honesty and transparency will be paramount in all dealings with the tax authorities and other relevant bodies;
- Adopting a low risk appetite;
- Considering the commercial needs of the Group as paramount and ensuring that all tax planning will be undertaken in this context. All transactions must therefore have a business purpose or commercial rationale; and
- Due consideration will be given to the Group's reputation, brand, corporate and social responsibilities when considering tax initiatives, as well as the applicable legal and fiduciary duties of directors and employees of the Group and will form part of the overall decision-making and risk assessment process.

The decisions, activities and operations undertaken by the Group gives rise to various areas of uncertainty. We manage tax risk in four key areas:

Transactional risk: This concerns the risks and exposures associated with specific transactions undertaken by the Group.

Operational risk: This concerns the underlying risks of applying the tax laws, regulations and decisions to the routine everyday business operations of the Group.

Compliance risk: This concerns the risks associated with meeting the Group's tax compliance obligations. This primarily relates to the preparation, completion and review of the Group's tax returns and the risks within those processes.

Financial accounting risk: This concerns the risk of material misstatement (including material disclosures) in the Group's financial report, cash flow planning, forecasting, and in managing investor expectations of the future.

Tax governance strategy is about understanding where these risks may arise and implementing controls to effectively manage these risks. iSelect has a Tax Risk Management Strategy to identify, assess and manage these risks.

Australian taxes paid summary

Tax payments made by iSelect for the 2020 and 2019 financial years are summarised below.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Income tax (net of refund)	(679)	(2,327)
Payroll tax	2,783	2,657
Fringe benefits tax	240	205
Total taxes paid	**2,344**	**535**

Section 3: Our core assets and working capital

This section describes our core long-term tangible and intangible assets underpinning the Group's performance and provides a summary of our asset impairment assessment. This section also describes our short-term assets and liabilities, i.e. our working capital supporting the operating liquidity of our business.

3.1 Property, plant and equipment

	LEASEHOLD IMPROVEMENTS $'000	OFFICE AND COMPUTER EQUIPMENT $'000	RIGHT OF USE ASSETS $000	COMPUTER SOFTWARE $'000	FURNITURE, FIXTURES AND FITTINGS $'000	TOTAL $'000
As at 30 June 2020						
Cost	6,994	8,267	7,033	7,824	858	30,976
Accumulated depreciation	(6,816)	(7,191)	(2,315)	(7,246)	(469)	(24,037)
Net carrying amount	**178**	**1,076**	**4,718**	**578**	**389**	**6,939**
Net carrying amount at 1 July 2019	276	1,111	6,873	574	519	9,353
Additions	-	598	-	122	39	759
Disposals	(24)	(18)	(67)	-	(9)	(118)
Depreciation expense	(65)	(532)	(2,080)	(106)	(113)	(2,896)
Impairment	(10)	(86)	(7)	(12)	(47)	(162)
Exchange differences	1	3	(1)	-	-	3
Net carrying amount at 30 June 2020	**178**	**1,076**	**4,718**	**578**	**389**	**6,939**
As at 30 June 2019						
Cost	7,130	8,566	7,601	7,714	944	31,955
Accumulated depreciation	(6,854)	(7,455)	(728)	(7,140)	(425)	(22,602)
Net carrying amount	**276**	**1,111**	**6,873**	**574**	**519**	**9,353**
Net carrying amount at 1 July 2018	459	1,082	4,932	598	1,127	8,198
Additions	37	667	4,453	541	223	5,921
Disposals	(106)	(8)	(161)	(46)	(669)	(990)
Revaluation	-	-	(643)	-	-	(643)
Depreciation expense	(115)	(636)	(1,708)	(519)	(163)	(3,141)
Exchange differences	1	6	-	-	1	8
Net carrying amount at 30 June 2019	**276**	**1,111**	**6,873**	**574**	**519**	**9,353**

3.1 Property, plant and equipment (cont'd)

Recognition and measurement

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

	USEFUL LIFE
Office and computer equipment	2 to 5 years
Furniture, fixtures and fittings	8 years
Leasehold improvements	8 to 10 years

Right-of-use asset

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

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

For the Group's accounting policy on leases, refer to Note 3.5.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

Impairment

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. For our impairment assessment we identify cash generating units (CGUs), i.e. the smallest groups of assets that generate cash inflows independent of cash inflows from other assets or groups of assets.

Key estimate – useful lives

The estimation of useful lives, residual value and depreciation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful lives. Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimation of useful lives, residual value or amortisation methods.

3.2 Goodwill and other intangible assets

This note provides details of our goodwill and other intangible assets and their impairment assessment. Our impairment assessment compares the carrying value of our cash generating units (CGUs) with their recoverable amounts determined using a 'value-in-use' calculation. The value in use calculations use key assumptions such as cash flow forecasts, discount rates and terminal growth rates.

	DEVELOPMENT COSTS $'000	TRADEMARKS AND DOMAIN NAMES $'000	GOODWILL $'000	BRAND NAMES $'000	TOTAL $'000
As at 30 June 2020					
Cost	45,876	370	-	-	46,246
Accumulated amortisation	(28,640)	-	-	-	(28,640)
Net carrying amount	**17,236**	**370**	**-**	**-**	**17,606**
Net carrying amount at 1 July 2019	17,294	383	26,187	6,718	50,582
Additions	8,806	-	-	-	8,806
Disposal	(632)	-	-	-	(632)
Amortisation	(6,461)	-	-	-	(6,461)
Impairment	(1,729)	(13)	(26,187)	(6,718)	(34,647)
Exchange differences	(42)	-	-	-	(42)
Net carrying amount at 30 June 2020	**17,236**	**370**	**-**	**-**	**17,606**
As at 30 June 2019					
Cost	41,784	383	26,187	6,718	75,072
Accumulated amortisation	(24,490)	-	-	-	(24,490)
Net carrying amount	**17,294**	**383**	**26,187**	**6,718**	**50,582**
Net carrying amount at 1 July 2018	17,986	986	30,567	6,718	56,257
Additions	7,450	-	-	-	7,450
Disposal	(2,350)	-	-	-	(2,350)
Amortisation	(5,173)	-	-	-	(5,173)
Impairment	(636)	(603)	(4,380)	-	(5,619)
Exchange differences	17	-	-	-	17
Net carrying amount at 30 June 2019	**17,294**	**383**	**26,187**	**6,718**	**50,582**

3.2 Goodwill and other intangible assets (cont'd)

Recognition and measurement

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

On 1 December 2017, the Group acquired a controlling interest in the iMoney Group. The goodwill acquired through this acquisition of $9,105,000 has been allocated to its own CGU (International), as this is the smallest group of assets management monitors that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets of the Group.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and impairment losses. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition.

Development costs: Development costs are recognised only when the Group can demonstrate the technical feasibility, the resources and the intention to complete the asset; its ability to use or sell the asset, generate future economic benefits and measure reliably the expenditure during development. Amortisation of the asset begins when development is complete and the asset is available for use in the condition as intended by management.

Trademarks and domain names: The Group made upfront payments to purchase trademarks and domain names which can be renewed at little or no cost to the Group are carried at cost less any impairment.

Brand names: The Group acquired brand names as part of the Energy Watch Group and iMoney Group acquisitions. These were initially recorded at fair value and subsequently carried at cost less any impairment.

Key estimates - development costs

Internal project costs are classified as research or development based on management's assessment of the nature of each cost and the underlying activities performed. Management performs this assessment against the Group's development costs policy which is consistent with the requirements of AASB 138 Intangible Assets.

Useful lives and amortisation

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life. Amortisation is calculated over the estimated useful life of the asset as follows:

	USEFUL LIFE
Development costs	2 to 5 years
Computer software	2 to 4 years
Trademarks and domain names	Indefinite
Brand names	Indefinite

Derecognition

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Key estimates - useful lives

The amortisation period and the method for intangible assets with a finite useful life are reviewed at least annually. Any changes in the useful life assessment is accounted for as a change in an accounting estimate and is made on a prospective basis.

3.2 Goodwill and other intangible assets (cont'd)

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill and intangible assets with indefinite useful lives are not subject to amortisation and are assessed for impairment at least on an annual basis, or whenever an indicator of impairment exists. All other non-current tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. For our impairment testing we identify CGUs, i.e. the smallest groups of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets.

The recoverable amount is the higher of a CGU's fair value less costs of disposal and its value in use. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment loss is recognised in profit or loss in the reporting period. For our impairment assessment we identify CGUs, to which goodwill is allocated, and which cannot be larger than an operating segment.

The assumptions underpinning the value-in-use calculations used to evaluate the supportability of goodwill and intangible assets were adjusted to reflect reasonable estimates of the impact of COVID-19 and the increased risks associated with the estimated cash flows. There is a heightened level of uncertainty around key assumptions in the current environment. This has the potential to materially impact the value-in-use assessment moving forward and potentially the carrying value of the respective intangible assets.

Goodwill acquired through the Infochoice Limited, Energy Watch Group and iMoney Group acquisitions was allocated to the following CGUs. The carrying amount of goodwill subject to impairment testing is outlined in the table below.

SEGMENT	CGU	$'000
Health	Health	6,645
Life and General Insurance	Car	2,379
	Life	77
	Goodwill from Infochoice acquisition	**9,101**
Energy and Telecom-munications	Household	7,981
	Goodwill from Energy Watch acquisition	**7,981**
Other	International	9,105
	Goodwill from iMoney acquisition	**9,105**
Total Group	**Total Goodwill**	**26,187**

Trademarks and domain names acquired through the Infochoice Limited acquisition have an indefinite useful life and are allocated at a Group level. The brand name acquired through the Energy Watch acquisition has an indefinite useful life and was allocated to the Household CGU, which is comprised of iSelect Energy, iSelect Broadband and Energy Watch. Other intangible assets acquired as part of the iMoney acquisition (brand name, trademark and domain names) have an indefinite useful life and are allocated to the International CGU.

The Group has performed its annual impairment test as at 30 June 2020. The recoverable amount of the CGUs has been determined based on a value-in-use calculation using the long-term plan approved by Senior Management with a growth rate increment for subsequent years, and cash flow projections based on management forecasts.

3.2 Goodwill and other intangible assets (cont'd)

Health, Car, Life and Household CGUs

The carrying amount and impairment of the Health, Car, Life and Household CGUs as at 30 June 2020 was determined based on a value-in-use calculation using cash flow projections from financial projections approved by Senior Management covering a five-year period.

SEGMENT	CGU	CARRYING AMOUNT $'000	IMPAIRMENT $'000
Health	Health	79,120	6,645
Life & General Insurance	Car	1,981	2,379
	Life	37,191	77
Energy & Telecommunications	Household	11,367	9,734[1]
Continuing Operations			**18,835**
International			15,811[2]
Discontinued Operations			**15,811**

1 Includes goodwill impairment of $7,981,000 and brand names impairment of $1,753,000

2 Includes impairment of goodwill total $9,105,000, brand names total $4,964,000, domain names total $13,000, and software development costs total $1,729,000.

The projected cash flows were updated to reflect a change in Senior Management and their initial views as part of a strategic review undertaken. The assumptions underpinning the value-in-use calculations used to evaluate the supportability of goodwill and intangible assets were adjusted to reflect reasonable estimates of the impact of COVID-19 and the increased risks associated with the estimated cash flows. In addition, with the escalation of COVID-19 restrictions in Victoria, there is a heightened level of uncertainty around key assumptions in the current environment. As a result, management completed an enterprise wide review of its value-in-use assumptions which resulted in increased discount rates, additional cash flow constraints to apply further conservatism to future forecasts, and a lower long-term growth rate of 1% (30 June 2019: 3%). Following this analysis, management recognised an impairment charge of $18,835,000 against the goodwill and brand names of its continuing operations.

International CGU

In May 2020, the Group entered into negotiation to sell iMoney. The sale of iMoney was expected to be completed within three months from the reporting date. At 30 June 2020, iMoney was classified as a disposal group held for sale and as discontinued operations. The business of iMoney represented the entirety of the Group's International CGU. Immediately before the classification of iMoney as discontinued operations, the recoverable amount for any goodwill, brand names and other intangible assets allocated to the International CGU was determined based on fair value less cost to sell and impairment of $15,811,000 was identified.

Key estimates – value-in-use calculation

Cash flow projections

Our cash flow projections are based on five-year management-approved forecasts unless a longer period is justified. The forecasts use management estimates to determine income, expenses, capital expenditure and cash flows for each asset and CGU.

Discount rate

Discount rates represent the current market assessment of the risks specific to each 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 segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both 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 the interest bearing borrowings the Group is obliged to service. CGU-specific risk is incorporated into the WACC rate where it is considered appropriate. The pre-tax discount rates are as follows:

CGU	FY20	FY19
Health	18.6%	11.1%
Car	11.4%	12.7%
Home Loans	n/a	13.0%
Life	19.0%	11.3%
Household	8.3%	10.5%
International	n/a	11.0%

Growth rate estimates

For each CGU (excluding International), 5 years of cash flows have been included in the cash flow models. These are based on the long-term plan and growth rates of 1% (2019: 3%).

Market share assumptions

These assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the budget period.

3.3 Trade receivables and contract assets

	CONSOLIDATED	
	2020 $'000	2019 $'000
Trade receivables	3,038	6,165
Contract assets	12,788	16,824
	15,826	**22,989**
The ageing analysis of trade receivables is as follows:		
Current	2,961	4,967
Past due 1 – 30 days	77	1,024
Past due 31 – 90 days	-	130
Past due 90+ days	-	44
	3,038	**6,165**

Recognition and measurement

All trade and other receivables recognised as current assets are due for settlement within no more than 30 days for upfront fees and within one year for trail commission. Trade receivables are measured on the basis of amortised cost less any expected credit loss.

It is the Group's policy that all key partners who wish to trade on credit terms are subject to credit verification procedures.

Allowance for credit losses

iSelect applies the simplified approach and records lifetime expected losses on all trade receivables and contract assets. As a consequence, we do not track changes in credit risk, but recognise a loss allowance based on lifetime expected credit loss at each reporting date.

iSelect calculates its provision utilising historical credit loss experience, adjusted for other relevant factors, i.e. aging of receivables, credit rating of the debtor, etc. Debts that are known to be uncollectable are written off when identified. If an impairment allowance has been recognised for a debt that becomes uncollectable, the debt is written off against the provision. If an amount is subsequently recovered, it is credited against profit or loss.

Contract assets

Contract assets are initially recognised for revenue earned from comparison, purchase support and referral services, as receipt of consideration is conditional on successful completion of a purchase between the customers and the product providers. Upon completion of sale and acceptance by the customer and the provider, invoices are issued to the provider for the amount receivable. These amounts invoiced are reclassified from contract assets to trade receivables. The trade receivable balance represents the Group's unconditional right to receive the cash.

Key estimates – allowance for credit losses

We apply management judgement to estimate the expected credit losses for trade receivables and contract assets. Expected credit losses are assessed on an ongoing basis. Financial difficulties of the debtor, probability of default, delinquency in payments and credit ratings are utilised in this assessment.

The impact of COVID-19 on the recoverability of receivables from partner companies have been considered. While the methodologies and assumptions applied in the base expected credit loss (ECL) calculations remained unchanged from those applied in the prior financial year, the Group has incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic. Whilst no material recoverability issues have been identified, there is a risk that the economic impacts of COVID-19 could be deeper or more prolonged than anticipated, which could result in higher credit losses than those modelled under the base case.

3.4 Trail commission asset

	CONSOLIDATED	
	2020 $'000	2019 $'000
Current	29,850	25,626
Non-current	88,413	88,452
Total trail commission asset	**118,263**	**114,078**
Reconciliation of movement in trail commission asset:		
Opening balance	**114,078**	**102,920**
Trail commission revenue – current period trail commission sales	31,276	34,732
Cash receipts	(27,091)	(23,574)
Closing balance	**118,263**	**114,078**

Recognition, measurement and classification

The Group accounts for trail commission revenue at the time of selling a product to which trail commission attaches, rather than on the basis of actual payments received from the relevant fund or providers involved. On initial recognition, trail commission revenue and assets are recognised at expected value. Subsequent to initial recognition and measurement, the carrying amount of the trail commission asset is adjusted to reflect actual and revised estimated cash flows. The resulting adjustment is recognised as revenue or against revenue in profit or loss.

Cash receipts that are expected to be received within 12 months of the reporting date are classified as current. All other expected cash receipts are classified as non-current.

Allowance for credit losses

Current trail commission receivables are due from a combination of highly rated major insurers, telecommunication and energy providers. There has been no historical instances where a loss has been incurred. ECL would not be material and consequently has not been recognised.

Sensitivity of trail commission asset

A combined premium price decrease of 1% and termination rate increase of 1% would have the effect of reducing the carrying value by $10,186,000 (2019: $10,434,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by $9,419,000 (2019: $9,627,000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

Key estimates – trail commission revenue and asset

This method of revenue recognition and valuation of trail commission asset requires the Directors and management to make certain estimates and assumptions based on industry data and the historical experience of the Group.

Attrition rates in Health are particularly relevant to the overall trail commission asset considering the relative size of the Health trail commission asset. Attrition rates vary substantially by provider and also by the duration of time the policy has been in force, with rates generally higher in policies under two years old. The attrition rates used in the valuation of the Health portfolio at 30 June 2020 ranged from 7.5% and 26.5% (2019: 7.5% and 26.5%).

In undertaking this responsibility, the Group engages Deloitte Actuaries and Consultants Limited, a firm of consulting actuaries, to assist in reviewing the accuracy of assumptions for health, mortgages and life trail revenue. These estimates and assumptions include, but are not limited to: termination or lapse rates, mortality rates, inflation, forecast fund premium increases and the estimated impact of known Australian Federal and State Government policies.

These variable considerations are constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In determining the extent of constraint necessary to ensure to a high probability that a significant reversal of revenue will not occur, the Group performs a detailed assessment of the accuracy of previously forecast assumptions against historical results.

3.5 Leases

	CONSOLIDATED	
	2020 $'000	2019 $'000
Lease liabilities		
Current[1]	2,552	2,569
Non-current	4,157	6,773
	6,709	**9,342**

1 Includes current lease liability of $8,000 from the iMoney Group.

Recognition, measurement and classification

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. For measurement and recognition of right-of-use assets, refer to Note 3.1.

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

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

- Fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5 Leases (con'd)

Right-of-use assets and lease liabilities by class

	CONSOLIDATED	
	2020 $'000	2019 $'000
Right-of-use assets		
Office premises	4,705	6,809
Office equipment	13	64
Total	**4,718**	**6,873**
Lease liabilities		
Office premises	6,695	9,272
Office equipment	14	70
Total	**6,709**	**9,342**

Maturity analysis – contractual undiscounted cash flows

	CONSOLIDATED	
	2020 $'000	2019 $'000
Not later than 1 year	2,714	2,881
Later than 1 year and not later than 5 years	4,255	7,042
Later than 5 years	-	-
Total	**6,969**	**9,923**

The Group has entered into leases on office premises with lease terms between 1 to 10 years. The Group has the option to lease the premises for additional terms of 1 to 10 years.

Amounts recognised in the profit or loss

	CONSOLIDATED	
	2020 $'000	2019 $'000
Interest on lease liabilities	244	497
Expenses relating to short-term leases[1]	144	47
Income relating to variable lease payment[2]	194	-
Depreciation charge for right-of-use assets		
Office premises	2,030	1,657
Office equipment	50	51
	2,080	**1,708**

1 Relates to iMoney Group's short-term leases for office premises in Indonesia, Philippines and Thailand

2 As a direct result of the COVID-19 pandemic, the Group received a rent concession in relation to its principal place of business. The concession was a combination of rent discount and deferment for a fixed period as agreed with the landlord. The Group has elected to apply the practical expedient to AASB 16 Leases in relation to lease modifications as a result of the COVID-19 pandemic and recognise the rent discount to the profit and loss.

Amounts recognised in the statement of cash flows

	CONSOLIDATED	
	2020 $'000	2019 $'000
Total cash outflow for leases	2,806	3,336

3.6 Provisions

	CONSOLIDATED	
	2020 $'000	2019 $'000
Current		
Annual leave	2,007	2,349
Long service leave	934	830
Clawback	2,255	2,715
Rebates	234	241
	5,430	**6,135**
Non-Current		
Long service leave	422	418
	422	**418**

Recognition, measurement and classification

Employee benefits – annual and long service leave

The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 reporting date on corporate bond rates with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of the reporting date.

Annual and long service leave are classified as current where there is a current obligation to pay the employee shall they leave the Group.

Clawback provisions

Upfront fees received from certain insurance funds, broadband providers and mortgage brokers can be clawed back in the event of early termination of membership. They vary across the industries and are usually triggered where a referred member terminates their policy. Each relevant Product Provider has an individual agreement and the clawback period ranges between 0 and 24 months, depending on the agreement.

Key estimates - Employee benefits

Long service leave liabilities are 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 using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

	ANNUAL LEAVE		LONG SERVICE LEAVE		CLAWBACK		REBATE	
	2020	2019	2020	2019	2020	2019	2020	2019
Movement in provision								
Carrying amount at the beginning of the year	**2,349**	2,233	**1,248**	1,124	**2,715**	2,463	**241**	224
Arising during the year	**2,116**	3,039	**209**	192	**6,484**	7,484	**-**	241
Utilised during the year	**(2,458)**	(2,923)	**(101)**	(68)	**(6,944)**	(7,232)	**(7)**	(224)
Carrying amount at the end of the year	**2,007**	2,349	**1,356**	1,248	**2,255**	2,715	**234**	241

Section 4: Our capital and risk management

This section sets out the policies and procedures applied to manage our capital structure and the financial risks we are exposed to. We manage our capital structure in order to maximise shareholders' return, maintain optimal cost of capital and provide flexibility for strategic investments.

4.1 Dividends

This note also provides information about the current year final dividend to be paid. No provision for the current year final dividend has been raised as it was not determined or publicly recommended by the Board as at 30 June 2020.

Dividends paid during the financial year are as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Previous year final dividend paid	-	-
Interim dividend paid	-	-
	-	-

Franking credit balance

Our franking credits available for use in subsequent reporting periods can be summarised as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Franking account balance	130	809
Franking debits from the refund of income tax as at 30 June (at a tax rate of 30% on a tax paid basis)	-	(679)
	130	130

4.2 Equity

	CONSOLIDATED	
	2020 $'000	2019 $'000
Contributed equity		
Issued capital	111,290	111,290

MOVEMENT IN SHARES ON ISSUE	NUMBER OF SHARES	SHARE CAPITAL $'000
Ordinary shares		
Total quoted shares outstanding at 1 July 2018	**217,596,301**	**111,066**
Issue of shares	265,092	224
Total quoted shares outstanding at 30 June 2019	**217,861,393**	**111,290**
Issue of shares	-	-
Buyback of share capital	-	-
Total quoted shares outstanding at 30 June 2020	**217,861,393**	**111,290**
Total unquoted shares outstanding at 1 July 2018	**1,663,806**	**-**
Issue of shares	2,500,000	-
Forfeiture of Shares	(3,573,873)	-
Exercise of Shares	-	-
Total unquoted shares outstanding at 30 June 2019	**589,933**	**-**
Issue of shares	-	-
Forfeiture of Shares	-	-
Total unquoted shares outstanding at 30 June 2020	**589,933**	**-**

4.2 Equity (cont'd)

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have no par value and entitle the holder to the right to receive dividends as declared and, in the event of winding up of the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amount paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Group.

Unquoted shares

Shares issued as part of the Long Term Incentive Plan are unquoted shares. Refer to note 5.2 for further details of the Long Term Incentive Plans.

Share buy-back

A buy-back is the purchase by a company of its existing shares.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Reserves		
Share-based payment reserve	4,870	3,960
Business combination reserve	5,571	5,571
Foreign currency translation reserve	177	(12)
	10,618	**9,519**

Share-based payment reserve

This reserve records the value of shares under the Long Term Incentive Plan, and historical Employee and CEO Share Option plans offered to the CEO, Executives and employees as part of their remuneration. Refer to note 5.2 for further details of these plans.

Business combination reserve

The internal group restructure performed in the 2007 financial year, which interposed the holding company, iSelect Limited, into the consolidated group was exempted by AASB 3 Business Combinations as it precludes entities or businesses under common control. The carry-over basis method of accounting was used for the restructuring of the iSelect Group. As such, the assets and liabilities were reflected at their carrying amounts. No adjustments were made to reflect fair values, or recognise any new assets or liabilities. No goodwill was recognised as a result of the combination and any difference between the consideration paid and the 'equity' acquired was reflected within equity as an equity reserve titled "Business Combination Reserve".

Foreign currency translation reserve

Refer to Note 1.5 for further details.

4.3 Capital management

This note provides information about components of our net equity as well as our capital management policies. In order to maintain or adjust the capital structure, we may issue or repay debt, adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain operations and future development of the business. Capital consists of ordinary shares and retained earnings. The Board of Directors monitors the return on equity and seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. A summary of our equity and debt attribution is as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Shareholders' equity	111,290	111,290
Debt	-	-
Total funding	**111,290**	**111,290**

4.4 Financial instruments and risk management

Our underlying business activities result in exposure to operational risks and a number of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk.

Our overall risk management program seeks to mitigate these risks in order to reduce volatility on our financial performance and to support the delivery of our financial targets. Financial risk management is carried out by the Finance department under policies approved by the Board.

This note summarises how we manage these financial risks.

Managing our interest rate risk

Interest rate risk arises from changes in market interest rates. Variable rates on our cash and cash equivalents give rise to cash flow interest rate risk.

We manage interest rate risk on our cash and cash equivalents by:

- Monitoring levels of exposure to interest rate risk based on market performance;
- Maximising our interest rate cash potential by managing our term deposit portfolio; and
- Reducing risks by managing our target maturity profiles on term deposits.

Sensitivity

At 30 June 2020, if interest rates had moved as illustrated in the table below, with all other variables being held constant, post-tax profit would have been higher/(lower) as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
TOTAL		
+1% (100 basis points)	79	154
-1% (100 basis points)	(79)	(154)
CASH AT BANK		
+1% (100 basis points)	79	154
-1% (100 basis points)	(79)	(154)

Managing our foreign exchange risk

Foreign currency risk is the risk that the value of a financial commitment, forecast transaction, recognised asset or liability will fluctuate due to changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group's current exposure to foreign exchange risk is minimal and management will continue to monitor its foreign operations and transactions proactively.

Sensitivity

At 30 June 2020, had the Australian dollar moved as illustrated in the table below, with all other variables being held constant, pre-tax profit and equity would have been affected as follows:

		EFFECT ON PROFIT BEFORE TAX $'000	EFFECT ON NET ASSETS $'000
Change in MYR rate			
2020	+5%	164	(59)
	-5%	(172)	62
2019	+5%	112	101
	-5%	(118)	(106)
Change in SGD rate			
2020	+5%	(31)	-
	-5%	33	-
2019	+5%	14	(31)
	-5%	(14)	32
Change in IDR rate			
2020	+5%	44	(51)
	-5%	(46)	53
2019	+5%	19	(7)
	-5%	(20)	7
Change in PHP rate			
2020	+5%	41	(85)
	-5%	(43)	89
2019	+5%	29	(49)
	-5%	(30)	52

4.4 Financial instruments and risk management (cont'd)

Managing our credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss. We are exposed to credit risk from our operating activities (primarily from cash and cash equivalents, trade receivables and contract assets and trail commission asset in future periods).

The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position.

Credit risk related to cash and cash equivalents

Investments of surplus funds are made only with approved counterparties and for approved amounts, to minimise the concentration of risks and mitigate financial loss through potential counterparty failure.

Credit risk related to trade receivables and future trail commission

Customer credit risk is managed in accordance with the Group's policies, procedures and controls relating to customer credit risk management. The credit risk rating of a customer is assessed based on internally defined criteria including the financial position of the counterparties and the business sector they operate in, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type and rating). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

Exposure to credit risk

The carrying amount of financial assets subject to credit risk at reporting date are as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Cash and cash equivalents	11,256	21,956
Trade receivables and contract assets	16,419	22,989
Trail commission asset	118,263	114,078
	145,938	**159,023**

Managing our liquidity risks

Liquidity risk is the risk that we will be unable to meet our financial obligations.

The Group aims to maintain the level of its cash and cash equivalents at an amount to meet its financial obligations. The Group also monitors the level of expected cash inflows on trade receivables and contract assets together with expected cash outflows on trade and other payables through rolling forecasts. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The Directors have prepared projected cash flow information for five years from the date of approval of these financial statements taking into consideration the estimation of the continued business impacts of COVID-19. In response to the uncertainty arising from this, the Directors have considered severe but plausible downside forecast scenarios.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's internal policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of liquidity risks are controlled and managed accordingly.

The Group's non-derivative financial liabilities consist of trade payables expected to be settled within three months and lease liabilities expected to be settled within five years. At 30 June 2020, the contractual cash flows are:

	TRADE PAYABLES $'000	LEASE LIABILITIES $'000	TOTAL $'000
30 June 2020			
Less than 3 months	19,853	695	20,548
3 – 12 months	-	2,019	2,019
1 – 5 years	-	4,255	4,255
	19,853	**6,969**	**26,822**
30 June 2019			
Less than 3 months	25,153	732	25,885
3 – 12 months	-	2,149	2,149
1 – 5 years	-	7,042	7,042
	25,153	9,923	35,076

4.4 Financial instruments and risk management (cont'd)

Valuation and disclosure within fair value hierarchy

To determine fair value we use both observable and unobservable inputs. We classify inputs used in the valuation of our financial instruments according to a three level hierarchy as shown below:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair values of all financial assets and liabilities, with the exception of lease liabilities, approximates their carrying amounts shown in the statement of financial position.

For financial instruments not quoted in the active markets, the Group used valuation techniques such as present value techniques (which include lapse and mortality rates, commission terms, premium increases and credit risk), comparison to similar instruments for which market observable prices exist, and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Section 5: Our people

We are working to attract and retain employees with the skills and passion to best serve our markets. This section provides information about our employee benefits obligations. It also includes details of our employee share plans and compensation paid to key management personnel.

5.1 Key management personnel compensation

Key management personnel (KMP) refers to those who have authority and responsibility for planning, directing and controlling the activities of the Group. For a list of key management personnel and additional disclosures, refer to the remuneration report on pages 40 to 54.

KMP aggregate compensation

During the financial years 2020 and 2019, the aggregate compensation provided to KMP was as follows:

	CONSOLIDATED	
	2020 $	2019 $
Short-term employee benefits	2,752,219	3,728,367
Post-employment benefits	137,108	151,851
Share-based payments	365,812	651,748
Termination benefits	24,167	367,015
	3,279,306	**4,898,981**

Other transactions with our KMP and their related parties

During the financial years 2020 and 2019, apart from transactions disclosed in note 7.2 of the financial report, there were no other transactions with our KMP and their related parties.

5.2 Employee share plans

We have a number of employee share plans that are available for executives and employees as part of their short-term and long-term remuneration packages.

A transaction will be classified as share-based compensation where the Group receives services from employees and pays for these in shares or similar equity instruments.

This note summarises the primary employee share plans and the key movements in the share-based payment arrangements during the financial year.

5.2 Employee share plans (cont'd)

Recognition and measurement

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they were granted. The fair value was determined by the Directors and management using a Binomial or Monte Carlo model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to profit or loss is the product of (i) grant date fair value of the award; (ii) current best estimate of the number of awards that will vest, taking into account the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) expired portion of the vesting period. The charge to profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods where there is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so due to the failure to meet a service or non-market vesting condition. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Key estimates – employee share plans

The fair value shares granted under the long term incentive plans take into account terms and conditions upon which long term incentive plans shares were granted. Fair value is estimated as at the date of the grant using a binomial option pricing model for shares subject to an EPS hurdle. For shares subject to a TSR hurdle, a Monte Carlo simulation option pricing model has been used to estimate the fair value. Refer to each long term incentive plan for lists of inputs used in the valuation model.

The recognised expense arising from equity settled share-based payment plans during the period is shown in note 2.3. During the year ended 30 June 2020, the Group had the following share-based payment plans in place:

Long Term Incentive Plan

- FY2018 LTI Plan

Performance Rights Plan

- 2020, 2019 and 2018 PRP

The FY2018 LTI Plan lapsed on 30 June 2020. There have been no cancellations or modifications to any of the plans during the period.

FY2018 LTI Plans

Description of Share-Based Payment Plans

The FY2018 LTI Plans were established as the long-term incentive component of remuneration in order to assist in the attraction, reward and retention of certain employees. The LTI Plans are designed to link long-term reward with the ongoing creation of shareholder value, through the allocation of LTI Plan Shares which are subject to satisfaction of long-term performance conditions.

The key terms of the LTI Plans are as follows:

- Participants are invited to join, via a loan-based share plan. There is no initial cost to the recipient to participate in the LTI Plan, but the loan must be repaid before or at the time of sale of the shares. The value of the loan is set by applying the market value at grant date to the number of units granted. This means the share price must increase over the life of the Plan, and pass the performance tests for there to be any value to the participant between vesting and expiry;
- The LTI Plan Shares are issued to each participant upfront, with the number of LTI Plan Shares determined by dividing the remuneration value by the fair value of the LTI Plan Shares at the time of allocation;
- The LTI Plan Shares will only vest upon satisfaction of conditions set by the Board at the time of the offer;
- If the conditions are met and the LTI Plan Shares vest, the loan becomes repayable and participants have up to five years from the date of allocation of the LTI Plan Shares to repay the outstanding balance. The LTI Plan Shares cannot be dealt with (other than to repay the loan) until the loan in respect of the vested LTI Plan Shares is repaid in full;
- Until the LTI Plan Shares vest, the participant is not entitled to exercise any voting rights attached to the LTI Plan Shares. Any dividends paid on the LTI Plan Shares while the loan remains outstanding are applied (on a notional after-tax basis) towards repayment of the loan; and
- In general, if the conditions are not satisfied by the relevant testing date for those conditions, or if the participant ceases employment before the LTI Plan Shares vest, the participant forfeits all interest in the LTI Plan Shares in full satisfaction of the loan.

5.2 Employee share plans (cont'd)

Cessation of employment

Except where the Board determines otherwise in a specific instance, where a participant ceases employment with iSelect prior to any conditions attaching to LTI Plan Shares issued under the LTI Plan being satisfied, their LTI Plan Shares will be forfeited and surrendered (in full satisfaction of the loan) and the participant will have no further interest in the LTI Plan Shares. However the Board has discretion to approve the reason for a participant ceasing employment before LTI Plan Shares have vested in appropriate circumstances. Such circumstances may include ill health, death, redundancy or other circumstances approved by the Board.

Where the Board has approved the reason for ceasing employment, it has discretion to determine any treatment in respect of the unvested LTI Plan Shares it considers appropriate in the circumstances – for example, that a pro-rata number of LTI Plan Shares are eligible to vest, having regard to time worked during the performance period and the extent the performance condition has been satisfied at the time of cessation.

In relation to vested LTI Plan Shares that remain subject to the loan, the participant will have 12 months (or as otherwise agreed by the Board) from the date of the cessation of their employment to repay the loan. Once the loan is repaid, the participant may deal in the LTI Plan Shares.

For the purposes of Sections 200B and 200E of the Corporations Act, iSelect shareholders have approved the giving of any potential benefits under the LTI Plan provided in connection with any future retirement of a participant who holds a 'managerial or Executive office' such that for the purposes of the provisions, those benefits will not be included in the statutory limit.

Change in control

Unless the Board determines otherwise, all LTI Plan Shares will vest upon a 'change of control', and participants' loans will become repayable (including in respect of any outstanding loan where LTI Plan Shares had already vested prior to the 'change of control'). If the share price has fallen, LTI Plan Shares will be forfeited and surrendered in full satisfaction of the loan.

FY2018 offer under LTI Plan

Each LTI Plan share is offered subject to the achievement of the performance measure, which is tested once at the end of the performance period. The LTI Plans will be measured against one performance measure – relative Total Shareholder Return (TSR). LTI Plan Shares that do not vest after testing of the relevant performance measure, lapse without retesting.

The shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, being the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period. In relation to the offer, vesting starts where relative TSR reaches the 50th Percentile.

At the 50th Percentile, 50% of LTI Plan shares will vest. All LTI Plan shares will vest if relative TSR is above the 75th Percentile. Between these points, the percentage of vesting increases on a straight-line basis.

Summary of Shares issued under the FY2018 LTI Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2020 NUMBER	2019 NUMBER
Outstanding at the beginning of the period	**589,933**	**895,000**
Granted during the period	-	-
Forfeited during the period	-	(305,067)
Exercised during the period	-	-
Outstanding at the end of the period	**589,933**	**589,933**

The following table lists the inputs to the model for grants made:

	GRANT ON 3 JULY 2017	GRANT ON 31 OCTOBER 2017
Five day volume weighted average price (VWAP) as at grant date	$2.00	$1.53
Exercise price (same as underlying share price at grant date)	$2.00	$1.53
Expected life of LTI Plan shares	3 years	3 years
Risk free rate	2.2%	2.2%
Dividend yield	3.0%	3.0%
Expected volatility	35%	35%

Fair value of shares at grant date:

	GRANT ON 3 JULY 2017	GRANT ON 31 OCTOBER 2017
Relative TSR Class	$0.60	$0.40

5.2 Employee share plans (cont'd)

FY2020, FY2019 & FY2018 Performance Rights Plan

The key terms of the Performance Rights Plans are as follows:

- The Performance Rights Plan allows the Group to issue rights to employees. The number of Performance Rights issued is determined by dividing the remuneration value by the fair value of the Performance Rights at the time of allocation;
- The Performance Rights Plan will only vest upon satisfaction of certain conditions which are set by the Board at the time of the offer;
- If the conditions are met and the Performance Rights vest, each participant is entitled to an ordinary share for each Performance Right which vests;
- Until the Performance Rights vest and ordinary shares are issued, the participant is not entitled to exercise any voting rights attached to the Performance Rights and is not entitled to any dividend payments; and
- In general, if the conditions are not satisfied by the relevant testing date for those conditions, or if the participant ceases employment before the Performance Rights Plan Shares vest, the participant forfeits all interest in the Performance Rights.

Offer under Performance Rights Plan

The Performance Rights Plan rights granted are subject to the achievement of the performance measure, which is tested once at the end of the 3-year performance period. The Performance Rights will be measured against one performance measure – relative Total Shareholder Return (TSR). The Performance Rights that do not vest after testing of the relevant performance measure, lapse without retesting.

Cessation of employment

Except where the Board determines otherwise in a specific instance, where a participant ceases employment with iSelect prior to any conditions attaching to Performance Rights Plan Shares issued under the Performance Rights Plan being satisfied, their Performance Rights will be forfeited and the participant will have no further interest in the Performance Rights. However the Board has discretion to approve the reason for a participant ceasing employment before Performance Rights have vested in appropriate circumstances. Such circumstances may include ill health, death, redundancy or other circumstances approved by the Board.

Where the Board has approved the reason for ceasing employment, it has discretion to determine any treatment in respect of the unvested Performance Rights it considers appropriate in the circumstances – for example, that a pro-rata number of Performance Rights are eligible to vest, having regard to time worked during the performance period and the extent the performance condition has been satisfied at the time of cessation.

For the purposes of Sections 200B and 200E of the Corporations Act, iSelect shareholders have approved the giving of any potential benefits under the Performance Rights Plan provided in connection with any future retirement of a participant who holds a 'managerial or Executive office' such that for the purposes of the provisions, those benefits will not be included in the statutory limit.

Change in control

Upon a 'change of control', the Board has discretion to determine that some or all of the participants' Performance Rights vest immediately.

Summary of shares issued under the FY2020, FY2019, FY2018 and FY2017 Performance Rights plans

FY2020 Performance Rights Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2020 NUMBER	2019 NUMBER
Outstanding at the beginning of the period	-	-
Granted during the period	5,570,499	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at the end of the period	**5,570,499**	**-**

The following table lists the inputs to the model for grants made:

	GRANT ON 1 JULY 2019	GRANT ON 20 AUGUST 2019
Five day volume weighted average price (VWAP) as at grant date	$0.61	$0.55
Exercise price (same as underlying share price at grant date)	$0.61	$0.55
Expected life of LTI Plan shares	3 years	1 year
Risk free rate	1.1%	1.0%
Dividend yield	5.5%	0.0%
Expected volatility	40%	40%

Fair value of shares at grant date:

	GRANT ON 1 JULY 2019	GRANT ON 20 AUGUST 2019
Relative TSR Class	$0.32	$0.31

5.2 Employee share plans (cont'd)

Summary of shares issued under the FY2020, FY2019, FY2018 and FY2017 Performance Rights plans (cont'd)

FY2019 Performance Rights Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2020 NUMBER	2019 NUMBER
Outstanding at the beginning of the period	**2,594,261**	**-**
Granted during the period	-	2,594,261
Forfeited during the period	(35,372)	-
Exercised during the period	-	-
Outstanding at the end of the period	**2,558,889**	**2,594,261**

The following table lists the inputs to the model for grants made:

	GRANT ON 2 JULY 2018
Five day volume weighted average price (VWAP) as at grant date	$0.80
Expected life of Performance Rights Plan	3 years
Risk free rate	2.28%
Dividend yield	4.1%
Expected volatility	40%

Fair value of shares at grant date:

	GRANT ON 2 JULY 2018
Relative TSR Class	$0.45

FY2018 Performance Rights Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2020 NUMBER	2019 NUMBER
Outstanding at the beginning of the period	**407,262**	**547,949**
Granted during the period	-	-
Forfeited during the period	(11,024)	(140,687)
Exercised during the period	-	-
Outstanding at the end of the period	**396,238**	**407,262**

The following table lists the inputs to the model for grants made:

	GRANT ON 3 JULY 2017
Five day volume weighted average price (VWAP) as at grant date	$2.00
Expected life of Performance Rights Plan	3 years
Risk free rate	2.2%
Dividend yield	3.0%
Expected volatility	35%

Fair value of shares at grant date:

	GRANT ON 3 JULY 2017
Relative TSR Class	$1.16
Retention Rights Class	$1.79

5.2 Employee share plans (cont'd)

Summary of shares issued under the FY2020, FY2019, FY2018 and FY2017 Performance Rights plans (cont'd)

FY2017 Performance Rights Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2020 NUMBER	2019 NUMBER
Outstanding at the beginning of the period	**685,174**	**962,428**
Granted during the period	-	-
Forfeited during the period	(685,174)	(277,254)
Exercised during the period	-	-
Outstanding at the end of the period	**-**	**685,174**

The following table lists the inputs to the model for grants made:

	GRANT ON 1 JULY 2016
Five day volume weighted average price (VWAP) as at grant date	$1.26
Expected life of Performance Rights Plan	3 years
Risk free rate	1.9%
Dividend yield	2.3%
Expected volatility	35%

Fair value of shares at grant date:

	GRANT ON 1 JULY 2016
Relative TSR Class	$0.75
Retention Rights Class	$1.15

Section 6: Our investments

This section outlines our group structure and includes information about our controlled and associated entities. It provides details of changes to these investments and their effect on our financial position and performance during the financial year. It also includes the results of our associated entities.

6.1 Parent entity disclosures

The accounting policies of the parent entity, iSelect Limited, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except for accounting for investments in subsidiaries which are measured at cost.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Financial Position		
Assets		
Current Assets	208	4,297
Non-Current Assets	142,363	165,165
Total Assets	142,571	169,462
Liabilities		
Current Liabilities	74,568	92,352
Total Liabilities	74,568	92,352
Net Assets	**68,003**	**77,110**
Equity		
Contributed Equity	111,290	111,290
Reserves	4,870	3,960
Accumulated Losses	(48,157)	(38,140)
Total Equity	**68,003**	**77,110**
Financial Performance		
Loss of the parent entity	(10,017)	(4,812)
Total comprehensive loss of the parent entity	**(10,017)**	**(4,812)**

There are no contractual or contingent liabilities of the parent as at reporting date (2019: $nil). iSelect Limited has issued bank guarantees to third parties for various operational purposes. It is not expected these guarantees will be called on.

6.2 Subsidiaries

The consolidated financial statements include the financial statements of iSelect Limited as the ultimate parent, and the subsidiaries listed below:

		2020	2019
iSelect Health Pty Ltd[1]	Australia	100%	100%
iSelect Life Pty Ltd	Australia	100%	100%
iSelect General Pty Ltd	Australia	100%	100%
iSelect Media Pty Ltd[1]	Australia	100%	100%
iSelect Mortgages Pty Ltd[1]	Australia	100%	100%
iSelect Services Pty Ltd[1]	Australia	100%	100%
Tyrian Pty Ltd[1]	Australia	100%	100%
General Brokerage Services Pty Ltd[1]	Australia	100%	100%
Energy Watch Trading Pty Ltd[1]	Australia	100%	100%
Procure Power Pty Ltd[1]	Australia	100%	100%
Energy Watch Services Pty Ltd[1]	Australia	100%	100%
iSelect International Pty Ltd[1]	Australia	100%	100%
Intelligent Money Sdn Bhd	Malaysia	88.8%	88.8%
iMoney Comparison Sdn Bhd	Malaysia	88.8%	88.8%
iMoney Comparison Singapore Pte Ltd	Singapore	88.8%	88.8%
PT Atur Duit Indonesia	Indonesia	88.8%	88.8%
iMoney Co., Ltd	Thailand	88.8%	88.8%
iMoney Comparison Philippines	Philippines	88.8%	88.8%
iMoney Hong Kong Pte Ltd	Hong Kong	88.8%	88.8%

1 A Deed of Cross Guarantee has been entered into by iSelect Limited and these entities. Refer to note 6.4.

6.3 Changes in group structure

Discontinued operations

In May 2020, the Group commenced negotiation with an independent third party to sell the Group's 88.8% interest in the iMoney Group. The sale of iMoney was completed on 14 August 2020. At 30 June 2020, iMoney was classified as a disposal group held for sale and as discontinued operations. The business of iMoney represented the entirety of the Group's operations in Asia. With iMoney being classified as discontinued operations, its operating results are no longer presented in the segment note. The results of iMoney for the period are presented below:

	CONSOLIDATED	
	JUN 2020 $'000	JUN 2019 $'000
Revenue	4,845	4,865
Expenses	(9,378)	(8,852)
Operating income	(4,533)	(3,987)
Net finance cost	(324)	(89)
Impairment of property, plant and equipment and other intangible assets	(15,975)	-
Profit/(loss) before tax from discontinued operations	(20,832)	(4,076)
Tax benefit/(expense) related to current pre-tax loss	(2,255)	242
Post-tax profit/(loss) of discontinued operations	(23,087)	(3,834)

The major classes of assets and liabilities of iMoney classified as held for sale as at 30 June are as follows:

	CONSOLIDATED	
	JUN 2020 $'000	JUN 2019 $'000
Assets		
Cash and cash equivalent	734	3,385
Trade and other receivables	593	873
Other assets	355	329
Property, plant and equipment	-	293
Intangible assets	-	15,605
Deferred tax assets	-	2,195
Assets held for sale	1,682	22,680

6.3 Changes in group structure (con'd)

	CONSOLIDATED	
	JUN 2020 $'000	JUN 2019 $'000
Liabilities		
Trade and other payables	1,751	1,308
Lease liabilities	8	98
Other	175	105
Liabilities directly associated with the assets	1,934	1,511

The net cash flows incurred by iMoney are as follows:

	2020 $'000	2019 $'000
Operating	(2,828)	(2,638)
Financing	1,039	5,418
Investing	(862)	(978)
Net cash inflow/(outflow)	**(2,651)**	**1,802**

	CENTS	CENTS
Earnings/loss per share		
Basic / diluted profit/(loss) for the period from discontinued operations	(10.5)	(2.5)

Impairment loss

Immediately before the classification of iMoney as discontinued operations, the recoverable amount for the business was determined and an impairment loss of $15,975,000 was identified. This was recognised in discontinued operations in the statement of profit or loss and other comprehensive income.

6.4 Deed of cross guarantee

Pursuant to the iSelect Deed of Cross Guarantee ("the Deed") and in accordance with ASIC Class Order 98/1418, the subsidiaries identified with a '1' in note 6.2 are relieved from the requirements of the Corporations Act 2001 relating to the preparation, audit and lodgment of their financial reports.

iSelect Limited and the subsidiaries identified with a '1' in note 6.2 together are referred to as the "Closed Group". The Closed Group, with the exception of General Brokerage Services Pty Ltd, Energy Watch Trading Pty Ltd, Procure Power Pty Ltd, Energy Watch Services Pty Ltd and iSelect International Pty Ltd entered into the Deed on 26 June 2013.

General Brokerage Services Pty Ltd, Energy Watch Trading Pty Ltd, Procure Power Pty Ltd and Energy Watch Services Pty Ltd entered into the Deed on 1 July 2014, the date they were acquired as part of the Energy Watch Group acquisition. iSelect International entered the Deed on 8 September 2014. The effect of the Deed is that iSelect Limited guarantees to each creditor payment in full of any debt in the event of winding up any of the entities in the Closed Group.

The consolidated income statement of the entities that are members of the Closed Group is as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Consolidated income statement		
Loss from continuing operations before income tax	(36,897)	(20,111)
Income tax benefit	5,228	5,949
Net loss for the year	**(31,669)**	**(14,162)**
Retained earnings at the beginning of the period	(18,737)	4,101
Transferred in from divested subsidiary	-	(8,676)
Net loss for the year	(31,669)	(14,162)
Dividends paid		-
Retained earnings at the end of the year	**(50,406)**	**(18,737)**

6.4 Deed of cross guarantee (con'd)

The consolidated balance sheet of the entities that are members of the Closed Group is as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Assets		
Current assets		
Cash and cash equivalents	3,960	9,023
Trade receivables and contract assets	21,604	25,533
Trail commission asset	24,022	19,781
Income tax receivable	-	679
Other assets	3,296	6,619
Total current assets	**52,882**	**61,635**
Non-current assets		
Investments	36,799	36,799
Trail commission asset	54,807	52,183
Property, plant and equipment	6,939	9,060
Goodwill and other intangible assets	17,606	34,976
Total non-current assets	**116,151**	**133,018**
Total assets	**169,033**	**194,653**
Liabilities		
Current liabilities		
Trade and other payables	76,595	68,529
Lease liabilities	2,544	2,471
Provisions	4,677	5,164
Total current liabilities	**83,816**	**76,164**
Non-current liabilities		
Provisions	422	418
Lease liabilities	4,157	6,773
Net deferred tax liabilities	14,884	14,785
Total non-current liabilities	**19,463**	**21,976**
Total liabilities	**103,279**	**98,140**
Net Assets	**65,754**	**96,513**
Equity		
Contributed equity	111,290	111,290
Reserves	4,870	3,960
Retained earnings	(50,406)	(18,737)
Total Equity	**65,754**	**96,513**

Section 7: Other information

This section provides other information and disclosures not included in the other sections, for example our external auditor's remuneration, commitments and contingencies and significant events occurring after the reporting date.

7.1 Other accounting policies

Standards issued but not yet effective

Amendments to AASB 3: Definition of a Business

In December 2018, the AASB issued amendments to the definition of a business in AASB 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to AASB 108: Definition of Material

In December 2018, the IASB issued amendments to AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

7.2 Related party transactions

Transactions and their terms and conditions with other related parties

Precision Group of Companies Pty Ltd and its related entities ("Precision Group") are considered to be related parties of the Group. This is due to Precision Group being under significant influence of Mr Shaun Bonett, a non-executive director of the Group. The Group paid Precision Group $285 (30 June 2019: $319,552) in relation to amount outstanding as at 30 June 2019. The lease agreements were terminated effective 30 June 2019. Mr Bonett was not present during any discussions relating to potential venues and the terms and conditions of the lease agreements.

Prezzee Pty Ltd is considered to be a related party of the Group. This is due to Precision Group's significant influence over Prezzee Pty Ltd through its investment in the company. The Group paid Prezzee Pty Ltd $68,661 (30 June 2019: $309,469) in relation to digital gift cards for customer and staff incentives. The amount payable as at 30 June 2020 was $21 (30 June 2019: $10,700). Mr Bonett is not an Officer or Director of Prezzee Pty Ltd.

7.3 Auditor's remuneration

The external auditor of the Group is Ernst & Young (EY). In addition to the audit and review of our financial reports, EY provides other services throughout the year. This note shows the total fees to external auditors split between audit, audit related and non-audit related services.

	CONSOLIDATED	
	2020 $	2019 $
Audit services		
Group statutory audit	342,500	355,890
Total audit services	342,500	355,890
Audit-related services		
AFSL compliance review procedures	34,000	38,110
Other assurance services	-	11,500
Total audit-related services	34,000	49,610
Total audit and audit-related services	**376,500**	**405,500**
Non-audit services		
None	-	-
Total non-audit services	**-**	**-**
Total fee for services provided	**376,500**	**405,500**

7.4 Events after the reporting date

On 14 August 2020, the Group sold its investment in Intelligent Money SDN BHD ("iMoney") to one of the founders of the iMoney business for a nominal value. The Group has no further obligations or liabilities in respect of iMoney following the sale. The transaction follows an earlier exploratory sale process that had progressed to documentation with interested parties but did not result in a transaction.

In a COVID-19 context, iSelect notes the recent developments in Victoria, including the declaration of a State of Disaster with effect from 2 August 2020, where the related business effects remain highly uncertain.

7.5 Commitments and contingencies

Life insurance policies

On 24 October 2011, iSelect Life Pty Ltd reported to the Australian Securities and Investment Commission a breach in relation to its Australian financial services license relating to life insurance policies sold between April 2009 and March 2011. As a result of this breach, an internal review of all life insurance policies sold during that period was undertaken. The review and remediation work commenced in October 2011. As at 30 June 2020, 100% (30 June 2019: 100%) of the initial 5,095 policies had been reviewed by iSelect with only 508 (30 June 2019: 533) policies in relation to one provider still subject to final remediation.

The amount, if any, of the liability associated with those policies yet to be remediated cannot be reliably determined at this time, and accordingly no amounts have been recorded in the consolidated financial statements for the year ended 30 June 2020 (30 June 2019: nil).

Potential liabilities for the Group, should any obligation be identified, are expected to be covered by insurance maintained by the Group.

ACCC proceedings

On 12 April 2019, the Group was advised that the Australian Competition and Consumer Commission (ACCC) has commenced proceedings against iSelect in relation to commercial disclosures and statements that were displayed on its energy comparison site. It is not presently possible to determine with certainty the costs and extent of corrective action, if any, which will be required, or whether all or any portion of such costs will be covered by insurance or will be recoverable from others. Since it presently is not possible to determine the outcome of these proceedings, no provision has been made in the financial statements for their ultimate resolution.

Directors' Declaration

In accordance with a resolution of the Directors of iSelect Limited we state that:

1. In the opinion of the Directors:
    a. the consolidated financial statements and notes that are set out on pages 56 to 99 and the Directors' report, are in accordance with the Corporations Act 2001, including:
        i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance, for the financial year ended on that date; and
        ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
        iii. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the Group entities identified in note 6.2 will be able to meet any obligations or liabilities;
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2020;
4. The Directors draw attention to note 1.1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards; and
5. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 6.4 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.

On behalf of the Directors

Melanie Wilson

Chris Knoblanche AM
Director

Melbourne,
27 August 2020

Melanie Wilson
Director

Melbourne,
27 August 2020

Independent Auditor's Report

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Independent Auditor's Report to the Members of iSelect Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iSelect Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Measurement of trail commission receivable and associated trail commission revenue

Why significant	How our audit addressed the key audit matter
The Group recognises trail commission revenue at the point of sale. This is based on its assessment of the likelihood of referred sales resulting in future cash receipts, considering no further performance obligations are required to be satisfied by the Group to earn the commission revenue, other than the passage of time. The valuation of the trail commission contract asset, and related revenue, is complex and involves a number of assumptions. Due to this complexity, the Group has engaged an external firm of consulting actuaries to assist in the valuation process, as outlined in Note 3.4. This was a key audit matter due to the divergence of timing between revenue recognition and cash receipts, and the complexity of the trail commission contract asset calculation. The accounting policy for the trail commission contract asset, key assumptions used in the trail commission valuation and sensitivity of the valuation to changes in key assumptions are disclosed are disclosed in Note 3.4.	We assessed the Group's revenue recognition policies and procedures against the contractual terms and conditions of its product providers and applicable Australian Accounting Standards. In conjunction with our actuarial specialists, we assessed the trail commission contract asset valuation model and the reasonableness of key assumptions. In doing so, our audit procedures included the following: ▶ Considered the qualifications, competence and objectivity of the external firm of consulting actuaries; ▶ Assessed the accuracy of the data used by the external firm; ▶ Assessed the assumptions used, and the results of the actuarial work; and ▶ Evaluated the reconciliation of the actuarial valuation to the balances recorded in the financial report. We also assessed the adequacy of disclosures relating to the valuation of the trail commission contract asset.

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Impairment assessment of goodwill

Why significant	How our audit addressed the key audit matter
Goodwill has been recognised as a result of the Group's previous acquisitions. It represents the excess of the purchase price over the fair value of assets acquired, and has been allocated across seven Cash Generating Units (CGUs), as outlined in Note 3.2. The Group performs an annual impairment assessment, or more frequently if there is an indication that goodwill may be impaired. It involves a comparison of the carrying value of each CGU with its recoverable amount. As a consequence of the Group's impairment assessment as outlined in Note 3.2, an impairment charge of $26 million has been recognised in respect of goodwill in the Health, Life, Household, Car and International CGUs. The annual goodwill impairment assessment of the Group's CGUs was a key audit matter due to the degree of judgment and estimation uncertainty associated with the calculation of the recoverable amount of each CGU as a result of the COVID-19 pandemic and other operational challenges. Further details on the methodology and assumptions used in the impairment assessment of goodwill are included in Note 3.2. These disclosures provide particularly important information about the uncertainty associated with the key assumptions made in the impairment assessment.	Our consideration of the impairment assessment of each CGU required valuation expertise to assist in the assessment of the underlying impairment models and assumptions. Accordingly, we involved our valuation specialists to test the mathematical accuracy of the impairment models and assess the reasonableness of key assumptions. Our audit procedures included the following: ▶ Obtained an understanding of the process and controls that exist over the Group's impairment assessment. ▶ Assessed whether the forecast cash flows were consistent with the most recent Board approved cash flow forecasts. ▶ Assessed the appropriateness of key assumptions, such as the impact of COVID-19, discount rates and long-term growth rates, including testing management's sensitivity analyses around these key assumptions. ▶ Assessed the historical accuracy of the Group's previous forecasts by performing a comparison of historical forecasts to actual results. We also assessed the adequacy of the disclosures associated with the goodwill impairment assessment.

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Capitalised development costs

Why significant	How our audit addressed the key audit matter
The Group has incurred costs in relation to the development of IT architecture, software and other IT activities. A portion of these costs have been identified by the Group as relating to the development of an intangible asset that will provide future economic benefit. The Group has implemented a process to identify and measure these costs, which are capitalised on the statement of financial position. This also includes an assessment of the future economic benefit that is anticipated from these assets. This was a key audit matter due to: ▶ the significant judgment required to determine the eligibility of costs to be capitalised; and ▶ the degree of estimation uncertainty associated with the Group's assessment of future economic benefit. Further details of capitalised development costs are included in Note 3.2 of the financial report.	Our audit procedures included the following: ▶ Considered the Group's capitalisation policy and its compliance with Australian Accounting Standards. ▶ Obtained an understanding of iSelect's IT projects and the nature of the development costs involved. ▶ Assessed the eligibility of costs to be capitalised in accordance with Australian Accounting Standards, and whether previously capitalised costs remain eligible, based on the status of underlying projects. ▶ Selected a sample of capitalised development costs and agreed details to supporting documentation. ▶ Evaluated the assumptions and methodologies used to test the impairment of capitalised development costs, including estimates of future economic benefit. We assessed the adequacy of the disclosures associated with capitalised development costs.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, 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, 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.

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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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 40 to 54 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of iSelect Limited for the year ended 30 June 2020, 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.

Ernst & Young

Ernst & Young

T J Coyne
Partner
Melbourne
27 August 2020

ASX Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as of 12 August 2020.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDING	FULLY PAID ORDINARY SHARES NUMBER OF SHARES^
1 – 1,000	89,278
1,001 – 5,000	811,572
5,001 – 10,000	1,123,189
10,001 – 100,000	9,947,680
100,001 and over	205,889,674

^ The total number of shares on issue as at 30 June 2020 was 217,861,393.

SUBSTANTIAL SHAREHOLDERS AS AT 12 AUGUST 2020

NAME	NUMBER OF ORDINARY SHARES HELD	% OF VOTING RIGHTS
BHL Management Services Limited	62,430,788	28.66
Thorney Investment Group	32,825,266	15.07
Forager Funds Management	24,053,874	11.04
Renaissance Asset Management	21,464,668	9.85

MARKETABLE PARCELS

The number of holders holding parcels of less than $500 was 288 as at 12 August 2020.

SHARES SUBJECT TO VOLUNTARY ESCROW

As at 12 August 2020, there are no shares subject to voluntary escrow.

TWENTY LARGEST SHAREHOLDERS

The twenty largest shareholders of fully paid ordinary shares as at 12 August 2020 were:

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED CAPITAL
HSBC Custody Nominees (Australia) Limited	48,243,651	22.14
Innovation Holdings Australia Pty Ltd	37,331,061	17.14
JP Morgan Nominees Australia Pty Limited	36,235,654	16.63
Innovation Holdings Australia Pty Ltd	13,000,000	5.97
National Nominees Limited	6,140,675	2.82
BNP Paribas Noms Pty Ltd <Drp>	5,914,479	2.71
Sandhurst Trustees Ltd <Collins St Value Fund A/C>	5,906,153	2.71
Innovation Holdings Australia Pty Ltd	5,846,579	2.68
Innovation Holdings Australia Pty Ltd	5,048,310	2.32
Dissa Investments Pty Ltd	2,859,126	1.31
Jl Family Nominees Pty Ltd <The Justin Liberman Fami A/>	2,713,055	1.25
Invia Custodian Pty Limited <Precision Mngmt Co Pl A/C>	2,500,000	1.15
Bellite Pty Ltd <Meyer Family Btml A/C>	2,417,000	1.11
George Tauber Management Pty Ltd	2,000,000	0.92
UBS Nominees Pty Ltd	1,944,836	0.89
Bnp Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	1,653,064	0.76
Irwin Biotech Nominees Pty Ltd	1,500,000	0.69
Australian Executor Trustees Limited <No 1 Account>	1,427,659	0.66
Urban Land Nominees Pty Ltd	1,333,654	0.61
Innovation Holdings Australia Pty Ltd	1,204,838	0.55

The percentage holding of the 20 largest shareholders of iSelect Ltd fully-paid ordinary shares was 85.02%.

Reported vs Underlying Results

	REPORTED	ADJUSTMENTS					UNDERLYING (INCLUDING JOBKEEPER)	ADJUST-MENTS	UNDER-LYING
	FY20 $'000	CORPORATE RESTRUC-TURE	ACCC	IMONEY PERFORMANCE & IMPAIRMENT	GOODWILL IMPAIRMENT	HEALTH RATE RISE DEFERRAL	FY20 $'000	JOB-KEEPER	FY20 $'000
EBITDA	**(31,682)**	**1,925**	**2,292**	**19,760**	**18,835**	**2,535**	**13,665**	**(3,699)**	**9,966**
Depreciation and amortisation	(9,357)	-	-	748	-	-	(8,609)	-	(8,609)
EBIT	**(41,039)**	**1,925**	**2,292**	**20,508**	**18,835**	**2,535**	**5,056**	**(3,699)**	**1,357**
Net finance income	(677)	-	-	324	-	-	(353)	-	(353)
Profit/(loss) before income tax expense	**(41,716)**	**1,925**	**2,292**	**20,832**	**18,835**	**2,535**	**4,703**	**(3,699)**	**1,004**
Income tax expense	(1,833)	(577)	(688)	2,255	-	(761)	(1,604)	1,109	(495)
Profit for the period	**(43,549)**	**1,348**	**1,604**	**23,087**	**18,835**	**1,774**	**3,099**	**(2,590)**	**509**
EPS	(19.9)	0.6	0.7	10.5	8.7	0.8	1.4	(1.2)	0.2

Corporate Directory

ABN 48 124 302 932

DIRECTORS

Chris Knoblanche
Brodie Arnhold
Shaun Bonett
Bridget Fair
Geoff Stalley
Melanie Wilson

CHIEF EXECUTIVE OFFICER

Brodie Arnhold

COMPANY SECRETARY

Mark Licciardo

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SHARE REGISTER

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iSelect Limited shares are listed on the Australian Securities Exchange (ASX: ISU)

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BANKERS

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AUDITORS

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iSelect

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