



For the fully underwritten initial
public offering of ordinary shares
in Credit Clear Limited

ACN 604 797 033

PROSPECTUS 2020

LEAD MANAGER

**BELL POTTER**

LEGAL ADVISER

DEUTSCH MILLER

This Prospectus is an important document and should be read in its entirety. If you do not understand any aspect of this Prospectus you should contact your professional adviser.

creditclear limited



Credit Clear's mission state

**We are changing
organisations
their receivables
new generation
and technology**

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Lewis Romano
Founder

Important information

THE OFFER

This Prospectus is issued by Credit Clear Limited (ACN 604 797 033) (**Credit Clear** or **Company** or **CCR**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares (**Shares**) in the Company (**Offer**).

LODGEMENT AND LISTING

This Prospectus is dated 15 September, 2020 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

The Company will apply to the Australian Securities Exchange (**ASX**) for admission of the Company to the official list and quotation of its Shares on the ASX within 7 days of the Prospectus Date. **None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.**

As set out in Section 7.12.3, it is expected that the Shares will be quoted on the ASX, initially on a deferred settlement basis. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

EXPIRY DATE

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be issued on the basis of this Prospectus after the Expiry Date.

REVOCATION OF OFFER

The Company reserves the right not to proceed with the Offer, to close the offer earlier than 7 October 2020 or to extend the Offer at any time, in each case without prior notice.

NOTE TO APPLICANTS

The information in this Prospectus is not investment or financial product advice and does not take into account your investment objectives, financial circumstances, tax position or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the assumptions underlying the risk factors that could affect the performance of the Company and other information in this Prospectus. You should carefully consider these risks in light of your personal circumstances (including your investment objectives, financial circumstances and tax position) and seek professional

guidance from your stockbroker, accountant, lawyer or other professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding the past performance of the Company for illustration purposes only. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company, the Lead Manager or any other person in connection with the Offer. You should rely only on information contained in this Prospectus when deciding whether to invest in the Company.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing applications to subscribe for Shares offered under this Prospectus (**Applications**) in the seven day period after the date of the Prospectus (**Exposure Period**). The Exposure Period enables the Prospectus to be examined by market participants prior to the processing of Applications. The Exposure Period will expire on 29 September 2020. The Exposure Period may be extended by ASIC by up to a further seven days. Applications received during the Exposure Period will not be processed by the Company until after the expiry of the Exposure Period and any Applications received during the Exposure Period will not receive any preference.

PROSPECTUS AVAILABILITY

During the Offer Period, a paper copy of this Prospectus is available free of charge to Australian resident investors by calling the CCR Offer Information Line on 1800 653 805 (within Australia) from 8.30 am to 5.30 pm (Melbourne time), Monday to Friday (excluding public holidays). This Prospectus is also available to Australian resident investors in electronic form at the Offer website, <https://events.miraqle.com/creditclear-ipo>.

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

APPLICATIONS

Applications may only be made during the Offer Period by completing an Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form, which must be downloaded in its entirety from the Offer website, <https://events.miraql.com/creditchear-ipo>. By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

FINANCIAL INFORMATION PRESENTATION

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information.

The Financial Information included in Section 4 has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards adopted by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board and the accounting policies of the Company.

All financial amounts contained in this Prospectus are expressed in Australian currency and are rounded to the nearest \$100,000 (unless otherwise stated). Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding. Tables and figures contained in this Prospectus have not been amended by the Company to correct immaterial summation differences that may arise from this rounding convention.

The Historical Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 4. Where Financial Information and metrics represent pro forma amounts, they have been labelled "pro forma".

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are identified by words such as "may", "could", "believes", "estimates", "expects", "intends", "considers" and other similar words that involve known or unknown risks and uncertainties.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual results, performance, events or outcomes to differ materially from the results, performance, events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company and the Directors. Such forward-looking statements are based on an assessment of present economic and operating conditions and a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements. Except where required by law, the Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

This Prospectus uses market data and third party estimates and projections. The Company has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

NO OFFERING WHERE OFFERING WOULD BE ILLEGAL

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, any person in the United States. In particular, the Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available. See Section 7.10 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

DEFINITIONS

Defined terms and expressions used in this Prospectus are explained in the Glossary at the end of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to the time in Melbourne, Victoria.

PRIVACY

By filling out an Application Form to apply for Shares, you are providing personal information to the Company, and the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on their behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act. If you do not provide the information requested in an Application Form, the Company, and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, that it considers may be of interest to you. Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- the Lead Manager in order to process your application;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website, <https://www.creditclear.com.au/>. The privacy policy contains further details regarding access, correction and complaint rights and procedures. To contact the Company regarding privacy matters, please contact the Company through the contact details provided on its website, or write to the Company at its address as set out in the Corporate Directory.

The Share Registry's complete privacy policy is available at the Share Registry's website: linkmarketservices.com.au. Queries regarding the Share Registry's privacy policy may also be emailed to investorrelations@creditclear.com.au.

PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

LOGOS

This Prospectus includes Credit Clear's registered and unregistered trademarks. This Prospectus may contain trademarks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this Prospectus belong to the relevant owner and use is not intended to represent sponsorship, approval or association by or with the Company or the Lead Manager.

QUESTIONS

If you have any questions about how to apply for Shares, please call the CCR Offer Information Line on 1800 653 805 (within Australia) from 8.30 am to 5.30 pm (Melbourne time), Monday to Friday (excluding public holidays). Instructions on how to apply for Shares are set out in Section 7 and on the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your stock broker, accountant, lawyer or other professional adviser.



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Key offer information

Key offer statistics

Offer Price	\$0.35 per Share
Total number of Shares on issue prior to the Offer	182,829,603
Total number of Shares offered under the Offer	42,857,143
Total Offer proceeds	\$15,000,000
Total number of Shares on issue on Completion of the Offer	225,686,746
Indicative market capitalisation at the Offer Price ¹	\$78,990,361
Enterprise value at the Offer Price ²	\$64,025,361
Pro forma net cash (as at 30 June 2020) after costs of the Offer and lease liabilities	\$14,965,000
Number of Options and Share Rights on issue on or shortly after completion of the Offer ³	27,980,000

1 Calculated as the total number of Shares on issue on Completion of the Offer multiplied by the Offer Price.

2 Calculated as market capitalisation at the Offer Price, less pro forma net cash.

3 This figure includes 2,000,000 Share Rights and 20,680,000 Options that have performance conditions attached.

Key dates

Prospectus Date	Tuesday, 15 September, 2020
Broker Firm Offer Opens	Wednesday, 30 September, 2020
Broker Firm Offer Closes	Wednesday, 7 October, 2020
Settlement of the Offer	Wednesday, 21 October, 2020
Allotment of Shares	Thursday, 22 October, 2020
Commencement of trading	Tuesday, 27 October, 2020

This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Melbourne time. The Company, in consultation with the Lead Manager, reserve the right to vary dates of the Offer (subject to the ASX Listing Rules and the Corporations Act) without prior notice, including to close the Offer early, extend the date the Offer closes, accept late Applications or withdraw the Offer and the issue of Shares (in each case without notifying any recipient of the Prospectus or any Applicant). If the Offer is cancelled or withdrawn before the allotment of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No cooling-off rights apply to the Offer. The admission of the Company to the Official List and the commencement of quotation of the Shares are subject to confirmation from ASX.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form included in or accompanying this Prospectus.

The minimum Application size under the Offer is A\$2,000 worth of Shares.

Instructions on how to apply for Shares are set out in Sections 1.9 and 7.3 of this Prospectus and on the back of the Application Form.

Questions

Please call the Credit Clear Offer Information Line on 1800 653 805 (within Australia) 8.30 am to 5.30 pm (Melbourne time), Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Shares in Credit Clear are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in Shares. In particular, Section 4 sets out in detail the financial information referred to in this Prospectus, the basis of preparation of that information, the Statutory Financial Information and Pro Forma Financial Information, certain financial ratios and metrics and details of Credit Clear's net cash and dividend policy. Section 4 contains certain non-IFRS measures and should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

Chairman's letter



Dear Investor,

On behalf of the board of directors of the Company, it is my pleasure to offer you an opportunity to invest in Credit Clear Limited, an Australian-based “fin-tech” company specialising in receivables management solutions.

Our proprietary digital billing and communication technology platform is helping organisations achieve smarter, faster, and more effective financial outcomes by changing the way customers manage their payments.

Offered as part of a full service receivables suite of services, the Credit Clear technology allows clients to manage communications and payment arrangements with their customers through an intuitive, actionable and fully interactive digital and mobile interface. Significant value is delivered through better customer engagement and insight, faster payment reconciliations, improved cash flows and lower costs to collect when compared to traditional methods.

The recent acquisition of Credit Solutions has allowed Credit Clear to complement its existing technology platform with a traditional debt recovery business, resulting in a complete debt management solution.

The Offer is expected to raise \$15.0 million through the issue of 42.8 million Shares at an Offer Price of \$0.35 per Share. The funds raised will allow the Company to accelerate the development of its technology and accelerate the market penetration of the receivables management industry. On Completion of the Offer, new investors in the Offer are expected to hold 16.9% of all shares on issue (on a fully diluted basis), directors and management will hold a combined 16.6% of all shares on issue (on a fully diluted basis) and the remainder will be held by other existing shareholders. All directors and management plus other existing shareholders are subject to various escrow arrangements as set out in Section 9.8.

This Prospectus contains detailed information about the Offer, the industry in which Credit Clear operates, and Credit Clear’s financial and operating performance. As with other businesses, Credit Clear is subject to a range of risks, which if they occur, may have a negative impact on Credit Clear’s financial performance and position. These risks include, among others, superseding of the Company’s technology, failure or disruption to the Company’s platform, protection of intellectual property, loss of key personnel, increasing competition and reliance on access to the internet. The risks associated with investing in the Company are detailed in Section 5.2.

Applications for Shares can only be made by completing and lodging an Application Form included in or accompanying this Prospectus. Information as to who is eligible to apply and instructions on how to apply are set out in Section 7.3 and on the back of the Application Form.

I encourage you to read the Prospectus carefully and in its entirety before making your investment decision. You should seek professional advice if required.

I believe that an investment in Credit Clear presents an opportunity to participate in the expected growth of an Australian fin-tech company.

On behalf of my fellow directors, I look forward to welcoming you as a shareholder of Credit Clear.

Yours sincerely,



Gerd Schenkel

Director and Chairman of Credit Clear



1 Investment overview

1.1 Introduction

Topic	Summary	For more information
Who is Credit Clear?	<ul style="list-style-type: none">• Credit Clear is an Australian-based fin-tech company with clients operating across Australia and New Zealand that specialises in Receivables Management solutions.• Credit Clear's technology platform was formally launched in 2017 and was preceded by 2 years of research and development.• The technology platform changes the way Credit Clear's customers manage their payments.• The acquisition in 2019 of Credit Solutions (incorporating over 800 clients in the traditional Receivables Management industry) has allowed Credit Clear to complement its existing technology platform offering with a traditional debt recovery business, resulting in a more holistic and cohesive debt management offering.	Section 3.1
How does Credit Clear conduct its business?	<ul style="list-style-type: none">• Credit Clear's clients are domestic businesses of different sectors, across a range of industries. Ultimate users of Credit Clear's technology platform are the customers of these clients.• Credit Clear provides solutions to its clients through three lines of business:<ul style="list-style-type: none">– Credit Clear: digital billing and communication technology platform;– Credit Solutions: traditional Receivables Management; and– Oakbridge Lawyers: provider of legal services for debt recovery.	Sections 3.1 and 3.2
What is Credit Clear's business model?	<ul style="list-style-type: none">• Credit Clear's business model is based on applying its technology into the traditional Receivables Management industry and improving:<ul style="list-style-type: none">– its clients' customer collection experience (creating an opportunity for some of its customers to convert from delinquent to mainstream customers and to remain as customers); and– its clients' ultimate financial outcomes (increasing the recovery of long outstanding and small debts in a cost effective manner).• In addition to technology solutions, as the days in arrears progress in relation to a customer, Credit Clear is able to progress the method of collection on behalf of its clients to more traditional collections methods, such as first and/or third party phone calls through its dedicated call centres, and ultimately recovery using legal recovery services.	Section 3.2
What industry does Credit Clear operate in?	The Company operates in the Receivables Management industry.	Sections 2.1 and 2.2

Topic	Summary	For more information
What are the Company's objectives?	<p>The Company aims to achieve the following key objectives after Listing:</p> <ul style="list-style-type: none"> • create a market leading technology platform in the Receivables Management sector. • achieve scale and reach profitability. • develop new complementary revenue sources and international opportunities. 	Section 7.2.1
What is the Offer?	<ul style="list-style-type: none"> • The Offer contained in this Prospectus comprises the issue by the Company of 42.8 million Shares at \$0.35 per Share to raise gross proceeds of \$15.0 million (before costs and expenses) for the Company. • All Shares issued under this Prospectus will, from the time they are issued, rank equally with all other Shares. 	Section 7.1.1
Why is the Offer being conducted?	<ul style="list-style-type: none"> • The purpose of the Offer is to facilitate the Company's objectives by: <ul style="list-style-type: none"> – Supporting Credit Clear's growth strategies, including by raising additional capital to: <ul style="list-style-type: none"> » Continue to invest in technology and systems development; and » Accelerate sector penetration. – Providing sufficient working capital to fund the business for 24 months based on existing levels of revenue. – Providing Credit Clear with additional financial flexibility through improved access to capital markets. – Providing a liquid market for Shares and an opportunity for new investors to invest in the Company. – Enabling Credit Clear to create greater exposure to its technology platform and increase the data that is available in relation to the Receivables Management industry. 	Section 7.2.2

1.2 Key features of the Receivables Management Industry

Topic	Summary	For more information
What is the Receivables Management industry?	<ul style="list-style-type: none"> • Within Australia, operations relating to Receivables Management are defined by the ACCC as when “creditors and collectors seek to secure payment from consumers of businesses who are legally bound to pay or repay money they owe”⁴ (Receivables Management). • Receivables Management is an important process across all industries. • Currently, the Receivables Management industry in Australia is highly fragmented with approximately 586 collection and Receivables Management businesses operating nationally⁵. • The current operating model within the Receivables Management industry is open to disruption due to the demand for increased efficiency from the use of technology-based Receivables Management platforms. 	Section 2.1
What are the key industry drivers?	<p>The key industry drivers that influence activity in relation to Receivables Management are:</p> <ul style="list-style-type: none"> • Economic cycle; • Household debt versus household income; • Unemployment rate; • Cost to collect; and • Private sector debt. 	Section 2.3
How is the Receivables Management industry regulated?	<ul style="list-style-type: none"> • The Receivables Management industry is subject to significant regulatory oversight at both State and Federal levels. • At a Federal level, participants within the Receivables Management industry are forced to abide by and are exposed to the following legislation: <ul style="list-style-type: none"> – The Australian Consumer Law (which is a schedule to the <i>Competition and Consumer Act 2010</i> (Cth)); – <i>Australian Securities and Investments Commission Act 2001</i> (Cth); – <i>National Consumer Credit Protection Act 2009</i> (Cth) (NCCP); – The National Credit Code (Schedule 1 to the NCCP); – Commonwealth Privacy Laws; and – <i>Bankruptcy Act 1966</i> (Cth). • In addition to the Federal based legislation, all States and Territories have differing levels of regulatory oversight and compliance for companies operating in the Receivables Management industry. 	Section 2.4

4 Australian Competition & Consumer Commission, 'Business: Treating Consumers Fairly – Debt Collection', < <https://www.accc.gov.au/business/treating-customers-fairly/debt-collection>>, accessed 25/02/20.

5 Ibis World, 'Debt Collection in Australia – Market Research Report', Ibis World, <https://www.ibisworld.com.au/industry-trends/market-research-reports/administrative-support-services/debt-collection.html>

1.3 Key Features of Credit Clear's business model

Topic	Summary	For more information
<p>How does Credit Clear generate revenue?</p>	<ul style="list-style-type: none"> • Credit Clear generates revenue from four key sources: <ul style="list-style-type: none"> – Transactional platform income; – Transactional platform licence income; – Traditional Receivables Management income; and – Legal services income. • Credit Clear's revenue mix at the Prospectus Date is weighted towards traditional Receivables Management income (as a result of the purchase of Credit Solutions business in 2019). However, Credit Clear expects that this mix will move towards being more weighted to transactional platform income in the future as its technology platform is applied and adopted by Credit Clear clients. • In addition, Credit Clear receives licensing fees as a result of licensing its technology in certain overseas jurisdictions. 	<p>Section 3.3</p>
<p>What are Credit Clear's key operating expenses and costs?</p>	<p>Key operating costs for Credit Clear include:</p> <ul style="list-style-type: none"> • direct labour involved with the development of technology and the conduct of the Receivables Management business as well as the management cost of operating the Company. • technology expenses related to the development of the technology platform including cloud storage and computation, messaging gateway costs and payment gateway costs. • personnel costs relating to client service roles, including business development. • professional fees, including audit and legal fees which are incurred to ensure the Company complies with rules and regulations. 	<p>Section 3.7.3</p>
<p>Who are Credit Clear's clients?</p>	<ul style="list-style-type: none"> • The Company's current clients include SMEs and large corporations, local councils and other government departments and domestic businesses and subsidiaries of global organisations. • In addition, clients operate across many different industries including, financial services, Local and State government, utilities, professional services, private health, transport and telecommunications. 	<p>Section 3.2.3</p>
<p>What is Credit Clear's growth strategy?</p>	<ul style="list-style-type: none"> • Credit Clear's growth strategy involves: <ul style="list-style-type: none"> – Investing in technology development including developing new value-added features for the existing technology platform; – Cross-selling the technology platform across its traditional client base; – Increasing its client base; and – Exploring international opportunities with scalable and transferrable technology. 	<p>Section 3.5</p>

1.4 Key investment highlights and competitive advantage

Topic	Summary	For more information
Proprietary technology	Credit Clear's technology platform is helping businesses drive smarter, faster, and more innovative financial outcomes by changing the way customers manage their repayments.	Section 3.6
Customer intelligence insights	Credit Clear's technology platform also generates data which provides customer intelligence insights that are valuable to its clients.	Section 3.6
Proven cost savings provided to clients	Through its technology platform, Credit Clear has been able to deliver real cost savings to clients.	Section 3.6
Experienced management team	Credit Clear has a highly experienced management team with significant experience in developing and commercialising new technology and operating in the Receivables Management industry.	Section 3.6
Highly scalable and industry agnostic platform	The Credit Clear technology platform is easily integrated into clients' existing Receivables Management structures across any industry. The scalable nature of the technology platform will help facilitate the Company's ability to offer its technology platform to many industries.	Section 3.6
Full-service offering	Credit Clear's offering of a technology platform is complemented by the provision of traditional Receivables Management services that enables Credit Clear to manage its clients' customers across the full range of overdue debts.	Section 3.6

1.5 Key risks

Topic	Summary	For more information
Superseding of the Company's technology	The Credit Clear business is based largely on the technology and software comprising the Credit Clear technology platform which it has developed. As with all information technology and software offerings, there is a risk that this technology and/or software may be superseded or displaced in the market by new technology offerings or software which customers perceive to have advantages over Credit Clear's offering.	Section 5.2.1
Failure or disruption to the Company's technology platform	Credit Clear's operations are dependent on the stability of connectivity to Credit Clear's technology platform. There is a risk that these systems may fail to perform as expected, or be adversely impacted by a range of factors, some of which may be outside the control of Credit Clear. Such events could result in failure in the connectivity of the software, which may have an adverse effect on Credit Clear's operations and financial performance and its reputation.	Section 5.2.2

Topic	Summary	For more information
Protection of intellectual property	Credit Clear relies on both trade secrets and pending patent protection to defend and protect its intellectual property. The Company also relies in part on confidentiality agreements with its employees, consultants, outside collaborators and other advisers to protect its intellectual property. Failure to maintain trade secret protection, or adequately protect its intellectual property could result in competitors being able to develop other products that compete with Credit Clear's technology platform or cause additional, material adverse effects on Credit Clear's operations and financial performance.	Section 5.2.3
Loss of key personnel	Credit Clear's success depends to a significant extent on its management and development team. The loss of key management or development personnel or any delay in their replacement could result in development delays and reductions in the speed at which Credit Clear is able to deliver new features or enhancements to the market causing a significant adverse effect on Credit Clear's financial performance and future prospects.	Section 5.2.4
Competition	Credit Clear operates in a large marketplace which is subject to continual development and improvement. Larger, traditional technology vendors with more access to capital and resources may develop superior solutions, deliver enhanced benefits or attempt to infringe on Credit Clear's intellectual property and compete. Should any present or future competitors participate more aggressively on price, product, innovation or other means then this could have a material adverse impact on Credit Clear's financial performance, its ability to compete effectively and future prospects of the business.	Section 5.2.5
Financing	If Credit Clear incurs unexpected costs or is unable to maintain its revenue at existing levels, further funding may be required. There is a potential risk that Credit Clear may be unable to secure additional funding to support its future growth plans.	Section 5.2.6
Reliance on access to the internet	The use of Credit Clear's technology platform is dependent on the ability of its clients and their customers to access the internet. Should any disruption to the use or access to the technology platform occur, this could adversely affect the user's experience and may materially adversely affect Credit Clear's prospects or financial condition.	Section 5.2.7
Loss of key clients	Credit Clear depends on continued relationships with its current significant clients. A loss of one or more of Credit Clear's largest clients may materially adversely affect its prospects, operations, revenue and financial condition.	Section 5.2.8
Success of the sales and marketing strategy	Credit Clear has invested in its sales and marketing capabilities which have shown success in Australia over the first 36 months of the commercialisation phase. There is no guarantee that Credit Clear's sales and marketing strategy will continue to be successful and if it is not, Credit Clear may have difficulty further commercialising its technology platform, which may adversely affect its future sales and profitability.	Section 5.2.9

Topic	Summary	For more information
Failure to scale up and continue to commercialise	The ability for Credit Clear to increase its revenue is dependent on Credit Clear's ability to profitably scale its business through the commercialisation of its technology platform. There is a risk that Credit Clear will be unable to achieve sufficient scale in the commercialisation of its platform, which could potentially result in reduced or negative growth.	Section 5.2.10
Limited trading history	Since establishment, Credit Clear's activities have principally involved investing to develop its technology platform and lay the foundation for commercialisation which has successfully occurred over the last three years. Like many early stage technology companies Credit Clear has incurred losses since its inception. Given Credit Clear's limited trading history it is difficult to make an evaluation of Credit Clear's business or its prospects.	Section 5.2.11
Cybersecurity and data protection	Given the nature of Credit Clear's business, Credit Clear collects and holds a significant amount of personal information about its customers. Credit Clear's systems, or those of its third-party service providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber-attacks could also compromise or breach the safeguards implemented by Credit Clear to maintain confidentiality in such information.	Section 5.2.12
Programming errors	Credit Clear's software is comprised of complicated programming. Given that, it is important to develop and launch new features and continually improve the core software. If errors, bugs or vulnerabilities are discovered, it could result in (amongst other consequences) damage to Credit Clear's brand, lower revenues or liability for damages, any of which could adversely affect Credit Clear's business and operating results.	Section 5.2.13
Current litigation	<p>In 2018 Brian Osborne, the former Chief Executive Officer of the Company, and his controlled companies commenced proceedings in the Supreme Court of Victoria against various entities including the Company and Mark Casey. The claim relates to an alleged breach of agreement relating to the Company and Brian Osborne is seeking compensation which may include shares in the Company. Mark Casey has provided an indemnity in favour of Credit Clear and its shareholders. See Section 9.5.1 for further details.</p> <p>In July 2020 proceedings were commenced in the Supreme Court of Victoria by Trent Marshall McKendrick and ACN 604 594 621 Pty Ltd (formerly C Capital Pty Ltd) (C Capital Pty Ltd) seeking relief against the Company, Casey Consulting Services Pty Ltd as trustee for the Casey Consulting Services Trust (Casey Consulting) and Romano Family Holdings Pty Ltd as trustee for the Lewis Romano Family Trust.</p> <p>The claim relates to the circumstances in which Mr McKendrick ceased involvement with the Company, the value at which C Capital Pty Ltd sold its shares to Casey Consulting and the validity of a separation agreement and intellectual property assignment agreement which were documented and executed in 2016.</p> <p>The proceedings are unconnected. Each legal proceeding represents a risk to the Company, its Directors and shareholders. Please see Sections 5.2.14, and Section 9.13 for further details.</p>	Sections 4.10.6, 5.2.14, 9.5.1 and 9.13

1.6 Key financial information, use of funds and capital structure

Topic	Summary	For more information
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What is the key financial information of the Company?

A select summary of Credit Clear's Historical Financial Information is set out below. You should read this information in conjunction with the more detailed discussion of the Financial Information set out in Section 4, including the assumptions, management discussion and analysis, as well as the key risks set out in Section 5.

Section 4

\$ million	Pro forma historical		
	FY18	FY19	FY20
Revenue	8.2	10.3	11.2
Net loss	(3.0)	(4.3)	(1.8)
Net cash outflows before financing activities	(2.1)	(3.2)	(2.1)

\$ million	Statutory historical		
	FY18	FY19	FY20
Revenue	0.3	1.0	6.5
Net loss	(3.2)	(3.5)	(4.3)
Net cash outflows before financing activities	(3.0)	(3.9)	(2.2)

For more information, see Section 4.

Will the Company have sufficient funds to achieve its objectives?

The Board is satisfied that, following Completion of the Offer, the Company will have sufficient funds to meet its stated objectives set out in Sections 1.1 and 7.2.5.

Sections 1.1 and 7.2.5

How will the Offer proceeds be used?

Sources of funds	\$ million	%	Uses of funds	\$ million	%
Company					
Cash Proceeds received by the Company for the issue of New Shares under the Offer*	\$15.0	100%	Systems Development:		
			• Channel Controller	\$0.8m	5.3%
			• Tracking & Controlling	\$2.4m	16.0%
			• Strategy Manager	\$3.2m	21.3%
			• Data Bureau	\$2.4m	16.0%
			Business Development	\$2.1m	14.0%
			Working Capital*	\$2.75m	18.4%
Costs of the Offer			\$1.35m	9.0%	
Total sources	\$15.0	100%	Total uses	\$15.0m	100.0%

Section 7.2.3

* Note: working capital includes the capital required to fund the business until breakeven and expansion costs relating to office space and technical equipment costs.

Topic	Summary	For more information
What is Credit Clear's dividend policy?	<ul style="list-style-type: none"> The Company does not expect to pay dividends in the foreseeable future as its focus will primarily be on using available funds to expand its business and continue to develop its technology. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. For more information on the Company's ability to pay franked dividends, see Section 4.9. 	Section 4.9

1.7 Directors and management

Topic	Summary	For more information
Who are the Directors?	<ul style="list-style-type: none"> Gerd Schenkel – Non-Executive Chairman: Gerd combines extensive experience as a management consultant with The Boston Consulting Group with successful executive appointments at National Australia Bank, Citigroup and Telstra. Most recently, Gerd was the CEO of Tyro Payments and was also appointed to serve on the Federal Government of Australia's task-force for small business digitisation. Marcus Price – Non-Executive Director: Prior to joining the Credit Clear Board Marcus was CEO of Property Exchange Australia Limited (PEXA). He has over 25 years' experience building successful businesses and maximising shareholder returns. He developed and exited financial services businesses as the CEO and Executive Director for both Equifax Pty Ltd and Dun & Bradstreet Pty Ltd. Mark Casey – Non-Executive Director & Co-Founder: As Credit Clear's cornerstone investor Mark brings a wealth of knowledge with over 30 years' experience in property development, funds management and investment in early stage technology ventures. Lewis Romano – Executive Director & Co-Founder: Lewis successfully founded and grew three businesses before he was 30. He was named on Smart Company Australia's "Hot 30 under 30" list in 2016. Lewis turned his focus to the creation of Credit Clear in 2015 and remains a key driver of many fundamental client and strategic relationships for the Credit Clear business. 	Section 6.1

Topic	Summary	For more information
<p>Who are the senior management team?</p>	<ul style="list-style-type: none"> <li data-bbox="418 235 1166 472"> <p>• Brenton Glaister – Group CEO: Brenton started his career in the Receivables Management industry in 1986, founded National Credit Management Limited in 1990 and Credit Solutions Pty Ltd in 2014. Brenton was a former managing director of ASX listed Tradehouse International Limited, non-executive director of Chandler McCleod Limited, executive at Thorn Limited and State distributor for Lactalis Limited and National Foods Limited.</p> <li data-bbox="418 481 1166 651"> <p>• Victor Peplow – Chief Financial Officer: Victor has over 25 years' experience in the financial services sector. During his professional career, Victor has been the Chief Financial Officer for the Australian Wealth Management division of leading international organisations including Citigroup and Morgan Stanley.</p> <li data-bbox="418 660 1166 898"> <p>• Jason Serafino – Chief Technology Officer: Jason is an experienced, hands-on technology and product leader with more than 20 years' experience leading teams from foundation to scale-up and established corporates. Prior to his current role Jason was general manager of technology, innovation and personal loans at Liberty Financial, led application development for Sunsuper and founded several technology start-ups.</p> <li data-bbox="418 907 1166 1167"> <p>• Piero Gross – Chief Operating Officer: Piero has over 19 years' experience in the Receivables Management industry and has held a number of senior operational management positions including at National Credit Management Limited where he was responsible for the operational delivery of post write-off/sale debt recovery programs for all big 4 banks. He has successfully run large scale pre-write off contingent outsource programs for Commonwealth Bank Limited, AGL as well as local and state government agencies.</p> <li data-bbox="418 1176 1166 1413"> <p>• David Hentschke – Group General Manager Strategy & Technology: David has signed an employment agreement with the Company. It is expected that David Hentschke will commence employment with the Company in October 2020. David played an instrumental role in several successful high growth technology companies, which most recently included leading PEXA's strategy, international and corporate development functions over the past 7 years.</p> <li data-bbox="418 1422 1166 1637"> <p>• Mike Tauschek – General Counsel and Company Secretary: Mike has comprehensive experience in dispute resolution and corporate/commercial litigation and transactions, with a particular focus on regulatory issues. Mike's expertise includes regularly advising on complex transactions as well as claims in contract, equity and financial services regulation.</p> <li data-bbox="418 1646 1166 1818"> <p>• Ron Hollands – Company Secretary: Ron has substantial ASX-listed company secretarial experience including providing corporate governance advice and assistance, charters, policies and preparing corporate governance statements, from acting as Company Secretary for numerous other ASX-listed companies.</p> 	<p>Section 6.2</p>

1.8 Significant interests of key people, escrow and related party transactions

Topic	Summary	For more information
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Who are the Existing Shareholders and what will their interests be on Completion of the Offer?

- The Existing Shareholders are the current owners of Credit Clear as at the Prospectus Date.
- The interests of the Existing Shareholders on the Prospectus Date, and their expected interests following Completion of the Offer (excluding any Shares applied for under the Offer) are as follows.

Section 7.2.7

Table listing Existing Shareholders' Fully Diluted Shareholdings

Shareholder	Shareholding on Prospectus Date		Shareholding on Completion of the Offer	
	No.	%	No.	%
Directors/management (including associated entities and related parties)*	41,487,704	19.7%	42,007,704	16.6%
Other Existing Shareholders	140,821,899	66.8%	140,821,899	55.5%
Seed capitalists – Share Rights**	2,520,000	1.2%	2,000,000	0.8%
New Shareholders***			42,857,143	16.9%
Employee share option holding****	25,980,000	12.3%	25,980,000	10.2%
Total	210,809,603	100%	253,666,746	100%

* this figure includes the shares held by Mark Casey, Gerd Schenkel, Lewis Romano, Marcus Price, Brenton Glaister, Victor Peplow, Piero Gross and Mike Tauschek on the Prospectus Date. On Completion of the Offer, this includes the Share Rights held by Jason Serafino (520,000) that have vested and converted into ordinary shares on the IPO.

** Share rights on issue, 520,000 of which will vest and be exercised upon Listing and 2,000,000 which will vest 24 months after Listing.

*** At maximum subscription of \$15 million.

**** The Company is proposing to issue 25,980,000 Options prior to Listing. Some of the option holders are directors, managers and employees, but for the purposes of this table, the shares have not been merged. Of the 25,980,000 Options, only 20,680,000 have performance conditions attached.

- This table assumes Existing Shareholders do not acquire any Shares under the Offer.

Topic	Summary	For more information
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What will the Directors' Shareholdings be on Completion of the Offer?

- The interests of the Directors on the Prospectus Date and on Completion of the Offer (excluding any Shares applied for under the Offer) are as follows.

Section 6.4.4

Table setting out Directors' Shareholdings

Director	Shareholding on Prospectus Date		Shareholding on Completion of the Offer	
	No.	%	No.	%
Gerd Schenkel*	166,667	0.1%	166,667	0.1%
Lewis Romano	5,005,223	2.4%	5,005,223	2.0%
Mark Casey**	30,840,323	14.6%	30,840,323	12.2%
Marcus Price	833,334	0.4%	833,334	0.3%
Total***	36,845,547	17.5%	36,845,547	14.6%

* Gerd Schenkel has 2,000,000 Share Rights that will vest 24 months after the Listing.

** this number relates to the Shares held by Casey Consulting Services Pty Ltd ATF Casey Consulting Services Trust.

***the numbers and percentages are calculated based on the fully diluted share capital of the Company.

- The table above does not take into account any Shares the Directors may acquire under the Offer or any Options that may be issued under the EIP.

What significant benefits and interests are payable to Directors and other persons connected with Credit Clear or the Offer?

- Non-Executive Directors do not currently receive fees for services. For the initial period post listing, Non-Executive Directors have elected to receive Options with a \$0.50 exercise price and a two year vesting period. To preserve cash, Non-Executive Directors agreed that cash remuneration will not be paid to them until the company is profitable.
- Executive Directors are entitled to remuneration and entitlements under the EIP.
- Management (other than the Directors) are entitled to remuneration and entitlements under the EIP.
- Advisers and other service providers are entitled to fees for services.

Section 6.3, 6.4, 6.5.4 and 6.6

Topic	Summary	For more information
What escrow restrictions apply to the Existing Shareholders' Shares?	<ul style="list-style-type: none"> • Certain Shares held by Directors and managers and entities and persons associated with them will be subject to ASX imposed escrow for a period of 24 months from the date of quotation of Shares on ASX. These Shares amount to 15.1% of the Shares on issue immediately following Completion of the Offer. • Certain Shares held by other Existing Shareholders will be subject to ASX imposed escrow for a period of 24 months from the date of quotation of Shares on ASX. These Shares amount to 12.6% of the Shares on issue immediately following Completion of the Offer. • Certain Shares held by Existing Shareholders (including Directors and Managers) will be subject to ASX imposed escrow for 12 months from the date the relevant Shares were issued, or treated as issued, under the Listing Rules. These Shares amount to 1.3% of the Shares on issue immediately following Completion of the Offer. • Further, certain Existing Shareholders (including Directors and managers) have entered into voluntary escrow arrangements with the Company in relation to the remainder of their Shares not subject to mandatory escrow, under which these Shares will be escrowed for the period commencing on the date of Listing and ending on the date of release of the full year FY 2021 financial results. These Shares amount to 12.9% of the Shares on issue immediately following Completion of the Offer. • In aggregate, 94,588,148 of the Shares on issue immediately following Completion of the Offer will be the subject of these escrow arrangements, representing approximately 41.9% of the total Shares on issue immediately following Completion of the Offer. 	Section 9.8

1.9 Overview of the Offer

Topic	Summary	For more information
What is the Offer?	<ul style="list-style-type: none"> • The Offer is an initial public offering of 42.8 million New Shares for issue by the Company to raise \$15.0m. • All Shares issued under this Prospectus will, from the time they are issued, rank equally with all other Shares. • The Shares being offered will represent approximately 16.9% of Shares on issue on Completion of the Offer (on a fully diluted basis). 	Section 7.1.1
Who are the issuers of the Prospectus?	Credit Clear Limited (ACN 604 797 033) incorporated in Victoria, Australia.	Section 9.1
What is the Offer Price?	The Offer Price is \$0.35 per Share.	Section 7.1.1

Topic	Summary	For more information
Will the Shares be quoted on ASX?	<ul style="list-style-type: none"> The Company will apply to the ASX for admission to the official list of the ASX and quotation of Shares on the ASX under the code CCR. The application for admission will be made no later than 7 days after the Prospectus Date. Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. 	Section 7.3
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> the Broker Firm Offer, which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares; and the Priority Offer, which is open to selected investors in Australia who have received an invitation under the Priority Offer. <p>No general public offer of Shares will be made under the Offer.</p>	Sections 7.3, 7.4 and 7.5
What is the minimum and maximum Application size under the Offer?	<ul style="list-style-type: none"> The minimum Application size under the Broker Firm Offer is \$2,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The minimum Application size under the Priority Offer is \$2,000 worth of Shares and in multiples of \$500 thereafter, up to the reserved allocation as set out in each Applicant's Priority Offer Letter. The Company and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Offer which are for more than \$250,000 worth of Shares. 	Sections 7.3, 7.4 and 7.5
Is the Offer underwritten?	Yes, the Offer is fully underwritten by the Lead Manager.	Sections 7.7 and 9.6

Topic	Summary	For more information
<p>What is the allocation policy?</p>	<ul style="list-style-type: none"> • The allocation of Shares between the Broker Firm Offer, Institutional Offer and Priority Offer will be determined by agreement between the Company and the Lead Manager having regard to the allocation policies outlined in Sections 7.4 and 7.5. • With respect to the Broker Firm Offer, each Broker will decide how it allocates Shares among its clients, and it (and not the Company nor the Lead Manager) will be responsible for ensuring that clients who have received an allocation from it receive the relevant Shares. • The allocation of Shares under the Institutional Offer will be determined by agreement between the Company and the Lead Manager. • Investors nominated by the Company who have received a Priority Offer Letter to apply under the Priority Offer have been guaranteed a reserved allocation as set out in their Priority Offer Letter. Applicants under the Priority Offer may apply for a number of Shares up to their reserved allocation. 	<p>Sections 7.4 and 7.5</p>
<p>Is there any brokerage, commission or stamp duty payable by Applicants?</p>	<p>No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.</p>	<p>Section 7.3</p>
<p>What are the tax implications of investing in Shares?</p>	<ul style="list-style-type: none"> • Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of the investors to make their own enquiries concerning the taxation consequences of an investment in the Company. • If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser. • An overview of the tax treatment for Australian resident investors is included in Section 7.11. 	<p>Section 7.11</p>
<p>How can I apply for Shares?</p>	<ul style="list-style-type: none"> • Broker Firm Applicants: Applicants who have received a Broker Firm Offer may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus and submitting that form in accordance with the instructions received from their Broker. • Institutional Offer Applicants: The Lead Manager has separately advised Institutional Investors of the Application procedure under the Institutional Offer. • Priority Offer Applicants: Applicants under the Priority Offer must apply in accordance with the instructions provided in their Priority Offer Letter and Section 7.5.3. 	<p>Sections 7.3, 7.4 and 7.5</p>

Topic	Summary	For more information
When will I receive confirmation that my Application has been successful?	<ul style="list-style-type: none"> • It is expected that initial holding statements will be dispatched by standard post on or about 23 October 2020. • For more information, see the key dates referenced on page 7. 	Section 7.3
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the settlement of the Offer. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Sections 7.3 and 7.8
Where can I find out more information about this Prospectus or the Offer?	Should you wish to find out further information about the Offer you can call the Credit Clear Offer Information Line on 1800 653 805 (within Australia) from 8.30 am to 5.30 pm, Monday to Friday (excluding public holidays).	Section 7.3



2 Industry overview

2.1 Overview of the Receivables Management Industry

Within Australia, operations relating to Receivables Management are defined by the ACCC as when “creditors and collectors seek to secure payment from consumers of businesses who are legally bound to pay or repay money they owe”⁶. Receivables Management is an important process across all industries including professional services and utility providers, lenders and government organisations.

Currently, the Receivables Management industry is highly fragmented with approximately 586 collection and Receivables Management businesses operating nationally⁷. Employing traditional debt collections and Receivables Management techniques, the current operating model within the Receivables Management industry is open to disruption due to the increased use of technology-based Receivables Management platforms.

2.2 Receivables Management Industry

2.2.1 Industry characteristics

The Receivables Management industry represents a \$1 billion industry⁸ annually within Australia. In addition to companies operating specifically as Receivables Management businesses, many large service and utility providers operate in-house collection processes.

2.2.2 Receivables Management activities

Traditionally, Receivables Management services involve businesses and organisations placing non-performing accounts that have been deemed uncollectable with an external agency. Typically, services focus on first and/or third party debtor communications (e.g. written demands, call handling, hardship management, dispute resolution, payment arrangements) with supporting functions to manage non-locatable debtors (e.g. skip tracing and field services) and debt avoiders (e.g. legal recovery services). While some of the larger agencies were sufficiently resourced to offer all of these services ‘in-house’, many would rely on further outsourcing components of this work to specialist providers.

Over time, many traditional service providers have evolved their offering to encompass additional support services at both ends of the Receivables Management spectrum, designed to diversify their method of collection. In more recent years, technological advancements in communication and collections software have broadened the scope of products and services available to the market. As a result of the increased use of technology-based Receivables Management platforms services such as mobile payment processing, portal and gateway management; customer engagement analytics and real-time performance tracking are now core requirements for many large contracts.

Within an organisation that conducts Receivables Management internally and within a Receivables Management business, typically the following activities occur:

- Communicating with an overdue debtor:
 - **Call centre operations and collections:** which includes 1st party (acting in the name of a client) and 3rd party (as the business, on behalf of a client) outbound phone calls and inbound phone call management;
 - **Investigative services:** such as individual company, director or asset searches, as well as full packaged skip tracing and field services designed to locate parties and/or deliver documents or processes;
 - **Hardship assessment:** working with individual customers on behalf of clients to understand their capacity to repay a debt through a detailed assessment of income and expenditure and managing the outcome in-line with a client’s specific hardship policy; and
 - **Dispute Resolution:** managing service disputes or complaints with a view to secure mutually beneficial outcomes.
- Customer and communications analytics.

6 Australian Competition & Consumer Commission, ‘Business: Treating Consumers Fairly – Debt Collection’, < <https://www.accc.gov.au/business/treating-customers-fairly/debt-collection>>, accessed 25/02/20.

7 Ibis World, ‘Debt Collection in Australia – Market Research Report’, Ibis World, <https://www.ibisworld.com.au/industry-trends/market-research-reports/administrative-support-services/debt-collection.html>

8 Australian Competition & Consumer Commission, ‘Business: Treating Consumers Fairly – Debt Collection’, < <https://www.accc.gov.au/business/treating-customers-fairly/debt-collection>>, accessed 25/02/20.

- Payment processing:
 - Portal and gateway management; and
 - Mobile payments.
- Credit assessments:
 - Renewal assessment; and
 - Credit checks and scorings.
- Documentation and decisioning.

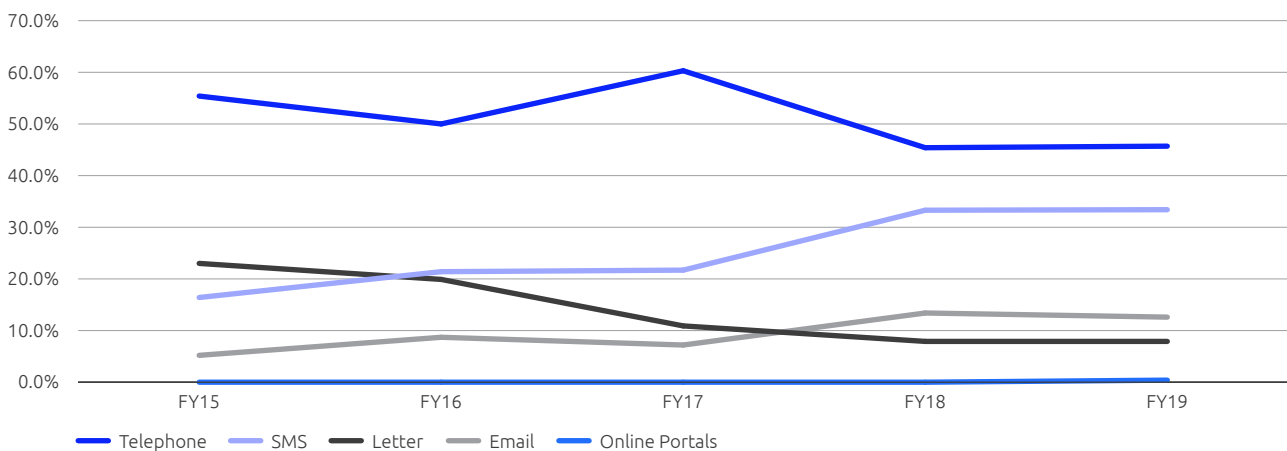
2.2.3 Increasing use of technology

The Receivables Management industry is benefiting from the adoption of technology that is being used to simplify the Receivables Management activities, reduce consumer handling time and meet regulatory requirements so that the cost to collect is reduced and brand protection for the client is optimised.

According to Australian Collectors & Debt Buyers Association (ACDBA) Member Data Survey for FY2019, the use of technology in the form of digital communication channels to contact consumers now exceeds phone calls as the primary method of communication. In the 12 month period prior to June 2017, ACDBA members sent a total of 28 million emails⁹ and text messages to consumers, representing around 29% of communications sent. Just two years later, the number of emails and texts sent was approximately 57 million, accounting for approximately 46%¹⁰ of all communications.

The data in the diagram below collected by the ACDBA demonstrates the changing nature of contact made by participants in the Receivables Management industry. The industry is moving away from traditional methods of engagement such as telephone and letter, to the use of technology in the form of digital channels such as SMS and email.

Australian Collectors & Debt Buyers Association – Method of Contact



Source: Australian Collectors & Debt Buyers Association (ACDBA)

⁹ Australian Collectors & Debt Buyers Association; Results FY2017 Member Data Survey Snapshot, https://acdba.com/images/acdba/submissions/ACDBA_Data_Snapshot_FY2017.pdf pg 3.

¹⁰ Australian Collectors & Debt Buyers Association; Results FY2019 Member Data Survey Snapshot, https://www.acdba.com/images/acdba/submissions/ACDBA_Data_Snapshot_FY2019.pdf pg 5.

2.2.4 Fee structures

The Receivables Management industry revenue model includes (but is not limited to) the following fee types across a full service offering:

- Digital platform:
 - Platform integration fees;
 - Charge per communication;
 - Charge per active account;
 - International licensing income;
 - Success fees; and
 - Gateway transaction fees.
- Traditional management:
 - Commissions on successful collections;
 - Fee for service i.e. calls, letters;
 - Insourced resourcing on a full time equivalent basis; and
 - Consulting fees.
- Legal and solicitors fees.
- Skip tracing and field services fees.
- ASIC search fees.
- Credit reporting search fees.
- Legal services:
 - Legal and solicitors fees.

2.2.5 Competitive landscape

The Receivables Management industry can broadly be categorised into traditional participants and those that utilise technology.

2.2.5.1 Traditional participants

Traditional participants against which Credit Clear competes include:

- Illion Australia Pty Ltd trading as Milton Graham.
- Probe Group Pty Ltd.
- Collection House Limited.
- Recoveries Corporation Pty Ltd.
- Baycorp (Aust) Pty Ltd.

For many multi-agency (panel) contracts Credit Clear competes directly against the above-named entities.

2.2.5.2 Technology participants

Technology participants who could be viewed as non-direct competitors, with various elements of their offerings which are in part, similar to Credit Clear but not direct competitors include:

- Indebted Holdings Pty Ltd.
- CrediBot LLC (Panthera & Equifax).
- Illion Digital Tech Solutions (Aus) Limited.

2.2.6 Barriers to entry

Various barriers exist for potential new entrants into the Receivables Management industry, including:

- Regulatory accreditation and oversight;
- Established market participants; and
- Technology which is protected by pending patent protection, trade secrets and other intellectual property rights.

2.3 Key Industry Drivers

The Receivables Management industry is present across all industries regardless of the activity drivers set out below. However, in circumstances where some or all of the drivers are present in the Australian economy, the level of activity in the Receivables Management industry, as indicated by the number and size of debtors held by specific companies that require recovery services will increase or decrease.

Where macro factors create pressure on a household's ability to repay debts, (such as utility, telecommunication, local council debts) these debts can become aged (i.e. overdue) and can become problematic for organisations to recover effectively.

2.3.1 Economic cycle – recession

The Receivables Management industry is by nature counter-cyclical to the broader economy. As the economy expands and the level of economic activity increases, companies and individuals are able to meet their contractual obligations. As the economy slows and the level of economic activity slows, the ability for individuals and companies to meet their financial obligations falters, resulting in a rise in collections and Receivables Management activity.

2.3.2 Household debt versus household income

A key indicator of Receivables Management activity is the level of debt held by Australian households, with specific reference to the level of household debt compared to the household income. As debt becomes higher relative to income, the ability of the household to meet its debt obligations when they become due is compromised.

2.3.3 Unemployment rate

The unemployment rate influences demand for Receivables Management services, as individuals do not have sufficient income to pay their debts. A higher national unemployment rate generally signals weaker economic conditions, which can often contribute to increased debt, providing an opportunity for the industry to expand.

Australia's unemployment rate as at June 2020 sits at a 22-year high of 7.4% with some 992,300 people out of work¹¹.

According to the Government's Economic and Fiscal Update (July 2020), the unemployment rate is expected to increase over the remainder of 2020, with an anticipated peak of around 9.25% in the December quarter.¹²

11 Australian Bureau of Statistics, Labour Force [https://www.abs.gov.au/ausstats/abs@.nsf/7d12b0f6763c78caca257061001cc588/a8e6e58c3550090eca2582ce00152250!OpenDocument#:~:text=Australia's%20seasonally%20adjusted%20estimate%20of,points%20\(pts\)%20to%207.4%25%3B](https://www.abs.gov.au/ausstats/abs@.nsf/7d12b0f6763c78caca257061001cc588/a8e6e58c3550090eca2582ce00152250!OpenDocument#:~:text=Australia's%20seasonally%20adjusted%20estimate%20of,points%20(pts)%20to%207.4%25%3B)

12 The Commonwealth of Australia, Economic and Fiscal Update (July 2020), <https://budget.gov.au/2020-efu/downloads/JEFU2020.pdf>

2.3.4 Cost to collect

Reducing collection costs is a key driver for technology driven Receivables Management activity and the credit managers who are seeking to appoint agents to manage delinquent customers. The use of the technology platform reduces certain costs (including labour costs) which can often be seen as a key differentiator and enabler for more competitive pricing.

2.3.5 Private sector debt

The volume of private sector debt is a key driver for Receivables Management activity. The greater the volume of debt, the higher the propensity for default and the greater need for Receivables Management activities.

The private debt to GDP ratio in Australia has remained above 200% since 2015¹³. Contributing factors to this ratio level include access to money and historically low interest rates¹⁴ which both impact the lending and borrowing behaviour in an economy.

2.4 Regulation

Technology providers in the Receivables Management industry are required to operate within all of the relevant regulatory obligations that apply to the industry. The Receivables Management industry is subject to regulatory oversight at both State and Federal levels. At a Federal level, participants in the Receivables Management industry conduct business within the following legislation:

- The Australian Consumer Law (which is a schedule to the *Competition and Consumer Act 2010* (Cth));
- *Australian Securities and Investments Commission Act 2001* (Cth);
- *National Consumer Credit Protection Act 2009* (Cth);
- The National Credit Code (Schedule 1 to the NCCP);
- Commonwealth Privacy Laws (which are enforced by the Office of the Australian Information Commissioner); and
- *Bankruptcy Act 1966* (Cth).

The majority of the above-listed legislation is enforced by both the ACCC and ASIC.

As the Company collects, uses, stores and discloses personal and sensitive information (through its platform), it also needs to comply with the *Privacy Act 1988* (Cth) and the Australian Privacy Principles contained at Schedule 1 of that Act.

¹³ Trading Economics, Australia Private Debt to GDP, <https://tradingeconomics.com/australia/private-debt-to-gdp>

¹⁴ Trading Economics, Australia Interest Rate 1990-2020, <https://tradingeconomics.com/australia/interest-rate#:~:text=Interest%20Rate%20in%20Australia%20averaged,percent%20in%20March%20of%202020>.

In addition to the Federal based legislation, all States and Territories have differing levels of regulatory oversight and compliance by companies operating in the Receivables Management industry. See below for a summary of the compliance and regulatory policies across the 6 States and 2 Territories in Australia:

State & Territory	Compliance and regulatory requirements
New South Wales	<p>Activities requiring a licence under the <i>Commercial Agents & Private Inquiry Agents Act 2004</i> are categorised as Commercial Agent activities (debt collection, process serving and repossession of goods) and Private Inquiry Agent activities (investigation and surveillance of persons) (CAPI).</p> <p>Any individual or business conducting CAPI activities must hold a CAPI licence for those activities. A master licence is required for any business that employs people to engage in CAPI activities. The master licence authorises the licensee to carry on CAPI business activities only for the activities to which the licence relates.</p>
Queensland	<p>Persons in Queensland working as a collector, process server or repossession agent since December 2014 have been regulated under the <i>Debt Collectors (Field Agents and Collection Agents) Act 2014</i> and the <i>Debt Collectors (Field Agents and Collection Agents) Regulation 2014</i>.</p>
South Australia	<p>Any person (including a company) in South Australia who carries on business or is employed as a security and/or investigation agent, must be licensed under the <i>Security and Investigation Agents Act 1995</i> and <i>Security and Investigation Agents Regulations 2011</i>.</p>
Tasmania	<p>Persons in Tasmania, who carry on a business or are employed as a security and/or investigation agent must be licensed under the <i>Security and Investigations Agents Act 2002</i> and <i>Security and Investigations Agents Regulations 2015</i>.</p>
Victoria	<p>Victorian debt collectors are not required to be licensed unless a platform or entity is classified as a prohibited person or corporation, in which case permission from the Business Licensing Authority to engage in debt collection is required.</p>
Western Australia	<p>In Western Australia, anyone who carries on the business of, exercises the functions of or in any way holds themselves out to be working as a debt collector or performing any of the functions of a debt collector is required to be licensed as specified under the <i>Debt Collectors Licensing Act 1964</i>.</p> <p>Any person (including a company) who carries on business as an Inquiry Agent or is employed as an Investigator in Western Australia must be licensed under the <i>Security and Related Activities (Control) Act 1996</i>.</p>
ACT	<p>N/A – There is no specific licensing regulation for debt collectors in the ACT.</p>
Northern Territory	<p>Northern Territory debt collectors must be licensed under the Commercial and Private Agents Licensing Act. There are four licensing types, with the commercial agents licence being used principally for debt collection purposes.</p>



3 Company overview

3.1 Overview

Credit Clear is an Australian-based fin-tech company with clients operating across Australia and New Zealand that specialises in Receivables Management solutions.

Credit Clear was founded in 2015 with the mission to develop a mobile solution that reduces the cost and improves the effectiveness of collecting receivables.

The Company was initially funded by loans from Casey Consulting Services Pty Ltd in the amount of \$3,222,384.42 and 343 Pty Ltd in the amount of \$145,000 which were repaid on 8 June 2018 and on 23 December 2019 respectively from proceeds of capital raises in those years.

The opportunity identified by Credit Clear was that consumers could be willing and able to either pay in full, or start to contribute towards a reduction of their overdue invoices, however due to traditional methods of collection they were not presented with a simple option or solution to do so.

From 2015 to 2017 Credit Clear created a proprietary cloud based technology platform through R&D activities that allows customers to reach their mobile consumer through their preferred communication channel (email or SMS), at a time that suits them, using their preferred language and making it as easy as possible for the consumer to take action. The technology platform offers consumers four simple and immediately actionable options: pay now, make a partial payment, create a payment plan or request a call back.

In 2017 to 2018 the model was successfully validated and commercialised.

In May 2018 Credit Clear successfully raised \$8.5 million at \$0.25 per share.

In June 2019 Credit Clear successfully raised \$2.5 million at \$0.25 per share.

In December 2019 Credit Clear successfully raised approximately \$9 million at \$0.30 per share through a pre-IPO private placement, which was used to partially fund the acquisition of the business of Credit Solutions Pty Ltd and the entire share capital of Oakbridge Lawyers.

The acquisition in 2019 of the Credit Solutions Pty Ltd business (incorporating over 800 clients in the traditional Receivables Management industry) has allowed Credit Clear to complement its existing technology platform offering with a traditional debt recovery business, resulting in a more holistic and cohesive debt management offering.

Credit Clear's clients comprise a range of organisations including SMEs and large corporations, local councils and other government departments, and domestic businesses and subsidiaries of global organisations.

Credit Clear's clients operate across a range of industries including financial services, local and State Government, utilities, professional services, transport, private health and telecommunications. Ultimate users of Credit Clear's technology platform are the customers of these clients.

Credit Clear's proprietary technology platform changes the way its customers manage their repayments.

3.1.1 Business history

Established in 2015, Credit Clear has spent years researching and developing its proprietary technology platform with the launch and commercialisation of its offering commencing in 2017:

- 2015**
 - Company founded in 2015
 - Platform development commences
- 2016**
 - Market and product research continues to aid development of minimum viable product (**MVP**)
 - MVP Finalised at calendar year end
- 2017**
 - Successful Beta pilot program in first half calendar year 2017
 - Formal launch to market in July
 - Commercialisation phase commences
- 2018**
 - Key expansion hires made to facilitate sales growth and continued platform innovation
 - Successful commercialisation of the platform continues
- 2019**
 - Platform innovation and sales growth continue
 - Credit Solutions business acquired
- 2020**
 - Integration of Credit Solutions acquisition
 - Growth continues via cross pollination of expanded 800+ client base & new client wins

3.1.2 Group structure

The structure of the Group is as follows:

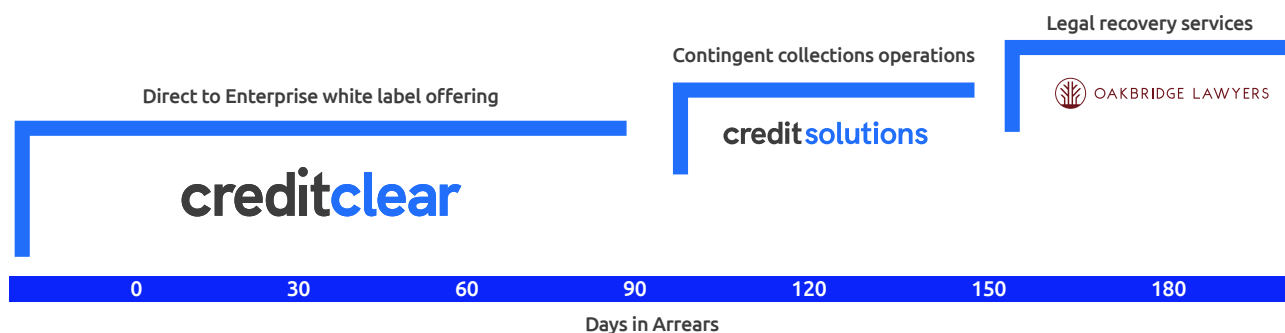


All entities are 100% owned subsidiaries of Credit Clear Limited.

Credit Clear provides solutions to its clients through three lines of business illustrated by the diagram below:

- Credit Clear: digital billing and communication technology platform;
- Credit Solutions: traditional Receivables Management; and
- Oakbridge Lawyers: provider of legal services for debt recovery.

Credit Clear Service Offering Continuum



Credit Clear International Pty Ltd owns the Group's intellectual property rights and patent application (PCT/AU2016/000035). Credit Clear International Pty Ltd has granted Credit Clear Limited a worldwide, royalty free, exclusive, perpetual and irrevocable licence to use all software that facilitates the collection of receivables through its technology platform (**Credit Clear Software**).

Wired Payments Pty Ltd was established to house a payment gateway offering that was intended to launch in the Australian market under standalone branding. The entity has been inactive to date and is likely to be dissolved given the Group has successfully monetised a gateway offering through a referral partnership with an established provider.

3.1.3 Credit Solutions acquisition – December 2019

To accelerate client growth Credit Clear acquired the Credit Solutions business in December 2019. Credit Solutions Pty Ltd was a consumer centric, full service debt recovery agency that had been utilising Credit Clear's technology as part of its core offering.

Credit Solutions Pty Ltd had customer relationships with over 800 clients across multiple sectors including state and local government, utilities, telecommunications and consumer finance.

The acquisition rationale for Credit Clear was multifaceted. In addition to the complimentary client base, the opportunity for accelerated product optimisation from an existing pool of clients plus the opportunity to 'sell' the Credit Clear technology over time into the large client base was the foundation for the acquisition. Should Credit Clear make acquisitions in the future, the rationale is likely to be consistently applied.

3.1.4 Post Credit Solutions acquisition

Credit Clear has experienced a degree of commercial success following the Credit Solutions acquisition through both the acquisition of new clients and increased adoption and usage of the higher margin Credit Clear offering within the existing client pool. Since December 2019, key outcomes Credit Clear has experienced are:

- Credit Solutions' clients have started to use the Credit Clear technology platform;
- Increased usage of the Credit Clear technology platform by Credit Solutions' clients that were already using the Credit Clear technology platform; and
- New clients have been generated under requests for tenders (in place at time of the acquisition) due to the technology advantage of the Group.

3.2 Credit Clear Business Model

3.2.1 Service offering

Credit Clear's business model is based on applying its technology platform into traditional Receivables Management clients with two primary objectives:

1. improving its clients' customer collection experience (creating an opportunity for some of these customers to convert from delinquent to mainstream customers and to remain as customers); and
2. improving its clients' ultimate financial outcomes (increasing the recovery of long outstanding and small debts in a cost effective manner).

In addition to technology solutions, as the days in arrears progress in relation to a customer, Credit Clear is able to progress the method of collection on behalf of its clients to more traditional collections methods, such as first and/or third party phone calls through its dedicated call centres, and ultimately, recovery using legal recovery services. This ensures Credit Clear can provide a full service end to end offering for its clients.

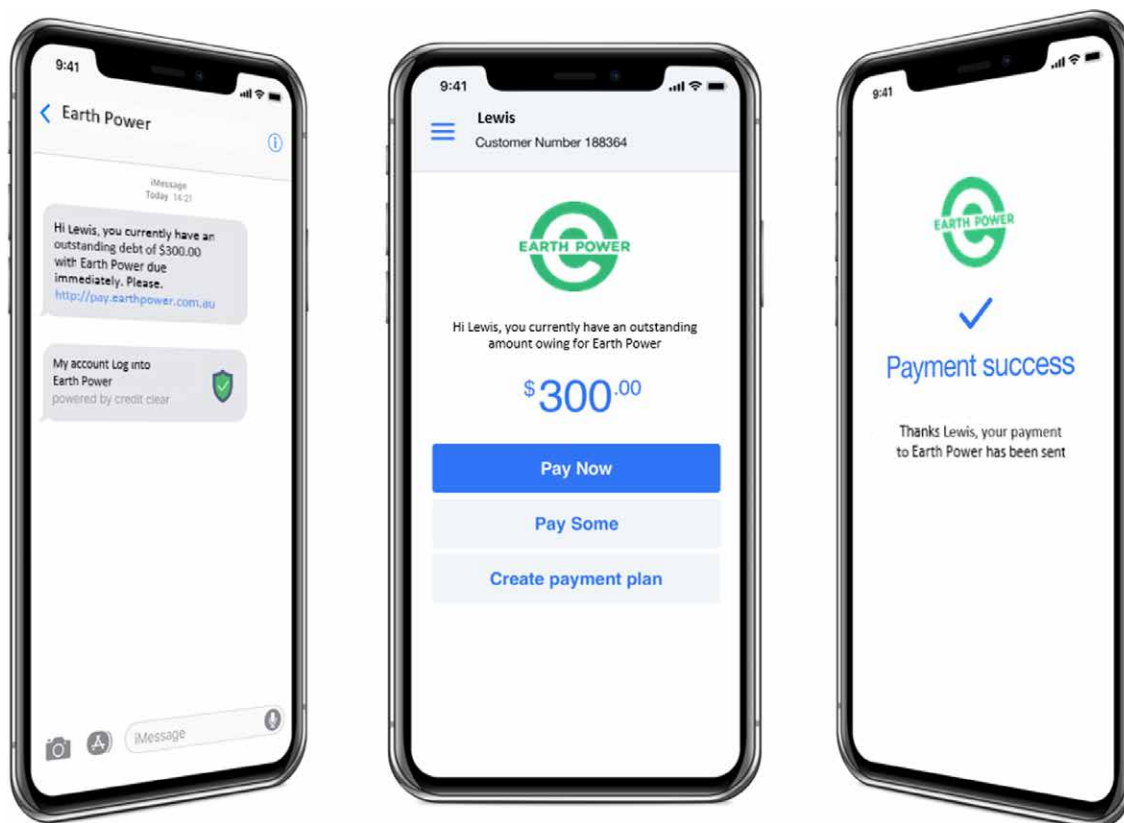
3.2.2 Product overview

Credit Clear builds intuitive communication and payment strategies for its clients using technology to change the way underlying customers manage their repayments. Underpinning this is Credit Clear's proprietary technology platform.

Credit Clear facilitates customers controlling their finances themselves using self-service tools that are easy to use and available when they need it. Credit Clear's system is also customer-intelligence based and delivers tailored messaging and enables customers to instantly pay their accounts through actionable, fully interactive mobile messaging.

The below examples of a Credit Clear customer interaction demonstrates how the technology platform delivers a bespoke message on behalf of the client that not only serves as a reminder to the customer but also provides an actionable message and payment portal.

Example screen shots of customer interaction from Credit Clear's technology platform



The technology platform allows for end-user customers to:

- Make an immediate payment in full;
- Create payment plans;
- Make a partial payment; and
- Organise callbacks for direct calls.

By delivering the correct message in the format, language and at the time the customer prefers, the Credit Clear technology platform delivers higher customer engagement with higher successful collection rates for its clients. The Credit Clear technology platform allows for enterprise clients to communicate with their customers in a bespoke, white-labelled manner through multiple delivery channels.

3.2.3 Clients

Historically, the Group has won clients through organic business relationships and through a competitive tender process. For both financial years ending 2018 and 2019, the Group has had a historical average tender success rate of ~84%.

Credit Clear has over 800 client contracts across various sector segments and income types, including SMEs and large corporations, local councils and domestic businesses. Material contracts typically run for 2-4 years, with extension options and will on average generate approximately \$250,000 per annum from key clients.

The composition of the Top 50 contracts for Credit Clear in terms of revenue contribution and relevant industry sector are:

Industry Sector	# of Clients in top 50	% Group Revenue	Average length of client relationship (years)
Transport	4	22.9%	11
Financial Services	13	20.8%	3
Government	17	10.0%	8
Utilities	5	9.7%	2
Other	11	5.4%	3

3.2.4 Benefits of digital collections

Credit Clear's business model is based on applying its technology to the traditional Receivables Management industry and improving:

- its client's customer collection experience; and
- its client's ultimate financial outcomes.

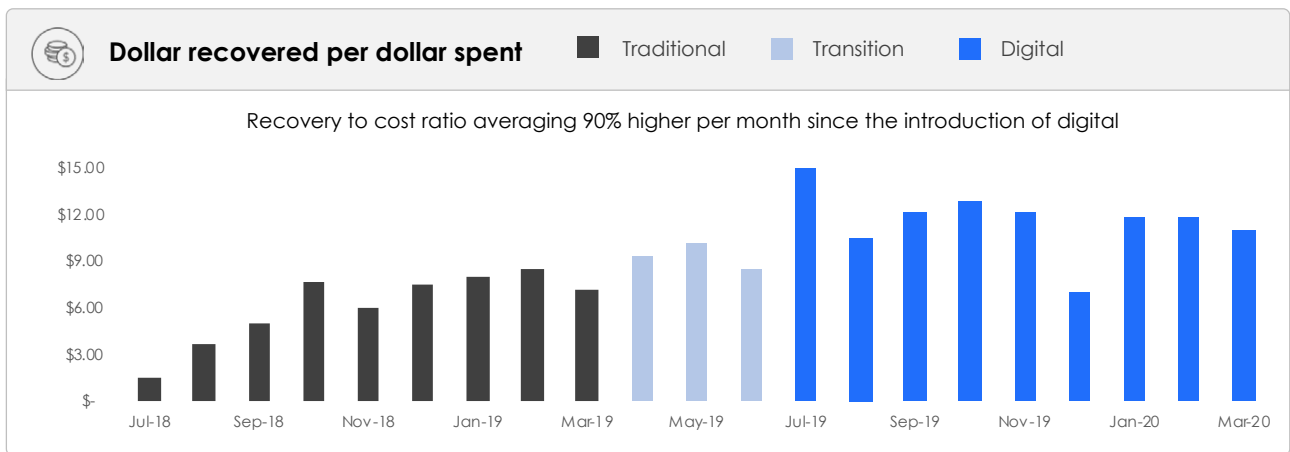
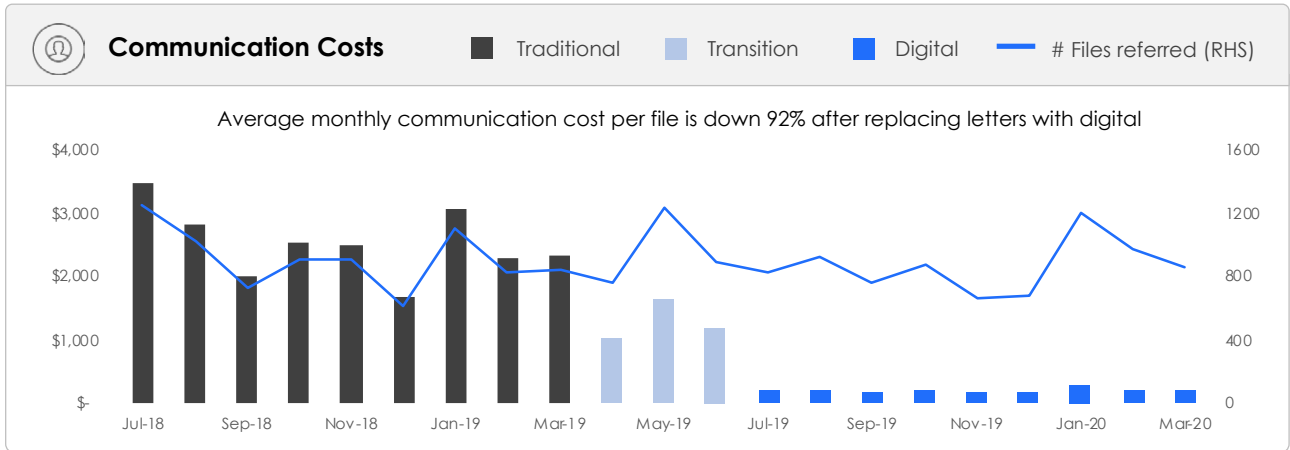
Credit Clear's technology platform delivers clear benefits to its client's including:

High engagement and superior customer experience	Layers of trust are built into the customer experience including the use of the client brand, client sender address, client name, client URL and extended validation certificates to prove the client's exclusive rights to use the domain and confirm its legal, operational and physical existence. Phrasing of the messaging and inclusion of specific details about the outstanding debt are also designed to build trust.
Actionable communication	Each message includes a unique encrypted link that enables the customer to take immediate action at a tap or click.
Customisable delivery times	Messages can be sent immediately or scheduled for a time in the future. A preferred send time can be set as well as blackout dates such as holidays.
Frictionless payments	The interface is streamlined to the minimum number of clicks and keystrokes to complete payment. Payment can be made in a wide range of forms to suit the customer including debit card, credit card, bank account and digital payment options. Similarly, payment arrangements can be entered in a few clicks and are then automatically processed with no customer overhead required.
Customisable communication methods	Each step of a campaign can include messages in one or more supported channels (such as email and SMS). The system can also automatically detect and send in the customers preferred channel based on prior engagement.
Targeted granular details	Message content and workflow can be determined based on any combination of customer attributes. Prior behaviour such as clicks can also be used to set content and workflow.
Cost effective collections solution	Message and payment processing is completely automated and highly scalable. Customers self-serve to discharge the debt. Setup is simple and low cost, the platform is a cloud based Software as a Service (SaaS) solution that does not require installation of any software at the client's site. Digital engagement operates at a lower cost compared to mail alternatives.
Customer insights from artificial intelligence	Data structures have been designed to capture the high degree of granularity required for machine learning. Models are trained on historical and real-time data and used to deliver analysis and recommendations such as message sentiment and the optimal time to send a message to improve click rates.

3.2.5 Client example

Credit Clear has been able to demonstrate tangible benefits to its clients by applying a technology focus to Receivables Management.

The example below shows data from Credit Clear’s database in relation to the comparison between the traditional collection methods compared to the digital collection methods, and demonstrates the positive cost impact of communication, cost reductions and recovery increases that can be realised through implementing Credit Clear’s technology platform.



Traditional	Traditional v Digital Performance (Jul-18 to Mar-20)	Digital
	Average cost of communications	▼ 92%
	Average recovery rate (Month 1)	▲ 19%
	Average recovery rate (Month 3)	▲ 9%
	Average monthly \$ recovered for every \$1 spent	▲ 90%

3.3 Sources of Revenue

Credit Clear generates revenue from four key sources:

- Transactional platform income;
- Transactional platform licence income;
- Traditional Receivables Management income; and
- Legal services income.

3.3.1 Transactional platform income

Based around Credit Clear's proprietary technology platform, the Company generates income from providing a communication and payment platform service to the underlying customers of its clients. Credit Clear charges between \$0.10 and \$0.30 per communication sent to customers whilst also charging clients between \$0.03 and \$1.50 per active account managed. Credit Clear also charges success, integration and payment gateway fees.

3.3.2 Transactional platform licence income

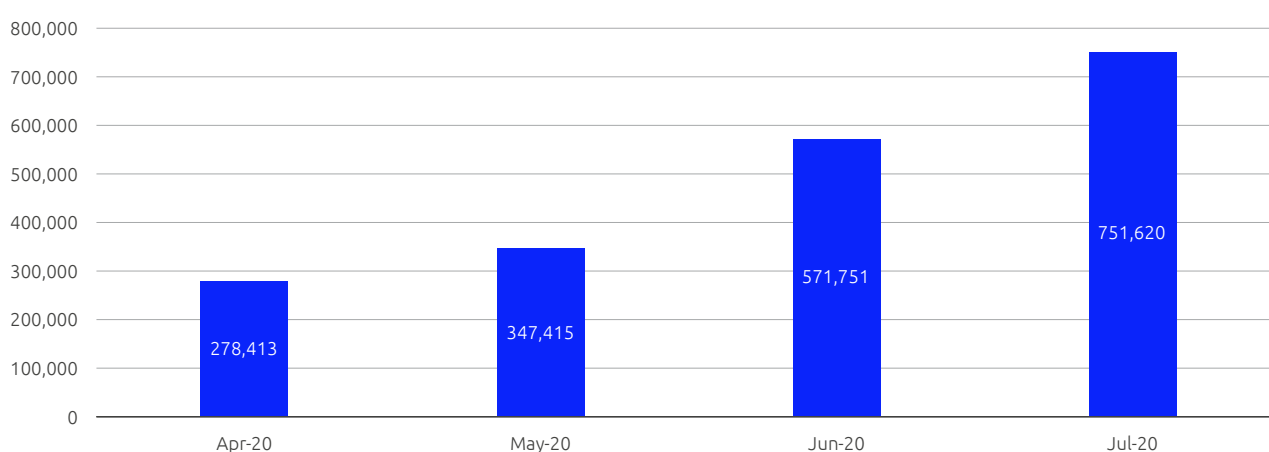
In addition to the communication and management fees, Credit Clear generates an annual licensing fee of \$300,000 (consisting of quarterly payments of \$75,000 or 5% of gross revenue whichever is greater) from licencing the Credit Clear Software to Remitter International Inc (a US incorporated company) (**Remitter**) for use in North and South America, Central America and the Caribbean (**America**). The licence provided to Remitter is exclusive to America but Remitter has an option to extend the licensed territory to include Japan and its territories (**Japanese Region**). If that option is exercised Credit Clear will generate an additional annual licensing fee of AUD\$300,000 (consisting of quarterly payments of \$75,000 or 5% of gross revenue whichever is greater).

While the licence agreement is exclusive, the licence fee payable by Remitter to Credit Clear for use of the Credit Clear Software in America and the Japanese Region is the greater of \$75,000 per quarter or 5% of gross revenue (in each region) payable for each region. Should the licence agreement become non-exclusive, the licence fee payable by Remitter to Credit Clear for use of the Credit Clear Software for each of America and the Japanese Region is the greater of \$60,000 per quarter or 4% of gross revenue (in each region) payable per region.

Whether the licence agreement is exclusive or non-exclusive is at the sole discretion of Credit Clear.

As at 30 June 2020 and as reflected in the table below taken from data in Credit Clear's database, transactional platform income represented approximately 15% (12% attributed to communication and management fees, 3% attributed to software licensing income) of total revenue for the Group. This represents a 42% increase on the prior year. Technology platform income is anticipated to grow as the migration of Credit Solutions clients to the Credit Clear platform continues. The conversion of clients will provide operating leverage and improved gross profit margins which is achieved from using a technology solution that is highly scalable. It significantly reduces the labour component normally required for collections using traditional methods. Currently, Credit Clear is managing 220,000 active customer accounts from a base of 800 clients which provides an opportunity to transition many of these clients onto the platform.

Diagram showing growth in digital communications in the Receivables Management industry Digital Communications (Monthly – Record Volume Achieved in July)



3.3.3 Receivables Management income

Based on the income Credit Clear currently generates from its traditional Receivables Management business, fee types associated with these services are generally:

- “Fee for service/activity” where an activity may also be a group of activities;
- Hourly/Daily/Weekly or monthly fees associated with resource overflow programs or insourcing; and
- Contingent/commission recovery – where fees are charged as a percentage of successful recovery. Rates for contingent/commission recovery are on average 10-15% and may vary depending on the relative complexity and debt profile.

Currently, Receivables Management income represents approximately 62% of the total revenue of the Group.

The composition of Credit Clear’s revenue mix is weighted towards traditional Receivables Management income (as a result of the purchase of Credit Solutions). However, Credit Clear expects that a higher proportion of revenue will be generated by transactional platform income in the future as technology is applied and adopted by Credit Clear’s clients.

3.3.4 Legal services income

Legal services income includes court scale rates for various litigation activities as well as hourly rates that vary depending on the seniority of the solicitor. Currently, revenue from legal services represents 22% of total revenue and has grown by 34% compared to the prior year.

3.4 Intellectual Property and Technology Development

3.4.1 Intellectual property

Credit Clear International Pty Ltd which is a wholly owned subsidiary of Credit Clear holds a patent application over the software owned by the Group that facilitates the collection of receivables through the technology platform, together with any source code relating to the Credit Clear Software registered with IP Australia and ascribed the Patent Cooperation Treaty identifier PCT/AU2016/000035.

Credit Clear and Credit Clear International Pty Ltd are parties to a licence agreement under which Credit Clear International Pty Ltd has granted to Credit Clear a worldwide, royalty free, exclusive, perpetual and irrevocable licence to use the Credit Clear Software.

Credit Clear is the registered owner of the trademarks for “*Credit Clear*” and “*Collexit*” which the Company has used as the brand name for its software and technology platform.

3.4.2 Technology development

Credit Clear has a clear product development roadmap across four identified components that it believes will continue to add to its existing technology suite in terms of functionality and additional capabilities. Credit Clear believes this technology development will allow greater client engagement and further advancement of its business strategy.

Module	Description	Research and Development
Channel Controller	Core messaging platform and payment processing that has been in operation for 3.5 years.	Extend channels into social (e.g. WhatsApp) and any others that emerge and to remain at the forefront of payments including new payment platforms when available.
Tracking & Control Module	Provides extensive tracking and reporting on all activities in the platform.	Extend current reporting to provide self-service analytics and enhance behavioural analytics.
Strategy Management Module	Development of artificial intelligence, statistics and financial analysis to fine tune strategy and build effectiveness.	Major development of capabilities to store and apply strategies for clients' collection campaigns. Set up treatment streams and use the message library within those streams. Test treatments such as champion challenger strategy and allocations. Provide statistical analysis tools to determine effectiveness and calculating return on investment. Artificial intelligence components for message time, channel, content and customer. Cost benefit simulations of various treatment streams before implementation.
Data Bureau Resource	Development of an internal (initially) resource of customers, their behaviour and preferences by channel, message, time and payment preferences.	Develop a customer database and make such database available to other modules for improved decisions.

3.5 Growth Strategy

Credit Clear's growth strategy involves four key pillars:

Investing in technology development	Credit Clear's focus is on the technology, not the channel. Credit Clear will continue to invest in its data and artificial intelligence capabilities to improve collections performance and customer outcomes.
Cross-selling the Credit Clear digital technology platform across traditional client base	Credit Clear has over 800 clients in Australia using traditional Receivables Management collection methods, many of whom would benefit from its technology solutions. Credit Clear aims to introduce the technology platform to those who are not yet using it and demonstrate its value upstream and earlier in each client's respective credit life cycle.
Increasing its client base	Credit Clear will continue to acquire new clients through competitive tender processes and providing industry specific consultation to Australia's leading enterprises.
Exploring international opportunities with scalable and transportable technology	Credit Clear will support Australian clients with international interests and use expansion into foreign markets to secure additional business abroad.

The table below shows the current Credit Clear technology platform offering and the planned development pipeline for the next 12 to 18 months:

1	Channel Controller	<ul style="list-style-type: none"> Tailored Payment Arrangements Agent ad-hoc Integration Service Admin Portal 	<ul style="list-style-type: none"> Bot SMS 	<ul style="list-style-type: none"> Social NPP Integration 	<ul style="list-style-type: none"> RCS, Apple Business Chat Bot Voice
2	Tracking & Control Module	<ul style="list-style-type: none"> Analytics – Back End 	<ul style="list-style-type: none"> Reporting Pack 	<ul style="list-style-type: none"> Analytics Interface Behavioural Analytics 	
3	Strategy Management Module		<ul style="list-style-type: none"> AI Send Time Optimiser Adaptive Workflows 	<ul style="list-style-type: none"> Testing Module (Champion/Challenger) Statistic ROI tools Message Libraries 	<ul style="list-style-type: none"> Customer AI Negotiation Simulation Module AI Workflow Optimiser
4	Data Bureau Resource			<ul style="list-style-type: none"> Customer Data Repository 	
		FY2020		FY2020+	

Credit Clear's timeline to implement the growth strategy and achieve profitability is set over three separate time horizons:

- Horizon 1 (now) – this involves focussing on providing debt collection services directly to corporates, wholesale to other debt collectors and internationally via licensing opportunities.
- Horizon 2 (next two years) – future sources of revenue including providing debt collection services wholesale to SMEs via partnership, to book purchasers and to expand the international offering following key clients. Credit Clear may also provide value added messaging and bill presentments and payment services.
- Horizon 3 (in three to five years' time) – Credit Clear may focus on bill presentment and payment opportunities direct to corporates including existing debt collection clients. Data driven services may also be provided.

3.6 Credit Clear Competitive Advantage

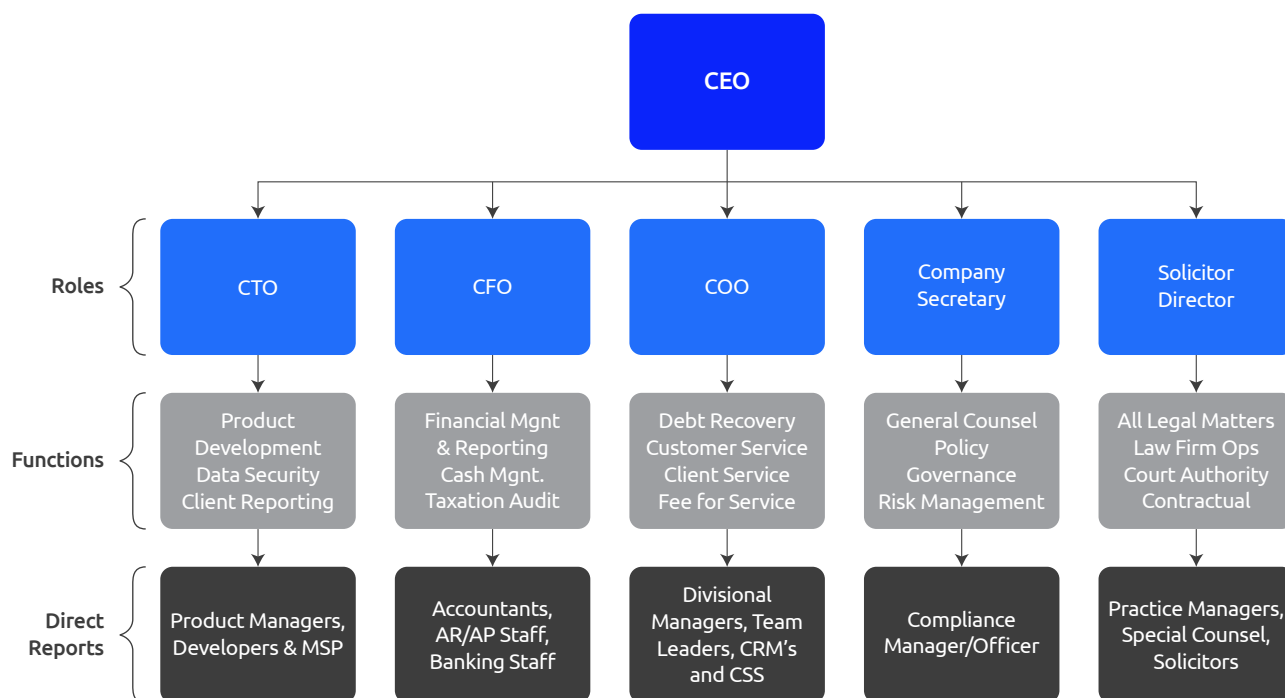
By focussing on developing a technology platform to operate and disrupt the existing Receivables Management industry, Credit Clear believes its business has a competitive advantage in the market place in the following areas:

Proprietary Technology	<p>Credit Clear believes its proprietary technology platform is helping businesses drive smarter, faster, and more innovative financial outcomes by changing the way customers manage their repayments.</p> <p>By providing an actionable message to customers, Credit Clear improves the rate of its clients' collections.</p>
Customer Intelligence Insights	<p>Credit Clear's technology platform also generates data which provides customer intelligence insights that are valuable to its clients. These insights allow Credit Clear to stay up to date with the trends and needs of its clients which allows for strong embedment within their clients' operations.</p>
Proven Cost Savings Provided to Clients	<p>Credit Clear has been able to clearly demonstrate tangible benefits to its customers by applying a technology focus to Receivables Management. In particular, delivering real cost savings to its clients.</p>
Experienced Management Team	<p>Credit Clear has a highly experienced management team with significant experience in developing and commercialising new technology and operating in the Receivables Management industry.</p> <p>This experience has contributed to the success of the Company from the creation of its minimum viable product (MVP) to how the platform currently operates.</p> <p>With the recent appointments to the Board and management team, this wealth of experience has been further deepened and is expected to aid the execution of the Company's growth strategy and technology pipeline.</p>
Highly Scalable and Industry Agnostic Platform	<p>The Credit Clear technology platform does not rely on historical industry structures such as call centres and staff.</p> <p>The technology platform is easily integrated into clients' existing Receivables Management structures across any industry. This ability to scale rapidly will allow Credit Clear to offer its technology platform to many industries.</p>
Full Service Offering	<p>Credit Clear's offering of a technology platform is complemented by the provision of traditional Receivables Management services that enables Credit Clear to manage its clients' customers across the full range of overdue debts.</p> <p>This full service offering allows the Company to provide a broad range of Receivables Management services to its clients.</p>

3.7 Operational Overview

3.7.1 Head Office Operations

Credit Clear currently operates out of 5 offices around Australia, employing 73 full-time employees, 13 part-time employees and 8 casual employees across a range of functions. Credit Clear's high level organisational structure showing those functions and an overview of direct reports is shown below:



3.7.2 Key service provider

Credit Clear relies on a cloud hosting and services provider which provides storage, processing, network and other infrastructure services. The hosting service is maintained within a secure payment card industry compliant environment.

3.7.3 Key operating expenses and costs

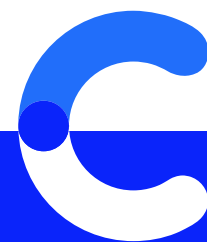
Key operating expenses comprise:

- direct labour involved with the development of technology and management costs to operate Credit Clear, the conduct of the Receivables Management business technology hosting services, field service fees, solicitor fees, telecommunication fees, postage and office occupancy costs.
- expenses relating to the development of the technology platform, including cloud storage, computation, messaging gateway costs and payment gateway costs.
- personnel costs relate to client service roles, business development and those who provide an internal management and support function.
- professional fees include expenses relating to audit and legal fees which are incurred to ensure compliance with rules and regulations as well as to meet the Company's risk management framework.

The lower variable costs associated with the use of the technology platform, combined with the highly scalable nature of the technology platform means that Credit Clear aims to achieve high operating leverage as the Company continues to grow.

The Company expects to increase investment in the development of the technology platform after Listing in order to accelerate progress with the planned development pipeline shown in the diagram in Section 3.5.

The Company plans to increase the business development capability after Listing to take advantage of growth opportunities in the market.



4 Financial information

4.1 Introduction

This Section sets out the Historical Financial Information and Pro Forma Historical Financial Information (collectively referred to as the Financial Information) for the Company and Credit Solutions, refer to Section 9.3 for further information in relation to the group structure.

The Historical Financial Information is based on audited (or audit reviewed) financial statements, whilst the Pro Forma Historical Financial Information has been prepared by management and adopted by the Directors.

The basis of preparation and presentation is set out below.

The Directors are responsible for the inclusion of all Financial Information in the Prospectus.

The Company operates on a financial year ending 30 June and a half year ending 31 December. Unless stated otherwise, all figures within this Section are as at 30 June.

The Historical Financial Information contained in this Section comprises:

- The audited or audit reviewed Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income of the Company and/or Credit Solutions Pty Ltd or related entities (Credit Solutions) for the financial years ended 30 June 2018 (FY18), 30 June 2019 (FY19) and 30 June 2020 (FY20), as well as the half year ended 31 December 2019 (H1FY20) (Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income);
- The audited or audit reviewed Historical Consolidated Cash Flow Statements of the Company and/or Credit Solutions for the financial years FY18 to FY19 and FY20 as well as the half year ended 31 December 2019 (H1FY20) (Historical Consolidated Cash Flow Statements); and
- The audited or audit reviewed Historical Consolidated Statement of Financial Position of the Company as at 30 June 2020 (Historical Consolidated Statement of Financial Position).

The Pro Forma Historical Financial Information comprises:

- The Pro Forma Consolidated Statement of Financial Position as at 30 June 2020 for the Company on a consolidated basis post offer (Pro Forma Consolidated Statement of Financial Position);
- The Pro Forma Historical Statements of Profit or Loss for FY18, FY19 and FY20 assuming the Company had owned Credit Solutions throughout those periods (Pro Forma Historical Statements of Profit or Loss); and
- The Pro Forma Historical Cash Flow Statements for FY18, FY19 and FY20 assuming the Company had owned Credit Solutions throughout those periods (Pro Forma Historical Cash Flow Statements).

The Historical Financial Information and Pro Forma Historical Financial Information has been reviewed by Moore Australia (VIC) Pty Ltd. The Investigating Accountants' Report prepared by Moore Australia (Vic) Pty Ltd is set out in Section 8. Potential investors should note the scope and limitations of the Report.

The information in this Section should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus. All amounts disclosed in the tables are presented in Australian dollars, and unless otherwise noted, are rounded to the nearest thousand dollars (\$'000's).

Summarised in this Section are:

- Basis of preparation and presentation of the Financial Information (Section 4.2);
- Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income (Section 4.3);
- Pro Forma Historical Statement of Profit or Loss, and Statutory Statement of Profit and Loss (Section 4.4);
- Historical Consolidated Cash Flow Statements (Section 4.5);
- Pro Forma Historical Cash Flow Statements, and Statutory Cash Flow Statements (Section 4.6);
- Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position (Section 4.7);

- Pro Forma Statements of Profit and Loss – Management Discussion & Analysis (Section 4.8);
- Dividend Policy (Section 4.9);
- Notes supporting the Pro Forma Consolidated Statement of Financial Position (Section 4.10); and
- Significant Accounting Policies (Section 4.11).

4.2 Basis of Preparation and Presentation of the Financial Information

4.2.1 Overview

The Financial Information included in this Prospectus has been prepared for illustrative purposes and in accordance with the measurement and recognition criteria of Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the significant accounting policies of the Company and Credit Solutions as set out in Section 4.11.

The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements, comparative information and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

The Company's and Credit Solutions¹⁵ financial statements for FY18, FY19, FY20 (audited) and H1FY20 (reviewed) have been audited or audit reviewed by Moore (Vic) Audit who issued unmodified audit reports thereon. For the Company, the Auditor included an emphasis of matter paragraph on the use of the going concern basis for FY18, FY19 and H1FY20.

4.2.2 Preparation of Historical and Pro Forma Historical Financial Information

The Historical Financial Information has been derived from the audited or audit reviewed financial reports of the Company and Credit Solutions for FY18, FY19, H1FY20 and FY20.

In compiling the Historical Financial Information in relation to Credit Solutions, the Directors have considered the guidance in ASIC Regulatory Guidance (RG) 228.104 relating to a significant business acquisition and audited information requirements. Due to the nature of the acquisition and noting that Credit Solutions Pty Ltd had not been required to be audited previously, it was considered reasonable to include two full years of audited (plus half year reviewed) financial information for Credit Solutions Pty Ltd and its related entities in accordance with Table 11 of RG 228.

The Company's Historical Statement of Financial Position as at 30 June 2020 includes the financial position of Credit Solutions as the acquisition date was effective from 1 December 2019.

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the Historical Financial Information, adjusted to reflect:

- In the Pro Forma Statement of Financial Position assuming completion of the offer and certain other transactions (refer to Section 4.7) as if they had occurred on 30 June 2020;
- In the Pro Forma Statement of Profit and Loss, completion of the Offer, acquisition of Credit Solutions and certain other transactions (refer to Section 4.4) as if they had occurred from 1 July 2017; and
- Incremental costs associated with being a listed company as if they were incurred from 1 July 2017.

The Pro Forma Financial information in this Section is presented for illustrative purposes only, and as a result it is likely that the Pro Forma information will differ from the actual financial information for the Company.

¹⁵ Except for Credit Solutions (Vic) Pty Ltd which was considered to be not significant or material.

The Pro Forma Adjustments in the Statement of Financial Position aim to reflect the effect on the Company as if the Pro Forma Adjustments occurred on 30 June 2020. The Pro Forma Consolidated Statement of Financial Position is a compilation of:

- The Historical Consolidated Statement of Financial Position
- Pro Forma Adjustments as per the Directors' best estimate to reflect:
 - Capital raised as a result of the Offer;
 - The cost of shares issued to Directors and others; and
 - Costs of the Offer and listing.

Investors should note that past results are not a guarantee of future performance.

Accounting under AASB 3 'Business Combinations'

Australian Accounting Standards require that where two or more entities combine through an exchange of equity for the purposes of a combination, one of the entities must be deemed to be the accounting acquirer (accounting parent).

The Company is the legal acquirer (legal parent) of the Credit Solutions Pty Ltd business and issued Shares in the Company and paid cash to effect the December 2019 business combination with Credit Solutions. In accordance with Australian Accounting Standards, all relevant facts and circumstances must be considered to determine which entity has obtained control in the transaction and is therefore deemed to be the accounting acquirer (accounting parent).

The December 2019 acquisition was a combination of the businesses of two non-listed entities. The Directors have considered the guidance set out in Australian Accounting Standard AASB 3 'Business Combinations' and consequently, Credit Clear was deemed to be also the accounting acquirer (accounting parent). The factors considered by the Directors in identifying the accounting acquirer included the relative quantum of cash consideration paid, relative voting rights after the business combination and the Board and management composition of the consolidated group.

The net assets of Credit Solutions reflect the assets and liabilities deemed to be acquired by Credit Clear and are stated at their acquisition date fair values. The terms of the acquisition were an asset sale to Credit Clear of certain Credit Solutions entities' assets as well as a share purchase of Oakbridge Lawyers.

The assets and liabilities of Credit Clear as the accounting acquirer are maintained at their historical book values.

Any difference between the consideration paid, and the fair value of the acquired net assets of Credit Solutions Pty Ltd, is recognised as intangible assets. Intangible assets are comprised of identified intangible assets relating to customer contracts and relationships and residual goodwill.

The Company is the reporting entity.

4.2.3 Accounting under AASB 16 'Leases'

Both the Company¹⁶ and Credit Solutions Pty Ltd have early adopted AASB 16 'Leases' for FY18, FY19 and FY20. The Australian Accounting Standard on leases requires that from 1 January 2019 companies bring the majority of property and equipment operating leases previously recognised off-balance sheet on to the balance sheet. Amounts are now recorded on balance sheet for the right-of-use (ROU) asset and lease liability. Rental amounts prior to the change recorded as occupancy expenses in the Statement of Financial Performance are now recorded as amortisation of the ROU asset and interest on the liability. The sum of these two amounts can differ from the rental payment for the period due to timing and recognition differences.

¹⁶ Up until FY20, the Company occupied premises on a month to month basis which was not subject to a long term lease.

4.3 Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

Set out below is a summary of the Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income for Credit Clear and Credit Solutions.

Table: Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

\$'000	Credit Clear		Credit Clear & controlled entities	Credit Clear & controlled entities	Oak-bridge Lawyers	Oak-bridge Lawyers	Oak-bridge Lawyers	Credit Solutions VIC	Credit Solutions VIC	Credit Solutions VIC	Credit Solutions NSW	Credit Solutions NSW	Credit Solutions NSW	Credit Solutions QLD, WA	Credit Solutions and controlled entities (SA, QLD, WA, GSCM)	Credit Solutions and controlled entities (SA, QLD, WA, GSCM)
	FY18 Audited	FY19 Audited	H1FY20 Reviewed	FY20 Audited	FY18 Audited	FY19 Audited	H1FY20 Reviewed	FY18	FY19	H1FY20	FY18 Audited	FY19 Audited	H1FY20 Reviewed	FY18 Audited	FY19 Audited	H1FY20 Reviewed
Revenue	333	972	1,286	6,475	302	1,714	982	678	894	413	2,318	1,745	886	4,992	5,744	2,941
Cost of sales	(54)	(124)	(181)	(865)	(29)	(351)	(283)	(120)	(113)	(114)	(713)	(551)	(81)	(958)	(1,339)	(672)
Gross Profit	279	848	1,105	5,610	273	1,363	699	558	781	299	1,605	1,194	805	4,034	4,405	2,269
Other income	511	524	–	1,188	–	–	–	–	–	–	45	140	32	–	–	7,723
Professional fees	(796)	(1,455)	(639)	(2,327)	–	–	(61)	–	–	–	(246)	(267)	(104)	–	–	–
Employee benefits expense	(1,497)	(2,316)	(1,485)	(5,257)	(147)	(696)	(311)	(236)	(448)	(147)	(669)	(764)	(378)	(1,795)	(2,400)	(755)
Share based payments				(195)												
Occupancy expenses	(84)	(177)	–	(299)	(26)	(112)	(66)	(8)	(13)	(6)	(81)	(87)	(42)	–	–	–
Other expenses	(1,319)	(922)	(526)	(1,717)	(166)	(637)	(283)	(243)	(335)	(135)	(326)	(185)	(79)	(1,474)	(1,680)	(642)
Depreciation and amortisation	(18)	(29)	(188)	(1,207)	(11)	(6)	(2)	–	(2)	–	(65)	(2)	–	(247)	(356)	(149)
Finance expenses	(296)	(20)	(21)	(83)	–	(1)	(3)	(5)	(5)	(3)	(30)	(67)	(38)	(187)	(257)	(114)
Listed entity costs	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit/(Loss) before income tax	(3,220)	(3,547)	(1,754)	(4,287)	(77)	(89)	(27)	66	(22)	8	233	(38)	196	331	(288)	8,332
Income tax (expense) benefit	–	–	–	–	–	–	–	–	–	–	(68)	8	(55)	(103)	81	(2,245)
Net Profit/(Loss) after income tax	(3,220)	(3,547)	(1,754)	(4,287)	(77)	(89)	(27)	66	(22)	8	165	(30)	141	228	(207)	6,087

Notes:

- The H1FY20 results of Credit Clear includes on a statutory basis one month's results of Credit Solutions Pty Ltd as the acquisition was effective from 1 December 2019. The amounts included for the one month are not considered material in the context of the overall result for the period. Amounts included are Revenue of \$0.55 million and a loss of \$0.03 million.

4.4 Pro Forma Historical Statement of Profit or Loss

Set out below is a summary of the Pro Forma Historical Statements of Profit or Loss for the Company that are presented on the basis that acquisition of Credit Solutions occurred on or before 1 July 2017 (i.e. the Statutory results of each entity have been aggregated for the Historical Pro Forma reporting). The Statutory result for FY20 for the Company is also shown for ease of comparison.

Table: Pro Forma Historical Statement of Profit or Loss

\$'000	Pro Forma Historical FY18	Pro Forma Historical FY19	Pro Forma Historical FY20	Statutory Historical FY20
Revenue	8,200	10,299	11,218	6,475
Cost of sales	(1,451)	(1,708)	(1,594)	(865)
Gross Profit	6,749	8,591	9,624	5,610
Other income	556	664	1,220	1,188
Professional fees	(1,042)	(1,722)	(1,629)	(2,327)
Employee benefits expense	(4,605)	(6,857)	(6,943)	(5,257)
Share based payments			(195)	(195)
Occupancy expenses	(199)	(389)	(399)	(299)
Other expenses	(3,528)	(3,759)	(2,828)	(1,717)
Depreciation and amortisation	(341)	(395)	(393)	(1,207)
Finance expenses	(518)	(350)	(240)	(83)
Listed entity costs	(50)	(50)	(50)	–
Profit/(Loss) before income tax	(2,978)	(4,267)	(1,833)	(4,287)

Pro Forma

The Pro Forma Historical Statements of Profit or Loss for FY18, FY19 and FY20 of the Company have been prepared by compiling and adjusting the Historical Statements of Profit or Loss to include:

- the incremental costs of running a listed company including the annual listing fees and additional compliance costs;
- Management also identified a relatively small value of inter-group transactions that related to historical periods. These have been eliminated in the above amounts. There were otherwise no common employees, directors or shareholders within the two groups;
- Adjusting for the estimated fair market remuneration expense for the former vendor of Credit Solutions who was previously remunerated by way of dividends;
- excluding any non-recurring costs associated with the acquisition of Credit Solutions and the IPO process of Credit Clear.

Directors considered ASIC Regulatory Guidance (RG) 228.106 on prospective financial information and have determined not to include a forecast Profit and Loss statement.

Statutory Historical

The FY20 Statutory Historical Statement of Profit or Loss includes a full year of financial results for the Company, however, as the acquisition of Credit Solutions was effective from 1 December 2019 only the Actual financial results for the period from 1 December 2019 to 30 June 2020 of Credit Solutions Pty Ltd has been included. In addition, the Pro Forma adjustments referred to above are excluded. Historical Consolidated Cash Flow Statements

4.5 Historical Statements of Cash Flow

Set out below is a summary of the Historical Statements of Cash Flow for Credit Clear and Credit Solutions.

Table: Historical Consolidated Cash Flow Statements

\$'000	Credit Clear	Credit Clear	Credit Clear & controlled entities	Credit Clear & controlled entities	Oak-bridge Lawyers	Oak-bridge Lawyers	Oak-bridge Lawyers	Credit Solutions VIC	Credit Solutions VIC	Credit Solutions VIC	Credit Solutions NSW	Credit Solutions NSW	Credit Solutions NSW	Credit Solutions QLD, WA	Credit Solutions (SA, QLD, WA, GSCM)	Credit Solutions and controlled entities (SA, QLD, WA, GSCM)	Credit Solutions and controlled entities (SA, QLD, WA, GSCM)
	FY18 Audited	FY19 Audited	H1FY20 Reviewed	FY20 Audited	FY18 Audited	FY19 Audited	H1FY20 Reviewed	FY18	FY19	H1FY20	FY18 Audited	FY19 Audited	H1FY20 Reviewed	FY18 Audited	FY19 Audited	H1FY20 Reviewed	
Cash Flows from Operating Activities																	
Receipts from customers	239	995	1,291	6,018	782	2,629	1,432	634	986	448	2,430	2,391	827	6,893	7,448	3,299	
Payments to suppliers and employees	(3,229)	(5,437)	(2,461)	(9,393)	(764)	(2,617)	(1,351)	(628)	(1,016)	(445)	(1,871)	(1,824)	(621)	(6,139)	(6,785)	(3,312)	
Interest received	–	16	–	–	–	–	–	–	–	–	–	–	–	1	13	–	
Interest paid	(293)	(20)	(17)	(63)	–	(1)	(3)	(4)	(6)	(4)	(30)	(67)	(38)	(187)	(219)	(101)	
R&D tax rebate received	332	511	–	492	–	–	–	–	–	–	–	–	–	–	–	–	
Government stimulus received	–	–	–	752	–	–	–	–	–	–	–	–	–	–	–	–	
Income taxes paid	–	–	–	–	–	–	–	–	–	–	(41)	(32)	(37)	(102)	(21)	(26)	
Net cash flows from operating activities	(2,951)	(3,935)	(1,187)	(2,194)	18	11	78	2	(36)	(1)	488	468	131	466	436	(140)	
Cash Flows from Investing Activities																	
Proceeds from sale of investment	–	15	–	–	–	–	–	–	–	–	–	–	–	–	–	143	
Proceeds from sale of business	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5,000	
Purchase of property plant & equipment	(35)	(18)	(2)	(12)	(11)	(6)	(8)	–	(2)	–	(65)	(2)	–	(61)	(42)	–	
Purchase of investments (term deposit)	–	–	–	(243)	–	–	–	–	–	–	–	–	–	–	–	–	
Payments for acquisitions of businesses net of cash acquired	–	–	(5,000)	(5,000)	–	–	–	–	–	–	–	–	–	–	–	(302)	
Net cash flows from investing activities	(35)	(3)	(5,002)	(5,255)	(11)	(6)	(8)	–	(2)	–	(65)	(2)	–	(61)	(344)	5,143	

\$'000	Credit Clear		Credit Clear & controlled entities	Credit Clear & controlled entities	Oak-bridge Lawyers	Oak-bridge Lawyers	Oak-bridge Lawyers	Credit Solutions VIC	Credit Solutions VIC	Credit Solutions VIC	Credit Solutions NSW	Credit Solutions NSW	Credit Solutions NSW	Credit Solutions (SA, QLD, WA)	Credit Solutions and controlled entities (SA, QLD, WA, GSCM)	Credit Solutions and controlled entities (SA, QLD, WA, GSCM)
	FY18 Audited	FY19 Audited	H1FY20 Review- wed	FY20 Audited	FY18 Audited	FY19 Audited	H1FY20 Review- wed	FY18	FY19	H1FY20	FY18 Audited	FY19 Audited	H1FY20 Review- wed	FY18 Audited	FY19 Audited	H1FY20 Review- wed
Cash Flows from Financing Activities																
Proceeds from issue of shares, net of transaction costs	8,122	1,808	8,526	8,526												
Dividends paid to shareholders	-	-			-	-					(100)	(140)		(270)	(150)	(3,800)
Proceeds from borrowings	-	-			-	16			49		-	-		25	557	
Payment of borrowings	-	-	(156)	(163)	-	-	(9)	(5)		(9)	(333)	(298)	(162)			(1,380)
Payment of lease liabilities			(42)	(235)										(182)	(317)	(172)
Payment of related party loan	(1,532)	-			-	-					-	-				
Net cash flows from financing activities	6,590	1,808	8,328	8,128	-	16	(9)	(5)	49	(9)	(433)	(438)	(162)	(427)	90	(5,352)
Net increase/ (decrease) in cash held	3,604	(2,130)	2,139	679	7	21	61	(3)	11	(10)	(10)	28	(31)	(22)	182	(349)
Cash at the beginning of the financial year	1	3,605	1,475	1,475	-	7	28	(46)	(49)	(38)	14	4	32	416	394	625
Cash acquired from purchase of business			36	36												49
Cash at the end of the financial year	3,605	1,475	3,650	2,190	7	28	89	(49)	(38)	(48)	4	32	1	394	625	276

Notes:

- The H1FY20 results of Credit Clear includes on a statutory basis one month's results of Credit Solutions Pty Ltd as the acquisition was effective from December 2019. The amounts included for the one month are not considered material in the context of the overall result for the period. Amounts included are Revenue of \$0.55 million and a loss of \$0.03 million.

4.6 Pro Forma Historical Cash Flow Statements

Set out below is a summary of the Pro Forma Historical Cash Flow Statements of the Company for FY18, FY19 and FY20 as if the acquisition of Credit Solutions was completed on or before 1 July 2017 adopting the same adjustments as for the Pro Forma Historical Statements of Profit or Loss above.

Table: Pro Forma Historical Cash Flow Statements

\$'000	Pro Forma Historical FY18	Pro Forma Historical FY19	Pro Forma Historical FY20
Cash Flows from Operating Activities			
Receipts from customers	10,555	13,679	11,545
Payments to suppliers and employees	(12,469)	(17,142)	(13,890)
Interest received	1	29	–
Interest paid	(514)	(313)	(209)
R&D tax rebate received	332	511	492
Income taxes paid	–	–	–
Net cash flows from operating activities	(2,095)	(3,236)	(2,062)
Cash Flows from Investing Activities			
Proceeds from sale of investment	–	15	143
Purchase of property plant & equipment	(172)	(70)	(20)
Purchase of investments (term deposit)	–	–	(243)
Payments for acquisitions of businesses net of cash acquired	–	(302)	–
Net cash flows from investing activities	(172)	(357)	(120)
Cash Flows from Financing Activities			
Proceeds from issue of shares, net of transaction costs	8,122	1,808	8,526
Proceeds from borrowings	25	622	–
Repayment of borrowings	(338)	(298)	(1,723)
Payment of lease liabilities	–	–	(407)
Repayment of related party loan	(1,532)	–	–
Net cash flows from financing activities	6,277	2,132	6,396
Net increase/(decrease) in cash held	4,010	(1,461)	4,214

The Pro-Forma Historical Cash Flow Statements for FY18, FY19 and FY20 are based on the Pro-Forma Historical Statements of Profit or Loss for the respective years and therefore, while they do reflect a full year of operations for the Company, they do not include the post 30 June 2020 IPO process of Credit Clear.

Directors considered ASIC Regulatory Guidance (RG) 228.106 on prospective financial information and have determined not to include a forecast Cash Flow statement.

4.7 Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position

Set out in the table below are summarised historical consolidated statements of financial position for the Company (inclusive of Credit Solutions) as at 30 June 2020, and a summarised Pro Forma consolidated statement of financial position assuming completion of the Offer and other material events that have occurred after the respective balance dates as detailed.

\$'000	Note	Credit Clear Statement of financial position	Pro Forma Adjustments	Pro Forma Consolidated Statement of financial position
		30-Jun-20 Audited	Reviewed	30-Jun-20 Reviewed
Current Assets				
Cash and cash equivalents	4.10.1	2,723	13,648	16,371
Trade and other receivables		1,552		1,552
Term deposits held		243		243
Current R&D tax receivable		435	–	435
Other current assets		178		178
Total Current Assets		5,131	13,648	18,779
Non-Current Assets				
Property, Plant and equipment		48		48
Intangible assets	4.10.4	7,279	340	7,619
Right of use asset		1,399		1,399
Total Non-Current Assets		8,726	340	9,066
Total Assets		13,857	13,988	27,845
Current Liabilities				
Trade and other payables		1,766		1,766
Lease liability		591		591
Employee benefits		562		562
Other liabilities		1,157		1,157
Total Current Liabilities		4,076	–	4,076
Non-Current Liabilities				
Lease liability		815		815
Employee benefits		92		92
Total Non-Current Liabilities		907	–	907
Total Liabilities		4,983	–	4,983
Net Assets		8,874	13,988	22,862
Equity				
Issued capital	4.10.2	21,179	14,790	35,969
Reserves		195	–	195
(Accumulated losses)	4.10.3	(12,500)	(802)	(13,302)
Total Equity		8,874	13,988	22,862

Statement of financial position 30 June 2020

This represents the audited historical consolidated statement of financial position of Credit Clear as at 30 June 2020 inclusive of Credit Solutions which was acquired in December 2019.

Pro Forma Adjustments

These represent the Pro Forma adjustments to the financial statements of Credit Clear as at 30 June 2020, based on the expected capital raise and other significant subsequent events.

Impact of the Offer and associated issue costs

The Company is offering under this Prospectus a minimum of 42,857,143 shares at a price of \$0.35 per share to raise \$15 million.

The total cash costs of the Offer are \$1.35 million. It has been assumed that the capital costs involved in the preparation and implementation of the Prospectus will be \$0.87 million and will be included in equity as a cost of the capital raise. The balance of \$0.48 million of the offer costs have been recorded against accumulated losses.

Issue of shares

The Board has agreed that the Company issue 1,060,000 shares valued at \$0.32 million to key employees, Directors and advisers in respect of corporate advisory services subsequent to 30 June 2020. The Board also resolved to issue 1,360,000 shares valued at \$0.34 million to the vendors of Credit Solutions as a goodwill payment in lieu of not qualifying for potential contingent consideration of \$1.7 million.

Other Subsequent Events not recorded as Pro Forma Adjustments

Other subsequent events are significant transactions but are not reflected in the Pro Forma balance sheet as at 30 June 2020. It is expected that the effect of these transactions will be recognised in the future financial statements of the Company.

Credit Solutions post balance date transactions

Subsequent to 30 June 2020, Credit Clear may pay \$0.28 million as a purchase adjustment to the completion working capital of Credit Solutions in accordance with the Business and Share Sale Agreement (refer to Section 9.4.1 for further details).

Share-based Payments

During the financial year ended 30 June 2019 the Company entered into agreements with a key employee and a Director to issue Shares Rights. The key employee and Director are entitled to 2,520,000 Shares in aggregate for nil consideration should they remain employed/remain in service and will only be issued should a liquidity event, such as a trade sale or IPO occur. Of the total performance rights, 2,000,000 vest in August 2022 and 520,000 upon the Listing (which are included in the Pro Forma "Issue of Shares" noted above).

For the FY20 Financial Report, the Directors assessed that the likelihood of an IPO was probable and therefore recognised a portion of the expense (\$0.20 million) during FY20, with the offsetting amount recorded amongst Reserves. This was calculated by dividing the service period already served by the service period expected to be served by the time all the milestones are achieved, multiplied by total expense of \$0.38 million to be recognised once complete.

The Pro Forma balance sheet does not show the potential impact of the conversion of the Share Rights (recorded within reserves) into Shares (recorded in equity). If all the Share Rights were converted, they would represent 1.1% in number of the expected post Offer Shares on issue.

Employee incentive plan

Pursuant to Board resolutions on 5 and 12 August 2020, Credit Clear will grant Options to certain Directors, Executives and employees.

The total value of the Shares to be issued is \$2.05 million which will be treated as a share based payment expense in future periods, to be allocated between the grant date and the vesting date.

The Options have been valued using a binomial option valuation method, using the significant assumptions summarised in the below table along with the option value:

	Employee/ Executives	Non-Executive Directors	Special Executive			
			Tranche 2	Tranche 3	Tranche 4	Tranche 5
Exercise price:	\$0.50	\$0.50	\$0.55	\$0.60	\$0.65	\$0.70
Risk free rate:	0.25%	0.25%	1.015%	1.035%	1.210%	1.210%
Volatility rate:	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%
Expiry date:	30 September 2032	30 September 2032	30 September 2032	30 September 2033	30 September 2034	30 September 2035
Vesting condition(s)	The employee Options will vest on 30 September 2022 if the share price of Credit Clear is at \$0.60 per share or above on that date. Continued service at the vesting date.	The Director Options will vest on 30 September 2022 regardless of share price. Continued service at the vesting date.	Options will vest on 30 September 2022 if the share price of Credit Clear is at \$0.72 per share or above on that date. Continued service at the vesting date.	Options will vest on 30 September 2023 if the share price of Credit Clear is at \$0.94 per share or above on that date. The Company achieving budget (revenue, profit and CAPEX) FY23. Continued service at the vesting date.	Options will vest on 30 September 2024 if the share price of Credit Clear is at \$1.17 per share or above on that date. The Company achieving budget (revenue, profit and CAPEX) FY24. Continued service at the vesting date.	Options will vest on 30 September 2025 if the share price of Credit Clear is at \$1.46 per share or above on that date. The Company achieving budget (revenue, profit and CAPEX) FY25. Continued service at the vesting date.
Number of options	12,680,000	5,300,000	2,000,000	2,000,000	2,000,000	2,000,000
Fair value at grant date	\$0.075	\$0.085	\$0.064	\$0.075	\$0.086	\$0.098

The above Options have been valued utilising inputs that are relevant at the date of this Prospectus. However, in line with Australian Accounting Standards, an Option's value can only be measured using inputs relevant at the time of the Option's actual grant date. As such, this value may change.

As the grant date and vesting period occurs after 30 June 2020, the Company has not recorded the effect of the Options in the Pro Forma Financial Information.

4.8 Pro Forma Consolidated Statements of Profit or Loss – Management Discussion and Analysis

The following analysis is on the Pro Forma Profit and Loss.

- Revenue has increased with each of the last three years. The year on year growth rate to FY19 was 25% and 9% to FY20. Revenue for FY20 was negatively impacted by Covid-19, although this was mainly in the traditional collections business. Digital collections were largely unaffected and increased 42% whilst legal services also improved 34%.
- Cost of Sales remained relatively constant from FY18 to FY19. However, there was a slight improvement in FY20 as revenue shifted towards digital collections which generates a greater gross profit margin due to scalability benefits that technology offers.
- Other income includes R&D tax incentive benefits and COVID-19 related 'JobKeeper' payments. The ATO offers R&D tax benefits for expenditure which is incurred on developing new technology. The benefit received by the Company increased from FY18 to FY19, then remained constant into FY20. The Company was also eligible for JobKeeper payments from the ATO during FY20 and retained related staff who were temporarily underutilised.
- Professional fees increased materially from FY18 to FY19 due to Credit Solutions Pty Ltd expanding its business to increase national coverage. Credit Clear also grew which saw an increase in professional expenses such as audit and legal fees. Professional fees stabilised between FY19 and FY20.
- Employment expenses have also increased in line with the growth of the Company from FY18 to FY19. Management and support staff were added as well as service delivery employees in order to accommodate business growth. Expenses have remained relatively constant from FY19 to FY20.
- Occupancy expenses grew from FY18 to FY19 as Credit Solutions Pty Ltd increased its national footprint as well as expanding office space at head office. Credit Clear also doubled its occupancy expense in FY19. Lease costs are included within Depreciation and Amortisation and Finance costs in accordance with AASB 16 Lease accounting for Credit Solutions Pty Ltd for all periods and for Credit Clear in FY20.
- Other expenses were constant from FY18 to FY19. Management was able to decrease other expenses in FY20 due to ceasing expenditure relating to international expansion. Credit Solutions Pty Ltd also completed its business expansion in FY19 which saw expenses return to a lower base in FY20.
- Depreciation and amortisation increased marginally from FY18 to FY19 as both Credit Clear and Credit Solutions Pty Ltd grew, then remained constant into FY20. The Pro Forma results do not include the amortisation of customer relationship assets arising on the acquisition of Credit Clear.
- Finance expense has consistently reduced from FY18 to FY20 as debt levels decreased over the three year period, partially offset by the effects of lease accounting.
- Listing costs are assumed to be consistent over the three year period based on current listing rates.

In addition to the above comments, the Pro Forma cashflows from operations have been negative from FY18 to FY20 as both Credit Clear and Credit Solutions Pty Ltd invested in expanding their respective businesses. FY20 was impacted by Covid-19. Operational cashflow deficits have been funded by capital raises over the three year period, part of which was used to repay loans in FY20.

4.9 Dividend Policy

The Directors currently intend to use surplus cash to finance Credit Clear's development, growth and generation of new opportunities, rather than distributing these funds as dividends.

Once Credit Clear is able to generate a substantial and sustainable level of cash flow after commitments, the Directors intend to review this policy and possibly initiate a revised dividend policy.

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by Credit Clear. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of Credit Clear.

4.10 Notes Supporting the Pro forma Balance Sheet

4.10.1 Cash assets comprise the following:

No Pro Forma adjustments have been made to reflect cash flow movements from operating activities between 30 June 2020 and the date of this document for Credit Clear.

\$'000	Pro Forma MIN
Cash and cash equivalents	
Audited balance of Credit Clear at 30 June 2020	2,723
<i>Pro Forma adjustments:</i>	
– Proceeds from the Offer	15,000
– Cash costs of the offer	(1,352)
Total Pro Forma Adjustments	13,648
Pro Forma Balance	16,371

4.10.2 Issued Capital comprise the following:

	Pro Forma (# Shares)	Pro Forma \$'000
Fully paid ordinary share capital of Credit Clear		
Audited balance of Credit Clear at 30 June 2020	180,409,603	21,179
<i>Pro Forma adjustments:</i>		
– Proceeds from shares issued under this Prospectus	42,857,143	15,000
– Less capitalised costs of the Offer		(868)
Proceeds net of costs	42,857,143	14,132
– Settlement adjustment for Credit Solutions	1,360,000	340
– Shares issued to Directors and Management at IPO	1,060,000	318
Total Pro Forma Adjustments	45,277,143	14,790
Pro Forma Balance	225,686,746	35,969

4.10.3 Accumulated Losses comprise the following:

\$'000	Pro Forma
Accumulated losses	
Audited balance of Credit Clear at 30 June 2020	(12,500)
<i>Pro Forma adjustments:</i>	
– Issue of Shares and Options to Directors and Management	(318)
– Expenses of the Offer	(484)
Total Pro Forma Adjustments	(802)
Pro Forma Balance	(13,302)

4.10.4 Accounting for the December 2019 acquisition of Credit Solutions comprises the following:

\$'000	Final Acquired Fair Values
	30-Jun-20 Audited
Intangible assets	
Purchase consideration	
– Cash	5,000
– Net cash balance payable	284
– Contingent consideration	340
– Shares issued in Credit Clear Ltd	2,125
Total purchase consideration	7,749
Assets or Liabilities acquired:	
Cash and cash equivalents	37
Trust fund deposits	276
Trade receivables	250
Other assets	81
Plant & equipment	6
Right of use asset	613
Trade payables	(203)
Sundry payables and accrued expenses	(258)
Employee provisions	(389)
Borrowings	(18)
Trust fund liabilities	(276)
Lease liabilities	(613)
Net identifiable assets acquired of Credit Solutions Pty Ltd at 1 December 2019	(494)
Purchase consideration	7,749
Add: identifiable liabilities acquired	(494)
Total Intangible assets	8,243
Comprised of:	
Customer contracts/relationships	6,308
Brands	400
Residual goodwill	1,535
Less amortisation to 30 June 2020	(964)
Intangible asset balance at 30 June 20	7,279

4.10.5 Transactions with related parties

The Group's main related parties are as follows:

- Key management personnel refer to Section 6.
- Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.
- Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

\$'000	Balance outstanding			
	Purchases \$	Sales \$	Owed to the Company \$	Owed by the Company \$
Casey Consulting Services Pty Ltd				
Accounts Payable	–	–	–	85
Occupancy Expenses	140	–	–	–
Consulting services	206	–	–	–
Credit Solutions Pty Ltd				
Related Party Payable	–	–	–	83
KMP related parties				
Salaries & Wages	128	–	–	–

4.10.6 Contingent Assets and Liabilities:

Contingent Liabilities

The Company had the following contingent liabilities at the end of 30 June 2020 relating to legal claims against the Company:

1. On 18 July 2018 Brian Osborne, the former Chief Executive Officer of the Company, and his controlled companies commenced proceedings in the Supreme Court of Victoria against various entities including the Company and Mark Casey. The claim relates to an alleged breach of agreement relating to the Company and Brian Osborne is seeking compensation which may include shares in the Company.
2. On 15 July 2020 proceedings were commenced by originating process in the Supreme Court of Victoria by Trent Marshall McKendrick and ACN 604 594 621 Pty Ltd (formerly C Capital Pty Ltd) (**C Capital Pty Ltd**) against the Company, Casey Consulting Services Pty Ltd as trustee for the Casey Consulting Services Trust (**Casey Consulting**) and Romano Family Holdings Pty Ltd as trustee for the Lewis Romano Family Trust. The claim relates to the circumstances in which Mr McKendrick ceased involvement with the Company, the value at which C Capital Pty Ltd sold its shares to Casey Consulting and the validity of a separation agreement and intellectual property assignment agreement which were executed in 2016.

These matters are described in Section 9.13.1 and 9.13.2. No amounts have been recognised in the Company's accounts or Pro Forma Financial information for the reasons described in that section.

Contingent Assets

The Company has the following contingent asset at the end of 30 June 2020:

As noted above, the Group is currently in legal proceedings with Brian George Osborne, the former CEO of Credit Clear. At the reporting date Mark Casey has provided an indemnity in favour of Credit Clear and its shareholders. See Section 9.5.1 for further details.

4.11 Significant Accounting Policies of the Company

The FY20 consolidated financial statements and notes represent those of Credit Clear Limited and Controlled Entities (the “consolidated group” or “group”). Credit Clear Limited is a company limited by shares, incorporated and domiciled in Australia.

These policies have been consistently applied to all the financial information presented.

Summary of Significant Accounting Policies

a. Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity’s financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 24 to the financial statements.

b. Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

c. Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Subscription revenue

Subscription revenue, which includes support services, is accounted for as a separate performance obligation. Sales of subscriptions provide the customer with a right of use of the company's software as it exists throughout the service period. Additionally subscriptions generally include a fixed number of communications per month.

Subscription charges are recognised on monthly basis with payment terms of 14 days. Revenue received in advance of the performance of services is deferred.

Communication revenue

Communication revenue is accounted for as a separate performance obligation. A communication fee is charged by the Group each time a message is sent to a customer account.

Communication charges are recognised on a monthly basis with payment terms of 14 days.

Debt Collection Commission

Debt collection commission is earned by the company based on a percentage of the total outstanding debt in which was collected by the company on a customer's behalf. Debt collection commission is recognised on a month basis with payment terms of 30 days.

Solicitors Commission

Solicitors income is earned by the Group for on legal services provided in relation to debt collection, insolvency and other legal services provided to customers. Solicitors income is recognised on a monthly basis for legal services provided in the previous month with payment terms of 30 days.

Gain on disposal of non current assets

When a non current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to the profit or loss statement.

R&D Tax Incentive & Government Stimulus

Research & Development tax incentives and Government Stimulus are recognised at fair value where there is reasonable assurance that the stimulus will be received and all conditions will be met. Stimulus relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

Legal disbursements

The Group arranges for the disbursement activities provided by third parties on behalf of the client; however, it does not control the output from those activities. The Group cannot influence the content of reports obtained or court filings, therefore no profit margin is recognised on the activities when clients are charged the direct cost incurred by the Group. As such, the Group acts as an agent for disbursements, which are only recognised as a recoverable cost.

d. Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

e. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

f. Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**).

Receivables and payable are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

g. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and equipment	2.5% – 25%
Office equipment	20% – 50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

h. Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost.

Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

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

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

i. Impairment of non financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non financial assets.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

j. Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- a. the consideration transferred;
- b. any non controlling interest; and
- c. the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non controlling interest. The Group can elect to measure the non controlling interest in the acquiree either at fair value ('full goodwill method') or at the non controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Customer Contracts

Customer contracts acquired in a business combination are amortised on a straight line basis over the period of their expected benefit. The Group acquired two customer contracts which are being amortised at separate rates over the contract life, being 1.5 years and 5 years from the date of acquisition respectively.

Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

k. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

l. Leases

For current year

At inception of a contract, the Group assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no 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.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Group recognises a right of use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right of use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right of use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right of use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low value assets. The Group recognises the payments associated with these leases as an expense on a straight line basis over the lease term.

m. Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

n. Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

o. Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group or refer to Note 2 for details of the changes due to standards adopted.



5 Key risks

5.1 Introduction

This Section 5 describes the potential risks associated with the Company's business, the industry in which the Company operates and risks associated with an investment in Shares. It does not list every risk that may be associated with the Company or an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of the Company, the Directors and the senior management team. Each of the risks may, individually or in combination, have a material adverse impact on the Company's business, financial condition and performance, operations, prospects or the value of the Shares.

The selection and order of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date. There may be other risks which Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its financial condition and performance, its operation or the valuation and performance of the Shares. The importance of different risks may change and other risks may emerge in the future. Additional risks may also have the potential to have a material adverse impact on the Company's business, financial condition and performance, operations, prospects or the value of the Shares.

Before applying for Shares, you should be satisfied that you have a sufficient understanding of the actual and potential risks involved in making an investment in the Company. You should consider whether the Shares are a suitable investment, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

5.2 Risks specific to an investment in the Company

5.2.1 Superseding of the Company's technology

The Credit Clear business is based largely on the technology and software comprising the Credit Clear technology platform. Credit Clear has been built in-house from the ground up using a dedicated local team and a collection of partners and practices to create a scalable, reliable and secure system. As with all information technology and software offerings, there is a risk that this technology and/or software may be superseded or displaced in the market by new technology offerings or software which customers perceive to have advantages over Credit Clear's offering.

5.2.2 Failure of or disruption to the Company's technology platform

Credit Clear's operations are dependent on the stability of connectivity to Credit Clear's technology platform.

There is a risk that these systems may fail to perform as expected, or be adversely impacted by a range of factors, some of which may be outside the control of Credit Clear, including damage, equipment faults, sub-optimal development, power failure, fire, natural disasters, computer viruses and external malicious threats or interventions, such as hacking or denial-of-service attacks. Such events could result in failure in the connectivity of the software, which may cause the Credit Clear service to become unavailable, or result in delayed connectivity, until such time as the third-party service provider resolves the underlying issue.

Such events may disrupt transaction flow which may have an adverse effect on Credit Clear's operations and financial performance and reputation.

5.2.3 Protection of intellectual property

Credit Clear relies on both trade secrets and pending patent protection to defend and protect its intellectual property. The Company also relies in part on confidentiality agreements with its employees, consultants, outside collaborators and other advisers to protect its intellectual property. These agreements may not effectively prevent disclosure and unauthorised use of confidential information and intellectual property and may not provide an adequate remedy in the event of unauthorised disclosure or use of confidential information or the intellectual property.

Costly and time-consuming litigation could be necessary to enforce and determine the scope of the unauthorised disclosure or improper use of intellectual property.

Failure to maintain trade secret protection, or a failure by Credit Clear to adequately protect its intellectual property could result in competitors being able to develop other products that compete with Credit Clear's technology platform or cause additional, material adverse effects on Credit Clear's business, resulting in Credit Clear being unable to use its intellectual property, either temporarily or permanently which would adversely impact its operations and financial performance.

5.2.4 Loss of key personnel

Credit Clear's success depends to a significant extent on its management and development team. These individuals have extensive experience in, and knowledge of, the Credit Clear technology platform and business. The loss of key management or development personnel or any delay in their replacement could result in development delays and reductions in the speed at which Credit Clear is able to deliver new features or enhancements to the market causing a significant adverse effect on the management of Credit Clear, its financial performance and future prospects.

The loss of key management or development personnel may also impose significant costs on Credit Clear in the form of lost investment in employee training, possible loss of proprietary knowledge to competitors and recruitment costs, all of which could have a significant adverse effect on Credit Clear's financial performance and future prospects.

5.2.5 Competition

Credit Clear operates in a large marketplace which is subject to continual development and improvement. Larger, traditional technology vendors with more access to capital and resources may develop superior solutions, deliver enhanced benefits or attempt to infringe on Credit Clear's intellectual property and compete. Should any present or future competitors participate more aggressively on price, product, innovation or other means then this could have a material adverse impact on Credit Clear's financial performance, its ability to compete effectively and future prospects of the business.

In addition, if present or future competitors participate more aggressively, this may result in Credit Clear needing to invest in additional marketing or product development in order to respond to the increase in competition.

5.2.6 Financing

If Credit Clear incurs unexpected costs or is unable to continue to generate revenue at existing levels, further funding may be required. There is a potential risk that Credit Clear may be unable to secure additional funding to support its future growth plans. Any inability to obtain funding will adversely affect the business and financial condition of Credit Clear and, consequently, its performance and potential growth of the business.

5.2.7 Reliance on access to internet

The use of Credit Clear's technology platform is dependent on the ability of its clients and their customers to access the internet. Access is provided by various classes of entities in the broadband and internet access marketplace. Should any of these entities disrupt, restrict or affect the cost of access, usage of the technology platform may be negatively impacted, which could adversely affect the user's experience with the technology platform which may materially adversely affect Credit Clear's prospects or financial condition.

5.2.8 Loss of key clients

Credit Clear depends on continued relationships with its current significant clients. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful.

A loss of one or more of Credit Clear's largest clients may materially adversely affect its prospects, operations, revenue and financial condition. The highest revenue producing client represented 22% of the Company's total revenue for the year ending 30 June 2020.

5.2.9 Success of the sales and marketing strategy

Credit Clear has invested in its sales and marketing capabilities which have shown success in Australia over the first 36 months of the commercialisation phase. Continued success in the sales and marketing of the technology platform will be critical to ongoing success. There is no guarantee that Credit Clear's sales and marketing strategy will continue to be successful and if it is not, Credit Clear may have difficulty further commercialising its platform, which may adversely affect its future sales and profitability.

5.2.10 Failure to scale up and continue to commercialise

The ability for Credit Clear to increase its revenue is dependent on Credit Clear's ability to profitably scale its business through the commercialisation of its technology platform. There is a risk that Credit Clear will be unable to achieve sufficient scale in the commercialisation of its platform, which could potentially result in reduced or negative growth.

There is also a risk that existing, and any new product offerings launched and developed to the market may be unprofitable because they are not supported by sufficient market interest or otherwise not adequately marketed and fail to sell.

5.2.11 Limited trading history

Since establishment, Credit Clear's activities have principally involved investing to develop its technology platform and lay the foundation for commercialisation which has successfully occurred over the last three years. Like many early stage technology companies Credit Clear has incurred losses since its inception. Given Credit Clear's limited trading history it is difficult to make an evaluation of Credit Clear's business or its prospects.

In addition, as the business grows and the size of Credit Clear's operation grows, there is a risk that a failure to adequately manage the growth developments efficiently may result in one or more of the risks noted in this Section 5 eventuating, which, individually or in aggregate may have a material adverse effect on Credit Clear's operations and financial performance.

5.2.12 Cybersecurity and data protection

Given the nature of Credit Clear's business, Credit Clear collects and holds a significant amount of personal information about its customers. Credit Clear's systems, or those of its third-party service providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber-attacks could also compromise or breach the safeguards implemented by Credit Clear to maintain confidentiality in such information.

Unauthorised access to, or breach or failure of, Credit Clear's digital infrastructure due to cyber-attacks, negligence, human error or other third-party actions, could disrupt Credit Clear's operations and result in the loss or misuse of data or sensitive information.

Loss of such data may expose Credit Clear to litigation, claims, fines and penalties as well as significant reputational damage, or result in a breach of Credit Clear's obligations under applicable data protection laws or contractual agreements. These breaches may adversely affect Credit Clear's financial performance and could result in a loss of trust by its customers which could adversely affect Credit Clear's reputation and ability to maintain and attract existing and new customers.

5.2.13 Programming errors

Credit Clear's software is comprised of complicated programming. Given that, it is important to develop and launch new features and continually improve the core software it is possible that technology platform updates may contain, now or in the future, errors, bugs or vulnerabilities. Any errors, bugs or vulnerabilities discovered could result in (amongst other consequences) damage to Credit Clear's brand, loss of customers, loss of platform partners, lower revenues or liability for damages, any of which could adversely affect Credit Clear's business and operating results.

5.2.14 Risk of litigation claims and disputes

Credit Clear may be subject to litigation and other claims and disputes in the course of its business, including contractual disputes, employment disputes, indemnity claims, and occupational and personal claims. Even if Credit Clear is ultimately successful, there is a risk that such litigation, claims and disputes could materially and adversely impact Credit Clear's operating and financial performance due to the cost of settling such claims and affect Credit Clear's reputation.

Credit Clear is currently a defendant in two legal proceedings:

On 18 July 2018 Brian Osborne, the former Chief Executive Officer of the Company, and his controlled companies commenced proceedings in the Supreme Court of Victoria against various entities including the Company and Mark Casey. The claim relates to an alleged breach of agreement relating to the Company and Brian Osborne is seeking compensation which may include shares in the Company. The Company and Mr Casey have filed a defence and cross-claim against Mr Osborne seeking orders for rectification as well as damages for misrepresentation. Mark Casey has provided an indemnity in favour of Credit Clear and its shareholders. See Section 9.5.1 for further details.

The Company and Mr Casey strongly deny the allegations made and the relief sought by Mr Osborne and his controlled entities. A final hearing date is not expected until 2022. See Section 9.13.1 for full details of the claim.

On 15 July 2020 proceedings were commenced by originating process in the Supreme Court of Victoria by Trent Marshall McKendrick and ACN 604 594 621 Pty Ltd (formerly C Capital Pty Ltd) (**C Capital Pty Ltd**) against the Company, Casey Consulting Services Pty Ltd as trustee for the Casey Consulting Services Trust (**Casey Consulting**) and Romano Family Holdings Pty Ltd as trustee for the Lewis Romano Family Trust. The litigation concerns the circumstances in which Mr McKendrick ceased involvement with the Company, the value at which C Capital Pty Ltd sold its shares to Casey Consulting and the validity of a separation agreement and intellectual property assignment agreement which were all executed in 2016.

The Company has sought legal advice from Senior Counsel. Based on the information available at the Prospectus Date and the timing of the claim, the Company believes that this claim lacks merit. See Section 9.13.2 for full details of the claim.

5.2.15 Disruption of key business processes

Credit Clear's service delivery model relies on the execution of several critical business processes, particularly to support the onboarding of new customers, service existing customers and to process transactions.

Key business processes could be disrupted by events such as loss of key staff members, system infrastructure disruption or inadequately designed and tested operating procedures.

The disruption to key business processes may result in inaccessibility of the Credit Clear product which could result in customers ceasing to deal with Credit Clear or reducing their level of custom. Sustained and repeated interruptions to accessibility or business processes may ultimately result in the loss of customers.

A reduction in the number of transactions processed by Credit Clear, or the loss of customers, may have a material adverse effect on Credit Clear's profitability.

5.2.16 Development of Credit Clear brand and reputational risk

The reputation of Credit Clear (and its ability to develop the Credit Clear brand) could be adversely impacted by a number of factors, including actions taken by employees, customers (including as a result of a failure by Credit Clear to provide quality services), central management decisions, third-party actions such as disputes or litigation resulting in adverse media coverage, or non-compliance with laws, including anti-money laundering and counter-terrorism financing laws, or data or privacy breaches.

The Credit Clear brand is a developing brand and, if Credit Clear is unable to grow positive brand awareness over time, particularly where a number of other competitors have established brands, this may adversely affect Credit Clear's growth and financial position. Adverse events affecting Credit Clear's business and operations may in turn adversely affect Credit Clear's brand.

5.2.17 Hacker attacks

Credit Clear primarily relies upon the availability of its technology platform to provide services to customers and attract new customers. Hackers could impact Credit Clear's service through a distributed denial of service attack or other attacks. Although Credit Clear has stringent strategies and technology in place to minimise such attacks, these strategies may not be successful. Continuous advancements in hacker technology and methods require Credit Clear to continuously test, update and audit the deployed hacker prevention strategies. Unavailability of the platform due to a hacker attack could lead to a loss of revenue and could hinder Credit Clear's abilities to retain existing customers or attract new customers, which would have a material adverse impact on Credit Clear's growth.

5.2.18 Loss of key suppliers

The entire Credit Clear system has been designed not to be coupled to any individual cloud provider, however if services provided to Credit Clear by the hosting company or any of its key suppliers fail, are disrupted, restricted or otherwise impacted in an adverse way, access to and/or usage of Credit Clear's technology platform may be negatively impacted. This may materially adversely affect Credit Clear's prospects, operations, revenue and financial condition.

5.2.19 Change in Regulations

As discussed in Section 2.4, Credit Clear is subject to a range of laws, regulations and industry compliance requirements in Australia, being the jurisdiction in which it currently conducts its business. There is a risk that laws or regulations may be introduced or amended in Australia, or in foreign jurisdictions in which Credit Clear may operate.

Changes to the regulatory environment could have a material adverse effect in a number of ways. For example, changes to legislation involving the imposition of additional reporting or licensing requirements may increase costs of compliance, and impact profitability. In addition, changes to legislation relating to data security in any relevant market or jurisdiction may impact the way the Credit Clear technology platform operates or the cost of operation of the technology platform, and impact Credit Clear's ability to offer certain products or features of products to customers. If there are changes to the regulatory environment, there is the potential for any such changes to materially reduce Credit Clear's revenues and/or increase its costs which could have a material adverse effect on Credit Clear's business, operations and financial performance.

5.2.20 Changes to Privacy Legislation

The collection, use, storage and disclosure of personal and sensitive information (which is done so through the platform) is governed by the *Privacy Act 1988* (Cth) and the Australian Privacy Principles contained at Schedule 1 of that Act. Various changes to the regulatory framework have been introduced in recent years, both at a Federal and State level. Any future adverse changes in privacy legislation (including changes to the *Privacy Act 1988* (Cth) and the Australian Privacy Principles), or changes in the way privacy laws are interpreted in the future could have a material adverse effect on Credit Clear's business, operations and financial performance.

5.2.21 COVID-19

Due to the recent COVID-19 global pandemic, some customers in the traditional Receivables Management part of Credit Clear's business have delayed their debt collections. This delay could adversely affect the financial position or performance of Credit Clear and/or impede Credit Clear's ability to achieve the objectives set out in Sections 1.1 and 7.2.1.

5.3 General risks

5.3.1 Share market conditions

Following Listing, the Shares may trade on ASX at a price higher or lower than the Offer Price. The price at which the Shares trade following Listing will be affected by the financial performance of the Company and by external factors unrelated to the operating performance of the Company, including movements on international share markets, the level of interest rates and exchange rates, general domestic and international economic conditions and government policies relating to taxation and other matters.

5.3.2 Risk of Shareholder dilution

In the future, the Company may elect to issue new Shares or engage in fundraisings to fund or raise proceeds for investments or balance sheet strength. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue, Shareholders may be diluted as a result of such issues of Shares and fundraisings.

5.3.3 Exposure to general market conditions

The Company's performance will depend, to a certain extent, on a number of macro-economic factors outside its control which may impact the spending power and habits of its customers (and their customers). These factors include economic growth, unemployment rates, interest rates, consumer confidence, taxation, inflation and the availability and cost of credit. In addition, consumer spending may be affected by natural disasters such as floods or drought. An additional factor is the impact of the COVID-19 global pandemic including on the Receivables Management industry, the health of the workforce, the economy, customers, supply chains and travel restrictions. In light of recent global macroeconomic events, including the impact of the COVID-19 global pandemic, these factors may have an adverse effect on Credit Clear's business, financial position and operational results and may adversely impact the price of its Shares on ASX, as well as Credit Clear's ability to pay dividends.

Any significant or prolonged decrease in consumer spending could adversely affect the demand for the Company's products.

5.3.4 Trading in Shares might not be liquid

There can be no guarantee that an active market in the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on ASX at any time, particularly given the level of ownership retained by the existing securityholders. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares.

5.3.5 Changes to taxation law may negatively impact the Company

There is the potential for changes to taxation law and changes to the way taxation law is interpreted that may negatively impact the Company's future profitability. Any change made to the tax regime by the government of any jurisdiction in which the Company operates or is resident for tax purposes and/or to the current rate of tax imposed on the Company or a subsidiary (including foreign jurisdictions to which the Company and its subsidiaries are exposed to) may negatively impact future returns to Shareholders.

In addition, an investment in the Shares involves tax considerations which may differ for each individual Shareholder, see Section 7.11 for further details. The Company is not responsible for taxation or any penalties incurred by Shareholders or prospective Shareholders. Each prospective Shareholder is encouraged to obtain professional tax advice in connection with any investment in the Company.

5.3.6 Accounting Standards may change

Accounting Standards are set by the AASB and are outside the control of the Company. The AASB regularly introduces new or refined Australian Accounting Standards, which may affect future measurement and recognition of key statement of profit and loss and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit and loss and balance sheet items, may differ. Changes to Australian Accounting Standards issued by the AASB, or changes to commonly held views on the application of those standards, could materially adversely affect the financial performance and position reported in the Company's consolidated financial statements.

5.3.7 Fraud risk

Credit Clear is exposed to the risk that customers, employees, partners, individual borrowers and other third parties may seek to commit fraud against Credit Clear or in connection with the products that Credit Clear provides. Fraudulent behaviours could include individual customers or other parties conspiring to circumvent Credit Clear's controls and process fraudulent transactions.

Credit Clear may continue to experience variations in fraud-related expenses and activities that are different to or higher than those expenses or activities experienced by Credit Clear in the past, or to that experienced by Credit Clear's competitors or the debt collections industry generally. Credit Clear is reliant on its internal systems and processes, as well as its external providers, to identify fraud and minimise its impact should it occur. Failure of these controls and the subsequent allowance of fraudulent transactions could result in damage to Credit Clear's reputation, impact Credit Clear's ability to attract new customers, and materially and adversely affect Credit Clear's financial performance.

5.3.8 Bad and doubtful debts

A current operating expense incurred by Credit Clear relates to the service of bad and doubtful debts, which represents the portion of clients who delay or fail to meet their repayment obligations (outside of the initial deposit which is an upfront payment received by Credit Clear).

Several controls have been implemented by Credit Clear, however, to match the scale of Credit Clear's operations, continuous enhancements to the credit decisioning capability are required. A failure to implement any upgrade or enhancement, or failure to manage the upgrade or enhancement process efficiently and appropriately, may result in an increase in bad and doubtful debts, which will negatively impact Credit Clear's profitability.

In addition, there is a risk that inaccuracies in the automated assessments of a customer's credit position may overstate a client's ability to make repayments.

5.3.9 Interest rates

Credit Clear is exposed to increases in interest rates which would increase the cost of servicing debt. Increases in interest rates may also affect the level of customer demand. An increase in interest rates may have a materially adverse effect on the Company's future financial performance and position.

5.3.10 Inflation rates

Higher than expected inflation rates could lead to increased development and/or operating costs. If such increased costs cannot be offset by increased revenue, this could impact the Company's future financial performance.

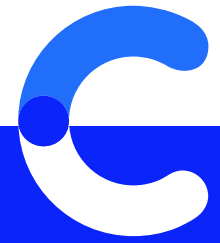
5.3.11 Impact of hostilities, terrorism or other force majeure events

War, other hostilities, terrorism or major catastrophes can adversely affect global and Australian market conditions. Such events could have direct and indirect impacts on the Company's business and earnings.

5.4 Speculative Investment

The above list of risk factors is not an exhaustive list of the risks faced by the Company or its investors. These risk factors, as well as others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of its securities. The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns or capital or the market value of those Shares.

You should consider an investment in the Company as speculative and should consult with your professional advisers before deciding whether to apply for Shares offered pursuant to this Prospectus.







6 Key people, interests and benefits

6.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including industry knowledge, financial management and corporate governance experience.

The Board comprises 4 Directors:

Director & Experience	
	<p>Gerd Schenkel <i>Independent Chairman</i></p> <p>Gerd combines extensive experience as a management consultant with The Boston Consulting Group with successful executive appointments at National Australia Bank, Citigroup and Telstra. He is the founder of UBank and led the digital agenda for Telstra. Most recently, Gerd was the CEO of Tyro Payments and was also appointed to serve on the Federal Government of Australia's task-force for small business digitisation. Gerd has a Master's degree in Engineering (Robotics) and an MBA from the Columbia Business School in New York. He is currently a director of Partners in Performance Pty Ltd, a global management consultancy, where he leads the digital practice.</p>
	<p>Marcus Price <i>Independent Non-Executive Director</i></p> <p>Prior to joining the Credit Clear Board Marcus was CEO of Property Exchange Australia Ltd (PEXA). He has over 25 years' experience building successful businesses and maximising shareholder returns. Notably, he has developed and managed entirely new transformative businesses from start-up to sale. He specialises in early stage and competitive market entry financial services businesses involving competitive market analysis, equity structures and financial engineering. Marcus has held senior positions with National Australia Bank as well as the Boston Consulting Group. In addition, he developed and exited financial services businesses as the CEO and Executive Director for both Equifax Pty Limited and Dun & Bradstreet Pty Ltd.</p>
	<p>Mark Casey <i>Non-Executive Director & Co-Founder</i></p> <p>Mark is the managing director of Casey Capital Pty Ltd, a private investment vehicle with over \$2 billion in projects under management. As Credit Clear's cornerstone investor, Mark brings a wealth of knowledge with over 30 years' experience in property development, funds management and investment in early stage technology ventures.</p>
	<p>Lewis Romano <i>Executive Director & Co-Founder</i></p> <p>Lewis successfully founded and grew three businesses before he was 30. He was named on Smart Company Australia's "Hot 30 under 30" list in 2016. After attending Bond University to study Business Entrepreneurship, Lewis gained experience in marketing and sales before founding his first business in bespoke fashion e-commerce. Lewis went on to jointly establish what became Australia's third largest online job site SpotJobs.com. After successfully exiting that business, Lewis turned his focus to the creation of Credit Clear in 2015. Lewis remains a key driver of many fundamental client and strategic relationships for the Credit Clear business.</p>

Each Director has confirmed that he anticipates being available to perform his duties as a Director without constraints from other commitments.

Gerd Schenkel and Marcus Price are independent directors and are free from any other business relationship that could materially interfere with or be perceived to materially interfere with the independent exercise of their judgement as Non-Executive Directors of the Company.

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares.

Mark Casey is also a director of Massey Pty Ltd which is a property development company and the controlling entity for the Crown Plaza apartments and hotel which opened in October 2008. In September 2010 as a result of the severe industry downturn at that time, apartment sales were significantly reduced and Massey Pty Ltd was placed into administration by the directors. Mark Casey took on responsibility for selling these apartments and worked to broker a deal with worldwide hotel operator “Wyndham Resort” who acquired the management rights of the Crown Plaza. The directors ensured that all creditors were paid in full and Massey Pty Ltd was returned to normal business operations after the administration. Massey Pty Ltd still owns the Crown Plaza.

In addition, Mark Casey was a director of Benalla No 1 Pty Ltd which was placed into voluntary liquidation in 2013 shortly after Mark Casey resigned as a director.




Mark Casey was also a director of Derinwey Pty Ltd which was a property holding entity for his brother. This company was placed into voluntary liquidation as a result of Mark’s brother’s marital dispute in 2017 shortly after Mark Casey resigned as a director.

Mark’s experience spans 38 years of business and Mark is currently a director of over 200 entities. During this time no company of which Mark is or has been a director has been wound-up by creditors.

The composition of the Board Committees is set out in Section 6.11.

6.2 Senior management team

Profiles of key members of the Company’s management team are set out below.

Senior Management & Experience	
	<p>Brenton Glaister <i>Group Chief Executive Officer</i></p> <p>Brenton started his career in Receivables Management in 1986, founded National Credit Management Limited in 1990 and Credit Solutions Pty Ltd in 2014. Brenton was a former managing director of ASX-listed Tradehouse International Limited, non executive director of Chandler McCleod Limited, executive at Thorn Limited, state distributor for Lactalis Limited and National Foods Limited and has been a chairman or board member of over 10 additional entities in finance, insurance, legal and on school boards and industry associations.</p>
	<p>Victor Peplow <i>Chief Financial Officer</i></p> <p>Victor has over 25 years’ experience in the financial services sector. During his professional career, Victor has been the Chief Financial Officer for the Australian Wealth Management division of leading international organisations including Citigroup and Morgan Stanley.</p> <p>More recently, Victor has been responsible for the financial and risk management functions of emerging companies, focusing particularly on governance frameworks.</p>
	<p>Piero Gross <i>Chief Operating Officer</i></p> <p>Piero has over 19 years’ experience in the Receivables Management industry and has held a number of senior operational management positions including at National Credit Management Limited where he was responsible for the operational delivery of post write-off/sale debt recovery programs for all big 4 banks. He has successfully run large scale pre write off contingent outsource programs for Commonwealth Bank Limited, AGL, as well as local and state government agencies including the original pilots and ongoing business as usual outsource programs for NSW Office of State Revenue and QLD State Penalties Enforcement Registry. Piero has a passion for technology, big data analytics, and key competencies in people management, innovation and change management.</p>

Senior Management & Experience



Jason Serafino

Chief Technology Officer

Jason is an experienced technology and product leader with in excess of 20 years' experience leading teams from foundation to scale-up and established corporates. Prior to his current role Jason was general manager of technology, innovation and personal loans at Liberty Financial, led application development for Sunsuper and founded several technology start-ups.



David Hentschke

Group General Manager Strategy & Technology

David Hentschke has signed an employment agreement with the Company. It is expected that David will commence employment with the Company in October 2020.

David most recently played an instrumental role in leading Property Exchange Australia Limited's (**PEXA**) strategy, international and corporate development functions.

David was also a senior leader in a credit technology start-up company, Equigen Pty Ltd, which was acquired by Data Advantage Ltd (now Equifax Australia Pty Ltd). He also spent 2 years at Telstra Credit Services in various roles including Head of Credit Strategy and Commercial Services and was a management consultant with The Boston Consulting Group.

David holds a Masters of Business Administration and Graduate Diploma in Agricultural Economics from the University of New England, an Ass. Diploma in Agriculture from the University of Adelaide and completed an Authentic Leadership Development at Harvard Business School.



Mike Tauschek

General Counsel and Company Secretary

Mike has comprehensive experience in dispute resolution and corporate/commercial litigation and transactions, with a particular focus on regulatory issues. Prior to joining Credit Clear Mike worked for top-tier and boutique law firms.

Mike's expertise includes regularly advising on complex transactions and corporate disputes as well as claims in contract, equity and financial services regulation.



Ron Hollands

Company Secretary

Ron Hollands has substantial ASX-listed company secretarial experience including providing corporate governance advice and assistance, charters, policies, and preparing corporate governance statements.

He is familiar with ASX processes and has acted as Company Secretary for numerous other ASX-listed companies.

6.3 Interests and benefits

Sections 6.4, 6.5 and 6.6 set out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out in Sections 6.4, 6.5 and 6.6 of this Prospectus, no:

- Director or proposed Director of Credit Clear;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such person for services in connection with the formation or promotion of Credit Clear or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of Credit Clear.

David Hentschke was a director of Monks Harper Fabrications Pty Ltd, Monks Harper Rigging Pty Ltd and G.T. Victoria Nominees Pty Ltd which operated in the commercial construction industry, specialising in structural steel fabrication and onsite erection. In 2013 as a result of the severe industry downturn at that time, the companies' margins and quantity of work were significantly reduced and when two lead construction management clients disputed legitimate sub-contractor claims, the companies were no longer able to meet their financial obligations. The main financier in consultation with the directors, requested that receivers were appointed to each of the companies, noting that legal action against the lead construction management clients would be protracted and expensive. The receivers ensured that all employees of the companies received their full entitlements and no inappropriate behaviour was recorded against any of the directors or executives of any of the companies.

Jason Serafino was a director of Inner City Computing Pty Ltd which was an IT services company providing system integration and application development services. In 2002 as a result of the severe industry downturn at that time, several major customer contracts were cancelled without notice which resulted in a substantial reduction in income. With insufficient time to find alternative projects, payments were agreed with creditors and the company was placed into voluntary liquidation.

6.4 Directors Interests

6.4.1 Non-Executive Director remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for their services as a Director of Credit Clear. However, under the Constitution and the ASX Listing Rules, the total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the aggregate amount approved by Shareholders at the Company's general meeting. This amount has been fixed at \$500,000 per annum.

The Non-Executive Directors do not currently receive any cash remuneration for the services they provide to the Company.

Directors will not receive additional fees for being a member of a Board Committee.

For the initial period post Listing, Non-Executive Directors have elected to receive Options under the EIP with a \$0.50 exercise price and a two year vesting period. To preserve the Company's cash, the Non-Executive Directors have agreed not to receive any cash remuneration until the Company becomes profitable.

The remuneration of Non-Executive Directors must not include a commission on, or a percentage of, profits or operating revenue.

6.4.2 Share Rights

As at the Prospectus Date, the Company has 2,520,000 Share Rights on issue as follows:

- 2,000,000 which are currently held by Gerd Schenkel; and
- 520,000 which are currently held by Jason Serafino.

Each Share Right entitles the holder to one Share.

In relation to Jason Serafino's Share Rights, these vest upon occurrence of a liquidity event and are expected to be exercised immediately on the Listing. Accordingly, the only Share Rights which will remain on issue following Listing are those held by Gerd Schenkel. These represent 0.8% of the total Shares on issue on Listing. The terms of the Share Rights are set out in the table below.

Name	Number of Share Rights	Exercise Date	Exercise Price	Exercise Conditions	Other features
Gerd Schenkel	2,000,000	24 months after the date of the Listing.	nil	Continuously remain a Non-Executive Director from grant date until the exercise date and have complied with terms of his appointment.	<p>The Share Rights:</p> <ul style="list-style-type: none"> • are not transferrable; • do not confer any right to vote, except as otherwise required by law; • do not confer any entitlement to a dividend; • do not confer any right to a return of capital; • do not confer any right to participate in the surplus profit or assets of the Company on a winding up; and • do not confer any right to participate in new issues of securities (such as bonus issues or entitlement issues).

The Company believes that the Share Rights are fair, appropriate and equitable as set out in the table below. The Share Rights were issued to Gerd to remunerate and incentivise him as a Non-Executive Director as referred to in section 6.4.1.

Name and role at Company	Number of Options, Shares and Share Rights held	Details of role in meeting performance milestone	Existing total remuneration package	Why necessary to further incentivise director?	How number of Options and Share Rights determined and why appropriate and equitable?
Gerd Schenkel (Non-Executive Director)	166,667 Shares 2,000,000 Share Rights 2,000,000 Options	Presiding over Company and its strategic direction	No cash remuneration payable	Gerd brings objective and independent judgement to the Board's deliberations, and makes invaluable contributions to Credit Clear through his deep understanding of Credit Clear's business.	Number is based on the importance and replaceability of the role. It also takes into consideration the fact that Gerd is not paid any cash remuneration in his position as chairman and Non-Executive Director. Option terms considered appropriate as they are aligned with shareholder interests.

6.4.3 Directors Deeds of Indemnity and Access

The Company has entered into a deed of indemnity and access with each Director which confirms the Director's right of access to books and records of the Company while they are a Director and for a period of seven years after the Director ceases to hold office.

The deeds of indemnity and access also require the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate of the Company.

Under the deeds of indemnity and access, the Company must maintain a directors and officers insurance policy insuring a Director against liability as a director or officer of the Company or a related body corporate of the Company.

6.4.4 Expense reimbursement and other remuneration arrangements for Non-Executive Directors

The Non-Executive Directors are entitled to be paid all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of Board Committees. Such amounts will not form part of the aggregate remuneration for Directors.

Any Non-Executive Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. Any amount paid will not form part of the aggregate remuneration for Non-Executive Directors.

There is no retirement benefit scheme for Non-Executive Directors.

6.4.5 Directors' interests: Shareholdings

Directors are not required under the Constitution to hold any Shares. The Directors (and their associates) are entitled to apply for Shares in the Offer. Details of the Shareholdings of Directors (either directly or through beneficial interests or entities associated with the Director) on Completion of the Offer are set out in the table below. The table does not take into account any Shares the Directors may acquire under the Offer.

Directors' Shareholdings on Completion of the Offer

Director	Shareholding on Completion of the Offer	
	No.	%
Gerd Schenkel*	166,667	0.1%
Lewis Romano	5,005,223	2.0%
Mark Casey**	30,840,323	12.2%
Marcus Price	833,334	0.3%
Total***	36,845,547	14.6%

* Gerd Schenkel holds 2,000,000 Share Rights that will vest 24 months after Listing.

** This number relates to the shares held by Casey Consulting Services Pty Ltd ATF Casey Consulting Services Trust.

*** The numbers and percentages are calculated based on the fully diluted share capital of the Company.

The Shares held on Completion of the Offer in the above table are subject to the escrow restrictions as outlined in Section 9.8.

6.4.6 Directors interests: Options

The Company has established the Credit Clear EIP to assist in the motivation, retention and reward of employees (including part time and casual employees), contractors, non-executive directors and other persons declared by the Board to participate in the plan from time to time.

The EIP is designed to align the interests of stakeholders in the Company with the interests of Shareholders by providing an opportunity for these stakeholders to receive an equity interest in the Company. Details of the EIP are set out in Section 6.5.4.

The Directors are entitled to participate in the EIP.

Details of the Option holdings of Directors (either directly or through beneficial interests or entities associated with the Director) on Completion of the Offer are set out in the table below.

Director	Option holding on Completion of the Offer	
	No.	%
Gerd Schenkel	2,000,000	0.8%
Lewis Romano	2,000,000	0.8%
Mark Casey	800,000	0.3%
Marcus Price	2,500,000	1.0%
Total*	7,300,000	2.9%

* The Board has resolved to issue a total of 7,300,000 Options to the Directors pursuant to the terms of the EIP. See Section 6.5.4 for details of the EIP.

6.5 Executive employment arrangements

6.5.1 Executive Director

Lewis Romano is employed by Credit Clear under a written employment contract and reports to the Board.

Mr Romano is entitled to a fixed annual remuneration of \$180,000 per annum (exclusive of superannuation).

Mr Romano's employment may be terminated by either party giving 8 weeks' written notice or by Credit Clear:

- without notice where Credit Clear summarily dismisses Mr Romano;
- without notice where Mr Romano, amongst other things:
 - engages in misconduct;
 - breaches any provision of the agreement which if remediable is not remedied in a reasonable timeframe after being given notice;
 - repetitiously or persistently breaches his employment agreement;
 - commits an act, whether at work or otherwise, which brings the Company into disrepute;
 - is charged with an offence punishable by imprisonment; or
 - becomes permanently incapacitated and is unable to perform his duties.

On termination of Mr Romano's employment, Mr Romano will resign from all directorships, memberships, offices and all positions he holds with the Company.

Mr Romano is subject to a restraint of trade for a maximum period of 12 months after his employment with Credit Clear ends, in a maximum area of any country in which the Company sells its services.

6.5.2 Group Chief Executive Officer

Brenton Glaister is employed by Credit Clear as Group Chief Executive Officer under a written employment contract and reports to the Board.

Mr Glaister is entitled to a fixed annual remuneration of \$325,000 per annum (inclusive of superannuation).

Mr Glaister's employment may be terminated by either party giving 3 months' written notice or by Credit Clear without notice where Brenton:

- engages in serious or wilful misconduct;
- is seriously negligent in the performance of his duties;
- commits a serious or persistent breach of his employment agreement;
- commits an act, whether at work or otherwise, which brings the Company into disrepute; or
- is charged with an offence punishable by imprisonment.

Any payments made to Mr Glaister upon termination will be subject to the termination benefits cap under the Corporations Act.

Mr Glaister is subject to a restraint of trade for a maximum period of 12 months after his employment with Credit Clear ends, in a maximum area of Australia.

6.5.3 Other members of senior management

The other members of the senior management team are employed by Credit Clear under written employment contracts.

The salaries of the senior management range from \$200,000 to \$380,000. Members of senior management may be entitled to bonuses for performance or may be eligible to participate in short and/or long-term incentive plans.

Members of senior management's written employment contracts provide for notice of termination by Credit Clear, ranging between 1 month and 3 months. Credit Clear may also terminate a senior manager's employment without notice in circumstances including serious misconduct. Credit Clear can elect to make payment in lieu of notice of termination for all or part of the notice period. Any payments made to the members of senior management upon termination may be subject to the termination benefits cap under the Corporations Act.

Members of senior management each have post-employment restraints in their employment contracts the scope of which varies between the members of senior management. Generally, these provide that the members of senior management may be restrained from certain activities for a maximum period of 12 months after their employment with Credit Clear ends. The enforceability of the restraint clause is subject to the legal requirements in the relevant jurisdiction.

An aggregate amount of 18,000,000 Options will be issued to senior management including but not limited to, Jason Serafino, Brenton Glaister and David Hentschke.

6.5.4 Equity Incentive Plan

The purpose of the EIP is to allow the Board to make offers to employees, contractors, non-executive directors and other persons declared by the Board to acquire securities in Credit Clear and to otherwise incentivise employees.

EIP

The EIP will be delivered in the form of Options, Rights and Restricted Securities (**Incentive Securities**) and the key terms are summarised below.

Term	Description
Total Size	25,980,000 Options have been allotted already.
Eligibility	Offers may be made at the Board's discretion to certain employees (including part time and casual employees), contractors, non-executive directors and other persons declared by the Board (Eligible Employees).

Term	Description
Grant of Incentive Securities	The Board will invite Eligible Employees to participate in the EIP which may comprise of an issue of any one or more Rights, Options and Restricted Securities.
Rights	<p>Rights will be issued to participants at no cost.</p> <p>The Board may determine that it makes a cash payment to a participant in lieu of an allocation of some or all of a participant's Shares, The amount of the cash payment will be calculated by multiplying the number of Shares in respect of which Rights have vested by the current market price.</p>
Options and the exercise price for such Options	<p>An option entitles the participant to acquire a Share on vesting and exercise, subject to the satisfaction of vesting conditions and payment of an exercise price. The Options will be issued to the participant at no cost.</p> <p>Participants must pay an exercise price (if any) to exercise their Options. The exercise price for Options issued under the EIP will be determined by the Board at the time of issue.</p> <p>The Board may determine that the exercise of an Option will be satisfied by the Company making a cash payment in lieu of an allocation of Shares. The cash payment will be an amount equal to the current market price for the Options if they were converted to Shares, less any exercise price that would otherwise have been payable in respect of those Options exercised.</p>
Restricted Securities	<p>The Board may allocate Shares to Eligible Employees that are subject to restrictions on dealing, vesting conditions and/or other restrictions or conditions.</p> <p>Unless the Board determines otherwise no payment is required for the grant of a Restricted Security. A Restricted Security will cease to hold restrictions as set out in an offer letter when the vesting period and any vesting conditions have been satisfied or waived and the Company notifies the participant that the restrictions cease to apply.</p>
Vesting periods	The Board will determine the vesting period for the issue of each participant's Incentive Securities and will set out the vesting period in an offer to the Eligible Employee.
Vesting conditions	The Incentive Securities will be subject to vesting conditions determined by the Board which will be set out in an offer to an Eligible Employee. The Board may waive any vesting conditions. All Incentive Securities are subject to a service condition. There will be no performance conditions attaching to Incentive Securities issued to the Non-Executive Directors.
Dividends and voting rights	<p>Options do not carry dividend or voting rights prior to vesting and exercise.</p> <p>Shares allocated on exercise of Options, Rights or Restricted Securities carry the same dividend and voting rights as other Shares unless a participant is to hold the shares through a trust deed. In this instance the trustee of the trust deed may receive any dividends and exercise all voting rights.</p>
Preventing inappropriate benefits	If a participant has acted fraudulently or dishonestly, has engaged in gross misconduct, has engaged in an act which has brought the Company into disrepute, has breached his or her duties or obligations to the Company or is convicted of an offence or has a judgment entered against them in connection with the affairs of the Company, or in other circumstances (including additional circumstances set out in an offer letter) the Board may determine that unvested Rights or Options or vested but unexercised Options or Restricted Securities or Shares allocated under the EIP will lapse or be deemed to be forfeited.

Term	Description
Cessation of employment	<p>If an Eligible Employee ceases to be employed by the Company, the Board in its discretion, may determine that some or all of the unvested Incentive Securities, as applicable, lapse, are forfeited, vest (immediately or subject to conditions), are only exercisable for a prescribed period and will otherwise lapse and/or are no longer subject to some of the restrictions (including any vesting condition) that previously applied.</p> <p>The Board may specify in the offer to the participant how the participant's Incentive Securities will be treated on cessation of employment.</p>
Change of control	<p>If there is a takeover bid or the Board considers a change of control is likely to occur, the Board has the discretion to accelerate vesting of some or all of a participant's unvested or restricted Incentive Securities. Where only some of the Incentive Securities vest, the remainder will lapse, unless the Board determines otherwise.</p>
Trading restrictions	<p>Shares allocated on vesting of performance rights are subject to restrictions on dealing, during which time the participant may not sell or otherwise deal with the shares, as per the Company's Securities Trading Policy. See Section 6.12.3 for a summary of the Securities Trading Policy.</p>

6.5.5 Details of the Options to be issued to executive directors, managers and other employees under the EIP

The Company is proposing to issue 20,680,000 Options to the executive director, managers and other employees. Each Option entitles the holder on exercise to one ordinary share in the Company at an exercise price of \$0.50 per Option. The exercise of these Options is subject to certain tenure-based and performance conditions. The Company believes that the terms of the Options broadly comply with the ASX Listing Rules and are appropriate and equitable generally, although they are not treated as performance securities for the purposes of the ASX Listing Rules due to the significant exercise price.

The table below sets out the details of Options that will be issued to employees of the Company:

Name and role at Company	Number of Options, Shares and Share Rights held	Details of role in meeting performance milestone	Existing total remuneration package	Why necessary to further incentivise director or employee?	How number of Options and Share Rights determined and why appropriate and equitable?
Lewis Romano (Executive Director)	5,005,223 Shares 2,000,000 Options	Development of strategy and driver of key client relationships	Fixed annual remuneration of \$180,000 per annum (exclusive of superannuation)	Co-founder of Credit Clear. Possesses corporate knowledge history and relationship with key clients.	Number is based on the importance and replaceability of the role. Option terms considered appropriate as they are aligned with shareholder interests.
Jason Serafino (Chief Technology Officer)	1,000,000 Options 520,000 Shares	Development and maintenance of technology platform	Fixed annual remuneration of \$250,000 per annum (exclusive of superannuation)	CTO who will need to execute the product roadmap of the digital platform.	Number is based on the importance and replaceability of the role. Option terms considered appropriate as they are aligned with shareholder interests.

Name and role at Company	Number of Options, Shares and Share Rights held	Details of role in meeting performance milestone	Existing total remuneration package	Why necessary to further incentivise director or employee?	How number of Options and Share Rights determined and why appropriate and equitable?
Brenton Glaister (Chief Executive Officer)	4,180,340 Shares 2,000,000 Options	Overall management of the Company	Fixed annual remuneration of \$325,000 per annum (inclusive of superannuation)	CEO of Credit Clear and previously Credit Solutions. Primarily responsible for success of the business.	Number is based on the importance and replaceability of the role. Option terms considered appropriate as they are aligned with shareholder interests.
David Hentschke (Group General Manager Strategy & Technology)	10,000,000 Options consisting of 2,000,000 Tranche 2-5 Options, which have different vesting conditions, details of which are set out in the table on page 58.	Developing growth strategies and priorities	Fixed annual remuneration of \$380,000 per annum (inclusive of superannuation)	Will be responsible for setting and executing the digital product roadmap.	Number is based on the importance and replaceability of the role. Option terms considered appropriate as they are aligned with shareholder interests.
Mike Tauschek	1,000,000 Options	Company secretarial responsibilities, corporate governance and regulatory requirements.	Fixed annual remuneration of \$240,000 per annum (exclusive of superannuation)	To maintain consistency in managing legal and compliance requirements.	Number is based on the importance and replaceability of the role. Option terms considered appropriate as they are aligned with shareholder interests.
Victor Peplow	1,000,000 Options 240,000 Shares	Manage and maintain financial controls, taxation requirements, cash management and financial risk management.	Fixed annual remuneration of \$230,000 per annum (exclusive of superannuation)	To maintain continuity of financial stewardship over company financial management.	Number is based on the importance and replaceability of the role. Option terms considered appropriate as they are aligned with shareholder interests.
Piero Gross	1,000,000 Options 121,817 Shares	Manage operational requirements to ensure effective and efficient procedures, particularly post the Credit Solutions acquisition.	Fixed annual remuneration of \$200,000 per annum (exclusive of superannuation)	Possesses valuable corporate knowledge in relation to the Credit Solutions business. Has strong relationship with Credit Solutions clients.	Number is based on the importance and replaceability of the role. Option terms considered appropriate as they are aligned with shareholder interests.

Name and role at Company	Number of Options, Shares and Share Rights held	Details of role in meeting performance milestone	Existing total remuneration package	Why necessary to further incentivise director or employee?	How number of Options and Share Rights determined and why appropriate and equitable?
Other managers – high	1,000,000 Options (in aggregate)	Various roles	Various salaries	Responsible for managing respective divisions	Number is based on the importance and replaceability of the roles. Option terms considered appropriate as they are aligned with shareholder interests
Other managers – low	1,000,000 Options (in aggregate)	Various roles	Various salaries	Responsible for managing respective teams	Number is based on the importance and replaceability of the roles. Option terms considered appropriate as they are aligned with shareholder interests
Other employees	680,000 Options (in aggregate)	Various roles	Various salaries	Responsible for various operational activities.	Number is based on the importance and replaceability of the roles. Option terms considered appropriate as they are aligned with shareholder interests

6.6 Interests of advisers

No adviser will be receiving any equity interests in the Company.

6.7 Corporate governance

This section explains the main corporate governance policies and practices adopted by the Company. The Board is responsible for the overall corporate governance of Credit Clear. It is accountable to the Company's members as a whole and must act in the best interests of the Company. The Board monitors the financial position and performance of Credit Clear and oversees its corporate strategy, including approving the strategic objectives and budgets of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Credit Clear.

In conducting business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting prudent and effective internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The main policies and practices adopted by the Company, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. Details of the Company's key policies and the charters for the Board and each of its committees are available at creditclearlimited.com.au.

6.8 ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

Credit Clear is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its ASX Recommendations for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations.

The ASX Recommendations are not prescriptions, but guidelines. Under the ASX Listing Rules, Credit Clear will be required to provide a statement in its annual report on its website disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where the Company does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Except as set out below, Credit Clear intends to follow all of the ASX Recommendations from Listing.

For the purposes of Condition 16 of ASX Listing Rule 1.1, Credit Clear discloses that it will not comply with ASX Principle 2.4 (ie. that a majority of the board of a listed entity should be independent directors) as at the date of Listing.

While the majority of the Board is not comprised of independent Directors, 50% of the Board will comprise independent Directors and the role of the Chief Executive Officer is exercised by a separate individual.

The Board believes that each of the independent Non-Executive Directors brings objective and independent judgement to the Board's deliberations, and that each of the Non-Executive Directors make invaluable contributions to Credit Clear through their deep understanding of Credit Clear's business. Consequently, having considered Credit Clear's immediate requirements as it transitions to an ASX-listed company, the Board believes that the composition of the Board reflects an appropriate range of skills, expertise and experience for the Company after Listing.

In particular, as the Board transitions to an ASX-listed company, the Board considers that Credit Clear as a whole benefits from the deep industry experience and knowledge of Mark Casey and Lewis Romano's operations and business relationships.

6.9 Board composition

The Constitution requires Credit Clear to have a minimum of three directors. The maximum number is fixed by the Board but may not be more than 9, unless the members of Credit Clear resolve otherwise in a general meeting.

The Board is currently made up of four Directors, comprising Gerd Schenkel, Lewis Romano, Mark Casey and Marcus Price.

Detailed biographies of the Directors are provided above in Section 6.1.

The Board considers a Director to be independent where he or she is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. The Nomination and Remuneration Committee will assess the independence of each Non-Executive Director in light of interests disclosed by them at least annually on a case-by-case basis. Each Non-Executive Director must provide the Board with all relevant information for this purpose.

The Credit Clear Board Charter sets out guidelines and thresholds of materiality to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that each of Gerd Schenkel and Marcus Price are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment and is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Lewis Romano is not currently considered by the Board to be an independent Director given his executive role with the Company.

Mark Casey is not currently considered by the Board to be an independent Director given his significant shareholding in the Company.

Accordingly, at Listing, the Board will not consist of a majority of independent Directors.

If the Board determines that a Director's independent status has changed, that determination will be disclosed to the market in a timely manner.

6.10 Board charter

The Board has adopted a Board Charter to outline the manner in which its powers and responsibilities will be exercised and discharged. The Charter includes an overview of:

- the Board's composition;
- the Board's roles and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board is accountable to the Shareholders for the performance of the Company and must act in the best interests of the Company's Shareholders and have appropriate regard to the interests of the Company's other stakeholders.

The Board's role includes providing leadership and guiding the Company's strategic direction, driving its performance and overseeing the activities of management and the operation of the Company. A key part of the Board's responsibility is to implement and oversee an effective corporate governance structure for the Company.

6.11 Board Committees

The Board may from time to time establish committees to streamline the discharge of its responsibilities. To assist in carrying out its responsibilities, the Board has established the Audit and Risk Committee, and the Remuneration and Nomination Committee. The Board may also delegate specific functions to ad hoc committees on an 'as needs' basis. Directors are entitled to attend Board Committee meetings and receive Board Committee papers, and the Chair of each Board Committee will report back on committee meetings at Board meetings.

6.11.1 Audit and Risk Committee

Under its Charter, the Audit and Risk Committee should have at least three non-executive Directors, appointed by the Board, a majority of which should be independent non-executive Directors. The Board will nominate an independent non-executive Director who is not the chair of the Board to be the chair of the Committee. All Committee members are to be financially literate and the members of the Committee, between them, should have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee's mandate effectively. Membership of the Audit and Risk Committee is as follows: Gerd Schenkel, Marcus Price and Mark Casey.

The Committee will consider adopting a risk management policy to ensure that, amongst other things, appropriate systems are in place to identify to the extent reasonably practicable all material risks that may impact on Credit Clear's business.

The purpose of the Committee is to assist the Board with:

- overseeing, reviewing and supervising the Company's risk management framework and promoting a risk management culture;
- discharging the Board's responsibilities relative to the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance and the audit process;
- monitoring compliance with laws, regulations and Board policies;
- adopting and applying appropriate ethical standards in relation to the management of the Company and the conduct of the Company's business; and
- reviewing the adequacy of the Company's insurance policies.

6.11.2 Remuneration and Nomination Committee

Under its charter, the Remuneration and Nomination Committee should have a minimum of three Directors preferably non-executive Directors, a majority of whom shall be independent Directors and an independent non-executive Director as chair. Membership of the Remuneration and Nomination Committee is as follows: Gerd Schenkel, Marcus Price and Mark Casey.

The Committee will consider and adopt a policy relating to the policies and procedures for nomination and remuneration of officers and senior management to ensure that the Company fairly and responsibly rewards officers and senior management.

The purpose of the Committee is to:

- advise and make recommendations to the Board on the composition of the Board and its committees and the selection and appointment of directors to the Board and its committees;
- advise and make recommendations to the Board on succession plans for the Board and ensure there are plans in place to manage the succession of the Chief Executive Officer and any senior executive who reports directly to the Chief Executive Officer;
- advise and make recommendations to the Board on the ongoing evaluation of the performance of the Board, its committees and directors;
- assist the Board with the oversight of a human resources strategy and supporting policies and practices for the Company's employees and directors, and monitoring the implementation and effectiveness of the strategy, policies and practices; and
- assist the Board with the oversight of remuneration policies and practices for the Company's employees and directors and monitoring the implementation and effectiveness of the policies and practices.

6.12 Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which will be made available on Credit Clear's website at creditclearlimited.com.au.

At Completion of the Offer, the Company will be an entity listed on ASX. The ASX Recommendations for Australian listed entities have been developed in order to promote investor confidence and to assist companies in meeting stakeholder expectations. Under the ASX Listing Rules, the Company will be required to provide a corporate governance statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow an ASX Recommendation, it must identify the relevant recommendation or principle that has not been followed and give reasons for not following it.

6.12.1 Continuous Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company is aware of its obligation to keep the market fully informed of any information the Company becomes aware of concerning itself that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company has adopted a Continuous Disclosure Policy to ensure compliance with these requirements. The Continuous Disclosure Policy applies to all Directors, officers, employees and consultants of the Company.

6.12.2 Communication with Shareholders

The Company aims to communicate all important information relating to the Company to its Shareholders. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company website, at the annual general meeting, through the Company's Annual Report and ASX announcements.

6.12.3 Securities Trading Policy

The Company has adopted a Securities Trading Policy which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and explain the Company's policy and procedure for the buying and selling of securities that protects the Company, Directors and employees against the misuse of unpublished information which could materially affect the price or value of securities. The policy applies to Directors, officers, senior management and other employees, consultants and contractors of the Group (collectively, **Employees**) and to associates (as defined in the Corporations Act) of Employees including close family members of Employees and any trust entities controlled by Employees (**Restricted Persons**).

The policy provides that Restricted Persons must not:

- trade in the Company's securities when they hold information not generally available and if it were generally available, a reasonable person would expect to have a material effect on the price or value of the relevant securities or on a decision to buy or sell the relevant securities (**Inside Information**);
- advise or procure another person to trade in company securities when they hold Inside Information;
- pass on (directly or indirectly) Inside Information to someone else (including colleagues, family or friends) knowing (or where you should have reasonably known) that the other person will, or is likely to, use that information to trade in, or procure someone else to trade in the Company's securities;
- deal in the Company's securities when the Company has notified Employees that they must not do so;
- deal in the Company's securities on a speculative or short-term trading basis; and
- engage in hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to company securities.

In addition, a Restricted Person must not deal in the Company securities during any of the following blackout periods:

- For the Company's half year results, from 1 January to (and including) the day of the announcement;
- For the Company's full year results, from 1 July to (and including) the day of the announcement;
- For the Company's annual general meeting from the close of the ASX trading day two weeks prior to the date of the Company's annual general meeting until 10:00am AEST on the ASX trading day following the date of the Company's annual general meeting (and including the day of the annual general meeting); and
- For any other period designated as a black out period by the Board and notified to the Restricted Person.

Restricted Persons must also not engage in margin lending activities in respect of the Company's securities.

In all instances, dealing in the Company's securities is not permitted at any time by any person who possesses Inside Information.

6.12.4 Code of Conduct

The Company is committed to the highest level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct which outlines how the Company expects its Directors, employees and contractors (**Representatives**) to behave when conducting business activities. All Representatives must comply with the Code of Conduct.

The objective of the Code of Conduct is to set out:

- the Company's core values of integrity, progression, wellbeing and engagement;
- Representatives' obligations when conducting business activities, which includes being aware and complying with all laws and regulations and acting with integrity;
- what to do if a Representative suspects the Code has been breached; and
- the consequences if a Representative breaches the Code.

6.12.5 Diversity and Inclusion Policy

The Board has formally adopted a Diversity and Inclusion Policy, which sets out Credit Clear's vision for diversity, incorporating a number of different factors including gender, race, ethnicity, sexual orientation, age, physical abilities, family status, language, religious belief, perspective and educational experience. The Diversity and Inclusion Policy applies to the Board, officers, employees and contractors directly engaged by the Company (**People**) and has been approved in order to promote workplace diversity and equal opportunity and create an inclusive and collaborative environment where individual differences are valued and all People have the opportunity to realise their potential and contribute to the Company's success.

Under the policy, each year the Board will set measurable objectives with a view to progressing towards a balanced representation of women at a Board and senior management level and in other identified leadership roles and on an annual basis, the Board will review the proportions of men and women who are employed by the Company as a whole, in senior management positions and who are on the Board.

6.12.6 Anti-Bribery Policy

The Company has adopted an Anti-Bribery and Corruption Policy which sets out Credit Clear's standards and guidelines on:

- what constitutes bribery;
- examples of bribery and corruption 'red flags';
- offering and accepting gifts, entertainment and hospitality;
- facilitation payments, secret commissions and money laundering; and
- providing donations.

6.12.7 Whistleblower Policy

The Company has adopted a Whistleblower Policy which encourages employees to disclose wrongdoing with confidence that they will be protected and supported. The Whistleblower Policy establishes the mechanisms and procedures for employees to report misconduct or an improper state of affairs relating to the Company or an officer of the Company in a manner which protects the whistleblower and gathers the necessary information to investigate such reports and act appropriately.

The purpose of the Whistleblower Policy is to:

- encourage more disclosures of wrongdoing;
- help deter wrongdoing, in line with the Company's risk management and governance framework;
- ensure individuals who disclose wrongdoing can do so safely, securely and with confidence that they will be protected and supported;
- ensure disclosures are dealt with appropriately and on a timely basis;
- provide transparency around the Company's framework for receiving, handling and investigating disclosures;
- support the Company's values, code of conduct and/or ethics policy;
- support the Company's long-term sustainability and reputation;
- meet the Company's legal and regulatory obligations; and
- align with the ASX Recommendations.

6.12.8 Privacy Policy

The Board recognises the need to ensure the right to privacy is maintained. The Company has, therefore, adopted a privacy policy in accordance with the Australian Privacy Principles under the *Privacy Act 1988* (Cth). The privacy policy governs the collection, use, storage, transfer and destruction of personal information collected by the Company in the course of its business.

Additionally, the privacy policy sets out how an individual can request access to, or correction of, any personal information held by the Company in respect of that person. The privacy policy also sets out how an individual can make a complaint about how the Company has handled their personal information.



7 Details of the offer

7.1 Introduction

7.1.1 The Offer

The Offer comprises the issue of 42,857,143 New Shares by Credit Clear at the Offer Price of \$0.35 per Share. The Shares offered under this Prospectus will represent approximately 16.9% of the Shares on issue on Completion of the Offer (on a fully diluted basis). Accordingly, the “free float” (for the purposes of ASX Listing Rule 1.1) will be 58.1% of the Shares on issue at Listing.

The Shares will be fully paid ordinary shares and will, once issued, rank equally with the Shares on issue as at the date of this Prospectus. A summary of the rights attaching to the Shares is set out in Section 7.13.

7.2 Structure of the Offer

The Offer comprises:

- the Broker Firm Offer, which is open to Australian resident investors who are not Institutional Investors and who have received a firm allocation from their Broker;
- the Institutional Offer, which consists of an invitation to Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares; and
- the Priority Offer, which is open to selected investors in Australia nominated by the Company who have received a Priority Offer Letter to apply for Shares.

No general offer of Shares will be made under the Offer.

The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Priority Offer will be determined by agreement between the Company and the Lead Manager.

For further details of the:

- Broker Firm Offer and allocation policy under it, see Section 7.4;
- Institutional Offer and allocation policy under it, see Section 7.5; and
- Priority Offer and allocation policy under it, see Section 7.5.3.

The Offer is fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.6.

The Offer is made with disclosure under this Prospectus and is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2.1 Company's objectives

The Company aims to achieve the following key objectives after Listing:

- create a market leading technology platform in the Receivables Management sector;
- achieve scale and reach profitability; and
- develop new complementary revenue sources and international opportunities.

7.2.2 Purpose of the Offer

The purpose of the Offer is to facilitate the Company's objectives by:

- Supporting Credit Clear's growth strategies, including by raising additional capital to:
 - continue to invest in technology development; and
 - accelerate sector penetration.

- Providing sufficient working capital to fund the business for 24 months based on existing levels of revenue.
- Providing Credit Clear with additional financial flexibility through improved access to capital markets.
- Providing a liquid market for Shares and an opportunity for new investors to invest in the Company.
- Enabling Credit Clear to create greater exposure to its technology platform and increase the data that is available in relation to the receivables management industry.

7.2.3 Sources and uses of funds

The Offer is expected to raise gross proceeds of \$15.0 million. Assuming Completion of the Offer occurs on 21 October 2020, this amount, will be applied as follows:

Sources and uses of funds

Sources of funds	\$ million	%	Uses of funds	\$ million	%
Company					
			Systems Development:		
			• Channel Controller	\$0.8m	5.3%
			• Tracking & Controlling	\$2.4m	16.0%
			• Strategy Manager	\$3.2m	21.3%
			• Data Bureau	\$2.4m	16.0%
			Business Development	\$2.1m	14.0%
			Working Capital	\$2.75m	18.4%
			Costs of the Offer	\$1.35m	9.0%
Cash Proceeds received by the Company for the issue of New Shares under the Offer*	\$15.0	100%			
Total sources	\$15.0m	100%	Total uses	\$15.0m	100.0%

* Note: see a copy of the Company's expenditure plan set out in Section 7.2.6.

The Board retains the right to vary these uses of funds, acting in the best interests of Shareholders and as the circumstances require.

7.2.4 Other information about Credit Clear and the Offer

Credit Clear's pro forma balance sheet following Completion of the Offer, including details of pro forma adjustments, is set out in Section 4.

The Company's capital structure and indebtedness as at 30 June 2020 is set out in Section 9.3.

The Company is an Australian resident public company for tax purposes. The financial year of the Company ends on 30 June annually.

7.2.5 Potential effect of the Offer on the future of the Company

The Directors believe that following Completion of the Offer, the Company will have sufficient working capital to carry out its stated business objectives detailed in Sections 1.1 and 7.3.1.

The Company intends to spend at least half of its cash and assets in a form readily convertible to cash on expenditure consistent with its objectives. An expenditure program setting out these commitments is set out below in Section 7.2.6.

7.2.6 Expenditure Plan

The Company proposes to spend at least half of its cash (and assets in a form readily convertible to cash) as follows for FY20:

Role	Annual Package	Roles	Total Annual
Systems Development			
Chief Scientist		1	\$540,000
Chief Product	\$230,000	1	\$230,000
Product Manager	\$207,000	3	\$621,000
Technical Lead	\$207,000	3	\$621,000
Senior UX	\$201,250	2	\$402,500
Senior Developer	\$172,500	7	\$1,207,500
Data Analyst	\$172,500	3	\$517,500
TOTAL Systems and Development		20	\$4,139,500
Business Development			
Client Success Manager	\$80,500	2	\$161,000
Business Development Manager	\$207,000	3	\$621,000
Digital Marketing Manager	\$172,500	1	\$172,500
Digital Comms Professional	\$103,500	1	\$103,500
TOTAL Business and Development		7	\$1,058,000
Working capital			
Rent			\$200,000
Equipment (one off) @ \$5,000			\$135,000
TOTAL Working capital			\$335,000
TOTAL			\$5,532,500

7.2.7 Shareholding structure and control of the Company

The Company expects that its Existing Shareholders will have the following Shareholdings on the Prospectus Date, and following Completion of the Offer, as set out in the table below.

Shareholding structure (on a fully diluted basis)

Shareholder	Shares on Prospectus Date		Shares on Completion of the Offer	
	Shares	%	Shares	%
Directors/Management (and associated entities)*	41,487,704	19.7%	42,007,704	16.6%
Other Existing Shareholders	140,821,899	66.8%	140,821,899	55.5%
Seed capitalists – Share Rights**	2,520,000	1.2%	2,000,000	0.8%
Investors under the Offer***			42,857,143	16.9%
Employee share option holding****	25,980,000	12.3%	25,980,000	10.2%
Total	210,809,603	100.0%	253,666,746	100.0%

* this figure includes the shares held by Mark Casey, Gerd Schenkel, Lewis Romano, Marcus Price, Brenton Glaister, Victor Peplow, Piero Gross and Mike Tauschek on the Prospectus Date. On Completion of the Offer, this includes the Share Rights held by Jason Serafino (520,000) that have vested and converted into ordinary shares on the IPO.

** Share rights on issue, 520,000 of which will vest and be exercised upon Listing and 2,000,000 which will vest 24 months after Listing.

*** At maximum subscription of \$15 million.

**** The Company is proposing to issue 25,980,000 Options prior to Listing. Some of the option holders are directors, managers and employees, but for the purposes of this table, the shares have not been merged. Of the 25,980,000 Options, only 20,680,000 have performance conditions attached.

The table above assumes Existing Shareholders do not acquire any Shares under the Offer.

At the Completion of the Offer, 41.9% of the Shares will be subject to mandatory and voluntary escrow arrangements. See Section 9.8 for further information.

7.2.8 Share capital

As at the Prospectus Date, and on Completion of the Offer, the Shares are the only class of securities on issue.

7.2.9 Control of the Company

The Directors do not expect that any single Shareholder will control the Company on Completion of the Offer.

7.3 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the Shares?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.13.
What is the consideration payable for each Share?	The Offer Price is \$0.35 per Share.

Topic	Summary
<p>What is the Offer Period?</p>	<p>The key dates, including details of the Offer Period, are set out in the Key Dates on page 6 of this Prospectus. No Shares will be issued on the basis of this Prospectus later than the Expiry Date.</p> <p>The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Melbourne time.</p> <p>The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Completion, in each case without notifying any recipient of this Prospectus or any Applicants.</p> <p>If the Offer is cancelled or withdrawn before Completion, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.</p>
<p>What are the cash proceeds to be raised under the Offer?</p>	<p>\$15 million will be raised from investors under the Offer.</p>
<p>How is the Offer structured?</p>	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • the Broker Firm Offer, which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; • the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares; and • the Priority Offer, which is open to selected investors in Australia nominated by the Company who have a Priority Offer Letter to apply for Shares.
<p>What is the minimum and maximum Application size under the Offer?</p>	<p>Broker Firm Offer</p> <p>The minimum Application size under the Broker Firm Offer is \$2,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer.</p> <p>Priority offer</p> <p>The minimum Application size under the Priority Offer is \$2,000 worth of Shares and in multiples of \$500 thereafter, up to the reserved allocation as set out in each Applicant's Priority Offer Letter.</p> <p>The Company and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Offer which are for more than \$250,000 worth of Shares.</p>

Topic	Summary
<p>What is the allocation policy?</p>	<p>The allocation of Shares between the Broker Firm Offer, Institutional Offer and the Priority Offer will be determined by agreement between the Lead Manager and the Company, having regard to the allocation policy outlined in Sections 7.4.5, 7.5.2 and 7.5.3.5.</p> <p>Broker Firm Offer</p> <p>With respect to the Broker Firm Offer, each Broker will decide how it allocates Shares among its retail clients, and it (and not the Company, nor the Lead Manager) will be responsible for ensuring that eligible retail clients who have received an allocation from it, receive the relevant Shares. For further information on the Broker Firm Offer, see Section 7.4.</p> <p>Institutional Offer</p> <p>The allocation of Shares under the Institutional Offer will be determined by agreement between the Lead Manager and the Company.</p> <p>Priority Offer</p> <p>Selected investors who have received a Priority Offer Letter have been guaranteed a minimum reserved allocation as set out in their Priority Offer Letter, and their Application may only be up to their reserved allocation (subject to a minimum of \$2,000 worth of Shares and in multiples of \$500 thereafter), up to the reserved allocation as set out in each Applicant's Priority Offer Letter.</p>
<p>Will the Shares be quoted?</p>	<p>The Company will apply to ASX within seven days of the Prospectus Date for admission to the Official List of, and quotation of its Shares by, ASX under the code 'CCR'.</p> <p>Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>It is anticipated that quotation will be on a normal settlement basis.</p> <p>The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time-to-time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>
<p>When are Shares expected to commence trading?</p>	<p>It is expected that trading of the Shares on ASX will commence on or about 27 October 2020, after the Company has advised ASX that holding statements have been dispatched to Shareholders.</p> <p>It is expected that initial holding statements will be dispatched by standard post on or about 23 October 2020. Normal settlement trading is expected to commence on or about 27 October 2020.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares.</p> <p>Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p>
<p>When will I receive confirmation of whether my Application has been successful?</p>	<p>It is expected that initial holding statements will be mailed to successful Applicants by standard post on or about 23 October 2020.</p> <p>Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies received from them, will be made as soon as practicable after Completion of the Offer.</p>

Topic	Summary
Is the Offer underwritten?	Yes, the Offer is fully underwritten by the Lead Manager. Details are provided in Sections 7.7. and 9.6.
Are there any escrow arrangements?	Yes. Details are provided in Section 9.8.
Has any ASIC relief or ASX waiver been applied for?	Yes. Details are provided in Section 9.9.
Are there any taxation considerations?	<p>Yes. Please refer to Section 7.11 and note that given the taxation consequences of an investment will depend upon the investor's particular circumstances. It is the obligation of each investor to make their own enquiries (including consulting independent tax advisers) concerning the taxation consequences of an investment in Shares.</p> <p>If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.</p>
How can I apply?	<p>Applicants who have received a Broker Firm Offer may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus and submitting that form in accordance with the instructions received from their Broker.</p> <p>Priority Offer Applicants should refer to Section 7.5.3 for details on how to apply.</p> <p>Institutional Offer Applicants will be contacted by the Lead Manager in relation to applying under the Institutional Offer.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 23 October 2020.
Is there any brokerage, commission or stamp duty payable by Applicants?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p> <p>See Section 9.6.1 for details of various fees payable by the Company to the Lead Manager.</p>
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the cancellation or withdrawal of the Offer.</p>
Where can I find more information about this Prospectus or the Offer?	<p>If you have any questions about this Prospectus or how to apply for Shares, please call the Credit Clear Offer Information Line on 1800 653 805 (within Australia) and from 8.30 am to 5.30 pm (Melbourne time), Monday to Friday (excluding public holidays).</p> <p>If you are unclear or uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Shares.</p>

7.4 Broker Firm Offer

7.4.1 Who can apply in the Broker Firm Offer?

The Broker Firm Offer is open to persons who have received an invitation from a Broker to acquire Shares and who have a registered address in Australia. Investors who have been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

Investors should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer. The Broker Firm Offer is not a general public offer and is not open to persons in the United States.

7.4.2 How to apply for Shares under the Broker Firm Offer

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Application Form attached to or accompanying this Prospectus with the Broker from whom you received your invitation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Application Form.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus), together with the Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is \$2,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than \$250,000 worth of Shares. The Company may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer Application procedures or requirements, in their discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Share Registry.

By making an Application, Applicants under the Broker Firm Offer declare that they were given this Prospectus, together with an Application Form. The Corporations Act prohibits any person passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 8.30 am (Melbourne Time) on 30 September 2020 and is expected to close at 5.30 pm (Melbourne Time) on 6 October 2020. The Company and the Lead Manager may elect to extend the Offer or any part of it or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.4.3 How to pay

Broker Firm Applicants must pay their Application Monies in accordance with instructions from their Broker.

7.4.4 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified on the Broker Firm Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Broker Firm Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of Shares specified on the Broker Firm Application Form or any lesser amount, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants, conditional on the quotation of Shares on ASX.

7.4.5 Allocation policy under the Broker Firm Offer

The allocation of Shares to Brokers will be determined by agreement between the Lead Manager and the Company. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the Company and the Lead Manager to reject or scale back Applications). It will be a matter for those Brokers how they allocate Shares among their retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

7.5 Institutional Offer

7.5.1 Invitations to bid

The Company and the Lead Manager have invited certain Institutional Investors to bid for Shares in the Institutional Offer.

The Institutional Offer was an invitation to Australian resident Institutional Investors and Institutional Investors in certain other jurisdictions to bid for Shares in transactions exempt from any local prospectus or registration requirements. The Lead Manager separately advised the Institutional Investors of the Application procedures for the Institutional Offer.

7.5.2 Allocation policy under the Institutional Offer

The allocation of Shares between the Institutional Offer and the Broker Firm Offer is determined by the Company in agreement with the Lead Manager. The Company, in agreement with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy is influenced by the following factors:

- the number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Listing;
- the Company's desire to establish a wide spread of Institutional Shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- any other factors that the Company and the Lead Manager consider appropriate.

7.5.3 Priority Offer

7.5.3.1 Who can apply

The Priority Offer is open to selected investors in Australia nominated by the Company who have received a letter from the Company on or about 30 September 2020 inviting them to apply for Shares (**Priority Offer Letter**). The Priority Offer Letter specifies the number of Shares for which a selected investor who has been nominated by the Company or the Chairman can apply.

7.5.3.2 How to apply

If you are eligible to apply under the Priority Offer, you should have received a Priority Offer Letter, along with details of how to apply for Shares online.

Your Priority Offer Letter will specify the reserved allocation, which is the guaranteed maximum number of Shares that will be allocated to you. Applicants who have received a Priority Offer Letter to apply for Shares under the Priority Offer and wish to apply for all or some of those Shares must apply in accordance with the instructions provided in the Priority Offer Letter. Applicants declare by making an Application that they were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications under the Priority Offer must be for a minimum of \$2,000 worth of Shares and in multiples of \$500 thereafter, up to the reserved allocation specified in each Applicant's Priority Offer Letter.

By making an Application under the Priority Offer, Applicants declare that they were given this Prospectus, together with an Application Form. The Corporations Act prohibits any person passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

7.5.3.3 How to pay

Applicants must pay their Application Monies by B_{PAY} in accordance with the instructions on the online Application Form accompanying the electronic version of the Prospectus, which is available at <https://events.miracle.com/creditclear-ipo> and follow the instructions on the online Application Form (which includes the B_{PAY} Biller Code and your unique Customer Reference Number).

You should be aware that you will only be able to make a payment via B_{PAY}, if you are the holder of an account with an Australian financial institution which supports B_{PAY} transactions.

You should ensure that sufficient funds are held in the relevant account(s) to cover the B_{PAY} payment. If the B_{PAY} payment for Application Monies is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares as the number for which your cleared Application Monies will purchase (and to have specified that amount on your Application Form) or your Application may be rejected.

7.5.3.4 Acceptance of Applications

Investors who have received a Priority Offer Letter have been set aside a reserved allocation of Shares as set out in each investor's Priority Offer Letter.

Application Monies received under the Priority Offer will be held in a special purpose account until Shares are issued to successful Applicants. Applicants under the Priority Offer whose Applications are not accepted will receive a refund (without interest) of their Application Monies. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing their Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. For Applicants applying under the Priority Offer no refunds pursuant solely to rounding will be provided.

7.5.3.5 Allocation policy

Each investor nominated by the Company to participate in the Priority Offer is guaranteed the reserved allocation specified in their Priority Offer Letter.

The total number of Shares reserved for Applicants invited to participate in the Priority Offer has been determined by the Company, in agreement with the Lead Manager.

7.6 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;

- authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

7.7 Underwriting arrangements

The Offer is fully underwritten by the Lead Manager. The Lead Manager and the Company have entered into an Underwriting Agreement under which the Lead Manager has been appointed as arranger, manager and underwriter of the Offer. The Lead Manager has agreed, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer.

The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and its underwriting obligations. A summary of certain terms of the Underwriting Agreement is provided in Section 9.6.

7.8 Discretion regarding the Offer

The Company may withdraw the Offer at any time before Completion of the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and the Lead Manager also reserve the right to, subject to the Corporations Act and the ASX Listing Rules, close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications generally or in particular cases, reject any Application, waive or correct any errors made by any Applicant in completing an Application Form, or allocate to any Applicant fewer Shares than the amount applied for. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

7.9 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 7.9 contains a general description of these laws.

7.9.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

7.9.2 Foreign Acquisitions and Takeovers Act

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

7.10 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold, pledged or transferred in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable laws.

This Prospectus may only be distributed in Australia and, outside Australia, to persons to whom the Offer may be lawfully made in accordance with the laws of the applicable jurisdiction, provided that this Prospectus may not be distributed in the United States.

The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.11 What are the taxation considerations?

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax.

This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (the Taxation of Financial Arrangements or "TOFA" regime). This summary is based on the law in Australia in force at the Prospectus Date. This summary does not take into account the tax law of countries other than Australia.

This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

7.11.1 Dividends on a Share for Australian tax resident shareholders

Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a "qualified person" (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a "qualified person" or where the investor receives less than \$5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor's total taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income in an income year, such investors should be entitled to a tax refund. Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

Corporate investors

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a "qualified person". A tax offset is then allowed up to the amount of the franking credit on the dividend. An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors may then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends. Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a "qualified person", the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

7.11.2 Shares held at risk

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares "at risk" for more than 45 days continuously, measured as the period commencing the day after the investor acquires the Shares and ending on the 45th day after the Shares become ex-dividend. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares "at risk". This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the franking credit to another person. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing integrity rules can apply such that no tax offset is available (nor is an amount required to be included in assessable income) for a direct or indirect dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

7.11.3 Dividends on a Share for non-resident shareholders

Franked dividends

The franked amount of dividends paid to non-resident shareholders are exempt from Australian income and withholding taxes.

Any unfranked amount of the dividend may be subject to withholding tax.

Unfranked dividends

Unfranked dividends paid or credited to a non-resident are generally subject to withholding tax. Withholding tax is imposed on the full amount of the unfranked dividends and is also deducted from the unfranked amount of any partly franked dividends that is paid or credited.

The general withholding tax rate is 30% unless the non-resident shareholder is a resident of a country with which Australia has entered into a taxation agreement that varies the amount of withholding tax that can be levied on dividends.

It is recommended that non-resident shareholders also consider the taxation implications of receiving dividends under their respective domestic jurisdictions.

7.11.4 Disposal of Shares by Australian tax resident Shareholders

The disposal of a Share by an investor will be a capital gains tax (CGT) event. A capital gain will arise where the capital proceeds on disposal exceeds the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the net capital gain where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any net capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any net capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not corporate entities. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

7.11.5 Disposal of Shares by non-resident Shareholders

Broadly, for an investor who:

- (i) is not a resident of Australia for Australian tax purposes; and
- (ii) does not hold their Shares in carrying on a business through a permanent establishment in Australia,

the disposal of Shares should not result in Australian CGT implications, as direct and indirect interests in taxable Australian real property (as defined in the income tax legislation) does not represent more than 50% of Credit Clear's assets. Consequently, any capital gain or loss is disregarded.

A foreign resident capital gains withholding tax applies to any transaction involving the acquisition of the legal ownership of an asset that is a direct or indirect Australian real property interest from a "relevant foreign resident".

As the Shares are not taxable Australia property, on the basis that Credit Clear does not hold direct and/or indirect interests in taxable Australian real property (as defined in the income tax legislation) representing more than 50% of Credit Clear's assets, foreign resident capital withholding tax would not apply.

7.11.6 Goods and Services Tax

Investors should not be liable for GST in respect of their investment in Shares. For Investors that are registered or required to be registered for GST, entitlement to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares may be reduced or denied. Separate GST advice should be sought by investors in this respect.

7.11.7 Stamp duty

Investors should not be liable for stamp duty in respect of their holding of Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in CCR. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares. Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

7.11.8 Tax file numbers

Resident investors may, if they choose, notify the Company of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, withholding tax will automatically be deducted at the highest marginal rate (including applicable levies such as the Medicare Levy) from unfranked dividends and/or distributions.

Resident investors may be able to claim a tax credit or rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

7.12 ASX Listing, registers and holding statements, normal settlement trading

7.12.1 Application to the ASX for Listing of Credit Clear and quotation of Shares

The Company will apply to the ASX for admission to the official list of the ASX and quotation of the Shares on the ASX. The Company's ASX code will be 'CCR'.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list is not to be taken as an indication of the merits of Credit Clear or the Shares offered for issue.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

7.12.2 CHESS and issuer sponsored holdings

The Company will apply to participate in the ASX's Clearing House Electronic Sub-Register System and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security holder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.12.3 Normal settlement trading and selling Shares on market

Shares are expected to commence trading on the ASX on a normal settlement basis on or about 27 October 2020. It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you trade in Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Credit Clear Offer Information Line or confirmed your firm allocation through your Broker.

7.13 Constitution and rights and liabilities attaching to the Shares

7.13.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

7.13.2 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting does not have a casting vote, in addition to his or her deliberative vote.

7.13.3 Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

7.13.4 Dividends

The Company does not expect to pay dividends in the foreseeable future as its focus will primarily be on using available funds to expand its business and continue to develop its technology.

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and decide the method of payment.

7.13.5 Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Share, Shares may be transferred by proper ASX Settlement Transfer Corporation transfer (effected in accordance with the ASX Settlement Operating Rules, Corporations Regulations 2001 (Cth) and ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

7.13.6 Issues of further Shares

The Board may, subject to the Constitution, Corporations Act and the ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

7.13.7 Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them. If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

7.13.8 Non-marketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. A marketable parcel of shares is defined in the ASX Listing Rules and is generally, a holding of shares with a market value of not less than \$500.

7.13.9 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by 28 February 2023 or the date those rules were last renewed in accordance with the Corporations Act.

7.13.10 Directors – Appointment and retirement

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of nine Directors, unless the Company resolves otherwise at a general meeting. Directors are elected or re-elected at general meetings of the Company.

No Director (excluding the Managing Director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either as an addition to the existing Directors or to fill a casual vacancy, who will then hold office until the conclusion of the next annual general meeting of the Company following his or her appointment.

7.13.11 Directors – Voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairperson of the meeting does not have a casting vote in addition to his or her deliberative vote. A Director may attend and vote by proxy at a meeting of the Board if the proxy is a Director, and has been appointed in writing by the appointer.

7.13.12 Directors – Remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director but the total aggregate amount provided to all Non-Executive Directors of the Company for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. The remuneration of a Director (who is not the Managing Director or an executive Director) must not include a commission on, or a percentage of, profits or operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 6.4.1. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors are entitled to be paid for all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of Board Committees.

Any Non-Executive Director who performs extra services, makes any special exertions for the benefit of the Company or otherwise performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

Non-Executive Directors remuneration is discussed in Section 6.4.1.

7.13.13 Powers and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company and that are not by the Constitution or by law directed or required to be done by the Company in general meeting.

7.13.14 Preference Shares

The Company may issue preference Shares including preference Shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible into ordinary shares. The rights attaching to preference Shares are those set out in the Constitution or have been otherwise approved by special resolution of the Company.

7.13.15 Indemnities

The Company must indemnify each officer on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the officer as an officer of the Company.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each officer of the Company against any liability incurred by that person as an officer of the Company or of a related body corporate, including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever the outcome).



8 Independent limited assurance report



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15 September 2020

The Directors
Credit Clear Limited
Level 4
6 Riverside Quay
SOUTHBANK VIC 3006

Dear Sir(s)

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE INDEPENDENT LIMITED ASSURANCE REPORT ON CREDIT CLEAR LIMITED

INTRODUCTION

Credit Clear Limited ACN 604 797 033 (**CCR** or **Company**) has authorised the issue of a Prospectus dated on or about 15 September 2020 (**Prospectus**) for the issue of 42.8m ordinary shares in the Company at an issue price of AUD \$0.35 per share to raise \$15 million (**Offer**).

The Company has engaged Moore Australia (Vic) Pty Ltd (**Moore**) to report on Financial Information for inclusion in the Prospectus set out in Section 4 of the Prospectus.

Details concerning the reasons for the issue of the Prospectus are set out in Section 1 of the Prospectus.

Expressions and terms defined in the Prospectus have the same meaning in this Report, unless the context otherwise requires.

Moore holds the appropriate Australian Financial Services Licence under the Corporations Act 2001 (Cth). Moore's Financial Services Guide is attached as **Appendix 1** to this Report.

SCOPE

You have requested Moore to perform limited assurance procedures on the following **Financial Information** included in Section 4 of the Prospectus:

The Financial Information consists of:

a) The Historical Financial Information comprises:

- i. The audited or audit reviewed Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income of the Company and / or Credit Solutions for the financial years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) 30 June 2020 (**FY20**) as well as the half year ended 31 December 2019 (**H1FY20**) (Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income);
- ii. The audited or audit reviewed Historical Consolidated Cash Flow Statements of the Company and Credit Solutions for the financial years ended FY18, FY19, FY20 and H1FY20 (Historical Consolidated Cash Flow Statements); and
- iii. The audited or audit reviewed Historical Consolidated Statement of Financial Position of the Company as at 30 June 2020 (Historical Consolidated Statement of Financial Position).

Moore Australia (VIC) Pty Ltd - ABN 17 386 983 833.

An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

b) The Pro Forma Historical Financial Information comprises:

- iv. The Pro Forma Consolidated Statement of Financial Position as at 30 June 2020 for the Company on a consolidated basis post offer (Pro Forma Consolidated Statement of Financial Position);
- v. The Pro Forma Consolidated Historical Statements of Profit or Loss for FY18, FY19 and FY20 assuming the Company had owned Credit Solutions throughout those periods (Pro Forma Consolidated Historical Statements of Profit or Loss); and
- vi. The Pro Forma Consolidated Historical Cash Flow Statements for FY18, FY19 and FY20 assuming the Company had owned Credit Solutions throughout those periods (Pro Forma Historical Cash Flow Statements).

Collectively referred to as the **Financial Information**.

This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Moore has not been requested to consider the prospects for CCR, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Moore accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in Section 5 of the Prospectus and all investors should read the risks of investing in the Company.

BASIS OF PREPARATION

The basis of preparation of the Financial Information is described in Section 4.2 of the Prospectus, summarised as follows:

a) Historical Financial Information

The Historical Financial information has been derived from the audited financial statements of CCR and Credit Solutions for FY18, FY19, FY20 and audit reviewed H1FY20 which have been prepared in accordance with Australian Accounting Standards (AASB) and the Corporations Act 2001.

The financial statements have been audited / reviewed by Moore Australian Audit (Vic) in accordance with Australian Auditing Standards and who issued unmodified audit reports thereon. For the Company the Auditor included an emphasis of matter paragraph on the use of the going concern basis for FY18, FY19 and H1FY20.

b) Pro Forma Historical Financial Information

The Pro-Forma Historical Financial Information has been compiled from the Historical Financial Information described above together with the Directors best estimates of adjustments as described in Section 4.2.2 of the Prospectus. The Pro Forma Historical Financial Information has been prepared in accordance with AASB's and the Company's stated accounting policies.

We undertook limited assurance procedures on the compilation of the Pro-Forma Financial Information.

The management discussion and analysis set out in Section 4.8 of the Prospectus has been reviewed by us with respect to internal consistency with Financial Information amounts set out in the other parts of Section 4. We have not, however, verified the completeness or adequacy of management's discussion and analysis as we consider this beyond the scope of our engagement.

DIRECTORS RESPONSIBILITY

The Directors of the Company are responsible for the preparation of the Financial Information, including the basis of preparation stated above and the selection and determination of Pro Forma adjustments included in the Pro Forma Historical Financial Information.

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

We have relied on representations from the Directors, that all material information concerning the Company and the Financial Information have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with relevant ethical requirements related to assurance engagements which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Australian Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with relevant ethical requirements and applicable legal and regulatory requirements.

OUR RESPONSIBILITY

Our responsibility is to express a conclusion on whether anything has come to our attention that the Financial Information has not been properly compiled, in all material respects, by CCR in accordance with the Basis of Preparation set out above.

We have conducted our engagement in accordance with Australian Auditing and Assurance Standards applicable to assurance engagements. This standard requires that we plan and perform procedures to obtain limited assurance about whether CCR has compiled, in all material respects, the Financial Information in accordance with the Basis of Preparation outlined above.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Financial Information.

The purpose of the Pro-Forma Financial Information being included in a prospectus is solely to illustrate the impact of a significant event(s) or transaction(s) on unadjusted financial information of the company as if the event(s) had occurred or the transaction(s) had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event(s) or transaction(s) at 30 June 2020 would have been as presented.

A limited assurance engagement is to report on whether anything has come to our attention that the Financial Information has not been properly compiled, in all material respects, on the basis of the applicable criteria. This involves performing limited procedures to assess whether the applicable criteria used by CCR in the compilation of the Financial Information does not provide a reasonable basis for presenting Financial Information.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness

of supporting documentation and agreeing or reconciling with underlying records, reviewing the work papers and files of auditors, and other procedures.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement or audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement and substantially less in scope than an audit in accordance with Australian Auditing Standards. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the Financial Information has been prepared, in all material respects, in accordance with the applicable criteria. Furthermore, we do not express an audit opinion.

The engagement also involves evaluating the overall presentation of the Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, which is not an audit, nothing has come to our attention which causes us to believe that the Financial Information comprising:

- a) Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income as described above for the periods then ended;
- b) Historical Consolidated Cash Flow Statements as described above for the periods then ended;
- c) Historical Consolidated Statement of Financial Position as described above for the period then ended;
- d) Pro Forma Consolidated Statement of Financial Position as described above for the period then ended;
- e) Pro Forma Consolidated Historical Statements of Profit or Loss as described above for the periods then ended;
- f) Pro Forma Historical Cash Flow Statements as described above for the periods then ended;
- g) Notes to the Historical Consolidated Statement of Comprehensive Income, Historical and Pro-Forma Statements of Financial Position.

is not compiled, in all material respects, by CCR in accordance with the Basis of Preparation as stated above.

RESTRICTION ON USE

Without modifying our conclusions, we note that the purpose of the Financial Information is for inclusion in the Prospectus to assist investors in assessing the Public Offer. As a result, the Financial Information may not be suitable for use for other purposes. We disclaim any assumption of responsibility for any reliance on this Report, or the Financial Information to which it relates, for any purposes other than for which it was prepared.

CONSENT

Consent to the inclusion of this Limited Assurance Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

LIABILITY

The Company has agreed to indemnify and hold harmless Moore and its employees from any claims arising out of misstatement or omission in any material or information supplied by the Company to Moore for the purposes of preparation of this Report.

DECLARATION OF INTEREST

Neither Moore nor its directors or employees have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on this matter.

During the last 2 years Moore has provided audit services to the Company. Neither Moore nor its directors or employees has any interest in the outcome of the Public Offer other than in the preparation of this Report for which normal professional fees will be received in accordance with its normal fee billing arrangements.

Yours faithfully

Moore Australia (VIC) Pty Ltd

Holder of Australian Financial Services Licence No: 247262



ANDREW JOHNSON
Engagement Director
Authorised Representative



COLIN PRASAD
Associate Director

APPENDIX 1 – MOORE FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 15 September 2020 and forms part of the Independent Limited Assurance Report.

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore has been engaged by Credit Clear Limited (**CCR** or the **Company**) to provide an Independent Accountants Report (the Report) for inclusion with a Prospectus to issue on or about 15 September 2020.

The Corporations Act, 2001 requires Moore to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore does not accept instructions from retail clients. Moore provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Moore is only responsible for this Report and this FSG. Moore is not responsible for any material publicly released by the Company in conjunction with this Report. Moore will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore's client is the Company to which it provides the report. Moore receives its remuneration from the Company. For this Report and other services, Moore will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Moore or other associated entities may receive partnership distributions, salary or wages from Moore. Moore and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act 2001.

Moore has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr Kevin Mullen, Moore Australia (Vic) Pty Ltd, Level 18, 530 Collins Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.



9 Additional information

9.1 Registration

The Company was registered in the State of Victoria, Australia on 17 March 2015 as a proprietary company limited by shares. The Company resolved at its general meeting of shareholders on 14 April 2020 to convert from a proprietary company limited by shares to a public company.

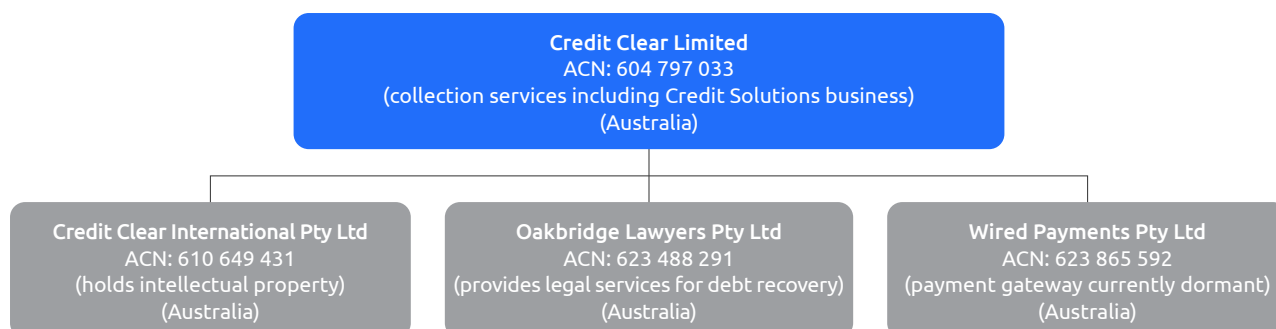
9.2 Company Tax Status

The Company will be taxed in Australia as a public company. The Company is not part of a tax consolidated group. The accounts of each company in the Group will have a 30 June year end.

9.3 Corporate and Capital Structure

9.3.1 Corporate structure

The legal structure of the Group is shown below.



Credit Clear International Pty Ltd, Oakbridge Lawyers and Wired Payment Pty Ltd are wholly owned by the Company and undertake the business of the Company as described in this Prospectus.

Credit Clear International Pty Ltd (ACN 610 649 431) holds the intellectual property rights in the Credit Clear Group.

Oakbridge Lawyers Pty Ltd (ACN 623 488 291) provides legal services for debt recoveries.

Wired Payments Pty Ltd (ACN 623 865 592) is a dormant company that has not undertaken any business.

9.3.2 Capital structure

The Company was incorporated on 17 March 2015 with an initial share capital of 5,000,000 ordinary shares. The initial Shareholder was C Capital Pty Ltd as trustee for the Credit Clear Unit Trust.

The Company was initially funded by loans from Casey Consulting Services Pty Ltd in the amount of \$3,222,384.42 and 343 Pty Ltd in the amount of \$145,000 which were repaid on 8 June 2018 and on 23 December 2019 respectively from proceeds of capital raises in those years.

In May 2018 Credit Clear successfully raised \$8.5 million at \$0.25 per share. In June 2019 Credit Clear successfully raised \$2.5 million at \$0.25 per share and in December 2019 Credit Clear successfully raised approximately \$9 million at \$0.30 per share.

As at the Prospectus Date, the Company has no indebtedness.

As at Completion of the Offer, the Company has on issue 225,686,746 Shares.

9.3.3 Acquisition of Credit Solutions

On 3 December 2019 the Company entered into a business and share sale agreement to acquire the business of Credit Solutions Pty Ltd as well as all of the shares on issue in Oakbridge Lawyers (see Section 9.4.1 for a detailed summary of the key terms). Credit Solutions comprises a full-service debt recovery agency and Oakbridge Lawyers is a commercial litigation company.

Credit Solutions has been integrated and operating under Credit Clear management since December 2019.

9.4 Material Contracts

The Directors consider that the following contracts are significant or material to the Company or are of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below. The summaries are included for information to potential investors in the Offer, but do not purport to be complete and are qualified by the text of the contracts themselves.

9.4.1 Business and Share Sale Agreement

Purchase Price

The consideration of \$8,500,000 consisted of :

- (a) a cash component in the amount of \$5,525,000, of which \$525,000 (subject to working capital adjustments) is deferred consideration and payable upon completion occurring; and
- (b) scrip in the form of ordinary shares in the capital of the Company comprised by a first tranche of 8,500,000 initial shares and a maximum amount of 6,800,000 ordinary shares in the capital of the Company which was contingent on the Company achieving a revenue target of \$16,200,000 in FY20.

The Company did not achieve the revenue target, and consequently no contingent shares were required to be issued. However, as a gesture of goodwill the Company agreed to issue 1,360,000 Shares to certain persons and entities who received Shares under the BSSA (**CS Shareholders**). The Company, CS Shareholders and Credit Solutions Pty Ltd entered into a Deed in relation to the BSSA on 18 August 2020 acknowledging that the revenue target was not achieved and that the Company agreed to issue 1,360,000 Shares to CS Shareholders.

Material contract

Notwithstanding completion of the BSSA, the novation to the Company of a material contract referred to in the BSSA has not occurred and the terms of the BSSA now govern the relationship between Credit Clear and Credit Solutions Pty Ltd in relation to this contract.

Employees and Contractors

The Company offered to employ all employees of the business of Credit Solutions Pty Ltd and engage each of the key independent contractors who provided services to the business of Credit Solutions Pty Ltd on the same, or no less favourable terms and conditions. The Company also agreed to assume the liability for any accrued but untaken leave entitlements of the transferring employees. 79 employees were employed by the Company following Completion.

Credit Solutions Pty Ltd indemnified the Company against any liability arising from claims by employees relating to the period before the Completion Date, and any breach by Credit Solutions Pty Ltd of its obligations to its employees.

Warranties

Credit Solutions Pty Ltd provided warranties to the Company relating to its business and Oakbridge Lawyers (**Seller Warranties**). These included corporate structure and insolvency, management accounts, ownership of assets, employees, litigation, property, intellectual property, computer systems and compliance with the law.

The Seller Warranties are qualified by various information and documents disclosed to the Company, and are limited to a maximum aggregate claim amount equal to the amount of the Purchase Price. Any claims must be notified to Credit Solutions Pty Ltd within 24 months of the date of completion of the BSSA except for claims relating to tax, which must be notified to Credit Solutions Pty Ltd within 7 years from the date of completion of the BSSA.

Indemnities

Credit Solutions Pty Ltd indemnified the Company and holds the Company harmless against all liabilities suffered, paid or incurred by the Company as a result of:

- Credit Solutions Pty Ltd failing to fulfil its obligations under the BSSA;
- a claim by a third party in connection with anything which constitutes a breach of warranty or a failure by Credit Solutions Pty Ltd to comply with its obligations under the BSSA;
- anything which occurs or accrues during, or relates to, the period prior to completion of the BSSA (other than liabilities provided for in the completion accounts);

- any non-compliance with obligations under any modern award which applies to an employee of Oakbridge Lawyers, or any person previously employed by Oakbridge Lawyers at any time during the 6 years prior to the date of the BSSA including an obligation to provide, without limitation, minimum wages, a casual loading and penalty rates;
- the engagement by Credit Solutions Pty Ltd or Oakbridge Lawyers of independent contractors who are considered employees at law; and
- non payment of any tax relating to the period prior to completion of the BSSA.

Guarantees

Brenton Glaister, Gail Crowder, Kawera Pty Ltd, GStar Credit Consultancy Pty Ltd, and Maria Hulm (together the **Guarantors**) each jointly and severally unconditionally and irrevocably guaranteed to the Company the due and punctual performance and observance by Credit Solutions Pty Ltd of all of its obligations under the BSSA (**Guaranteed Obligation**).

The Guarantors unconditionally and irrevocably indemnified the Company against any liability it suffers or incurs as a result of Credit Solutions Pty Ltd' breach or non observance of a Guaranteed Obligation.

Restraints

Credit Solutions Pty Ltd (and each of its related body corporates), Brenton Glaister and Gail Crowder, are restrained from competing with Credit Solutions anywhere in Australia, and from soliciting the staff, customers and suppliers of the Company for a period of three years from the date of completion of the BSSA.

9.4.2 Business services agreement

Credit Solutions Pty Ltd entered into a business services agreement with an Australian information and communication company (**IC Company**) dated 28 June 2019.

This agreement was assigned by Credit Solutions Pty Ltd as part of the BSSA.

Under the business services agreement Credit Clear provides the IC company with data networking, security, infrastructure and data protection services.

The agreement provides mutual non solicitation provisions during the term of the agreement and the 12 month period after termination.

Credit Clear may terminate the whole of the business services agreement if the IC Company breaches any material obligation which is incapable of remedy or is capable of remedy but is not remedied within 30 days after receipt of notice or the IC Company becomes insolvent. The IC Company may terminate the whole of the business services agreement if:

- the IC Company determines that Credit Clear no longer meets its credit requirements;
- Credit Clear breaches any material obligation which is incapable of remedy or is capable of remedy but is not remedied within 30 days of notice;
- Credit Clear vacates the site;
- the IC is required to do so by law; or
- Credit Clear becomes insolvent.

9.4.3 Agreement for the provision of premium and claims debt management and collection services

Credit Solutions Pty Ltd entered into an agreement for the provision of premium and claims debt management and collection services with a government agency (**GA**). The agreement commenced on 28 July 2017 and expires on 31 July 2022. The agreement may be extended for a maximum period of 12 months.

This agreement was assigned by Credit Solutions Pty Ltd as part of the BSSA.

Credit Clear must provide the services to GA under the agreement through certain key personnel and must not remove or replace any key personnel unless GA provides its prior written consent.

GA may terminate the agreement immediately on notice to Credit Clear if:

- Credit Clear breaches, or threatens to breach, any term of the agreement;
- GA forms the opinion on reasonable grounds that Credit Clear will be unable to comply with its obligations under the agreement;
- Credit Clear ceases, or threatens to cease, conducting its business in the normal manner; or
- an insolvency event occurs in respect of Credit Clear.

GA may terminate the agreement without cause by giving not less than 5 business days' notice to Credit Clear.

Credit Clear may terminate the agreement by giving ten business days' notice to GA if GA breaches the agreement and if after 30 days of Credit Clear serving a detailed notice of the alleged breach and requesting that it be remedied GA has failed to remedy the breach.

9.4.4 Agreement for the provision of services

Credit Solutions Pty Ltd entered into a service agreement with a water corporation (**Water Company**) on 22 November 2017 in relation to Credit Solutions Pty Ltd providing debt collection services to the Water Company. The agreement ends on 21 November 2020, subject to two one year extensions to the term exercisable by the Water Corporation at its discretion.

This agreement was assigned by Credit Solutions Pty Ltd as part of the BSSA.

The Water Company may terminate the agreement by notice in writing to Credit Clear for convenience or if:

- Credit Clear fails to provide the services in accordance with the law, the service levels or otherwise required under the agreement;
- Credit Clear fails to remedy any breach of the agreement within 14 days after being notified;
- Credit Clear breaches any material provision of the agreement which cannot be remedied;
- Credit Clear or any of its officers, employees, agents or sub-contractors are guilty of fraud, dishonesty or any other serious misconduct;
- Credit Clear commits any act or does anything that is contrary to prevailing community standards;
- Credit Clear ceases or threatens to cease to carry on its business;
- Credit Clear undergoes a change in its structure which limits its capacity to provide the service in accordance with the agreement; or
- Credit Clear goes into liquidation or a receiver and manager or mortgagee's or chargee's agent is appointed or becomes subject to any form of insolvency, administration or arrangement.

Credit Clear may terminate the agreement by providing 3 months' notice in writing if:

- the Water Company fails to remedy any material breach (capable of remedy) within 45 days of notice; or
- if the Water Company breaches any material provision of the agreement which is not remediable.

9.4.5 Credit services agreement

Credit Solutions Pty Ltd entered into a credit services agreement with a large road toll operator (**Toll Operator**). The agreement commenced on 1 December 2017 and expires on 30 November 2020 and contains a 1 year option period which may be exercised by the Toll Operator at its discretion.

This agreement was assigned by Credit Solutions Pty Ltd as part of the BSSA.

Credit Clear provides third party debt collection services to the Toll Operator.

The Toll Operator may terminate the agreement for convenience by giving Credit Clear 14 days' written notice. The Toll Operator may immediately terminate the agreement if Credit Clear suffers or commits an insolvency event, purports to assign its rights or obligations under the agreement without the prior written consent of the Toll Operator or breaches the terms of the agreement and such breach is incapable of remedy or can be remedied and is not remedied within 20 days of notice of the breach.

9.4.6 Microsoft online subscription agreement

The Company has a pay-as-you-go online subscription agreement in relation to its use of hosting and support services for its technology platform (**Online Services**). The agreement will remain in effect until the expiration, termination, or renewal of the subscription (whichever is earliest).

The hosting services provider may suspend the Company's use of the Online Services if:

- it is reasonably needed to prevent unauthorised access to customer data;
- the Company fails to respond to a claim of alleged infringement of a third party's intellectual property within a reasonable time;
- if the Company does not pay any amounts due under the agreement;
- if the Company does not abide by the acceptable use policy; or
- the Company violates any other terms of the agreement.

9.4.7 Debt collection services agreement

Credit Solutions Pty Ltd entered into a debt collection services agreement with a local government company (**LGC**). The agreement commenced on 1 November 2016 and expires on 31 October 2020, subject to LGC exercising the further 1 year option period.

This agreement was assigned by Credit Solutions Pty Ltd as part of the BSSA.

Credit Clear provides third party debt collection services to customers of LGS.

LGS may terminate the agreement for convenience by giving Credit Clear one months' written notice. LGS may immediately terminate the agreement if Credit Clear suffers or commits an insolvency event, if Credit Clear makes any statement or representation of fact, opinion or information or provides material which is false, untrue or incorrect in a way which adversely affects the agreement or breaches the terms of the agreement and such breach is incapable of remedy or can be remedied and is not remedied within seven days of notice of the breach.

9.4.8 Intellectual property licence deed

The Company and Credit Clear International Pty Ltd entered into an intellectual property licence deed dated 25 February 2020 under which Credit Clear International Pty Ltd, the owner of all intellectual property relating to the Group, agreed to grant the Company a worldwide, royalty free, perpetual, irrevocable exclusive licence in relation to all intellectual property required by the Company to run its business.

9.5 Related Party Contracts

9.5.1 Indemnity Deed

The Company entered into a deed of indemnity with Mark Casey on 18 August 2020 pursuant to which Mark Casey has indemnified the Company and all of its Shareholders who were listed on the Company's register of members on or after 20 June 2018 and who are Shareholders in Credit Clear on the date of any settlement or the date of any determination by the Court relating to the Osborne claims referred to in 9.13.1 against any loss any of them may suffer as a result of those claims. In addition, Mark Casey has agreed to transfer out of his personal shareholding (held by Casey Consulting Services Pty Ltd (ACN 070 047 997) as trustee for Casey Consulting Services Trust) (**Casey Consulting**) in the Company any shares which must be transferred to Brian Osborne pursuant to Court orders or the terms of any settlement agreed by the parties. The number of shares to be transferred by Casey Consulting will be limited to the extent necessary to prevent dilution of Shareholders in respect of Shares issued on or after 20 June 2018 as part of a capital raise or rights issue, including Shareholders acquiring through the Offer.

9.5.2 Osborne proceeding security deed

The Company entered into a security deed with Mark Casey and Casey Consulting Services Pty Ltd (ACN 070 047 997) as trustee for Casey Consulting Services Trust (**Holder**) on 8 September 2020 to ensure that certain shares held by the Holder in the Company are subject to restrictions on dealing until the earlier of the date on which a judgment of a Court becomes effective and all rights of appeal have lapsed in relation to the Osborne litigation referred to in section 9.13.1

(**Osborne Proceeding**) or the date on which the parties to the Osborne Proceeding enter into a settlement deed releasing the parties to the Osborne Proceeding from any claims relating to the Osborne Proceeding (**Restriction Date**). In addition, Mark Casey, as the sole shareholder of the Holder, must not deal with the securities, economic interests or other interests in the Holder or the shares held by the Holder in the Company until the Restriction Date (other than to comply with the terms of the deed of indemnity referred to in 9.5.1).

9.6 Underwriting Agreement

The Company and the Lead Manager have entered into an Underwriting Agreement dated 15 September 2020, pursuant to which the Lead Manager has agreed to underwrite the Offer. Pursuant to the Underwriting Agreement, the Company has also appointed the Lead Manager to act as the exclusive manager of the Offer and to allocate Shares by agreement with the Company. The following is a summary of the principal provisions of the Underwriting Agreement.

9.6.1 Fees and expenses

On settlement of the Offer, which is expected to occur on 21 October 2020 (**Settlement Date**), the Company must pay the Lead Manager:

- a management fee of 2.5% of the proceeds of the Offer; and
- a selling and underwriting fee of 2.5% of the proceeds of the Offer.

The Lead Manager must pay, on behalf of the Company, any fees due to any Brokers appointed by the Lead Manager under the Underwriting Agreement.

The Company has agreed to reimburse the Lead Manager for reasonable costs and expenses of, and incidental to, the Offer.

9.6.2 Termination events not subject to materiality

The Lead Manager may, at any time from the date of execution of the Underwriting Agreement until the Settlement Date, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager) by notice to the Company, if any of the events set out below occur:

- (**disclosures in Offer Documents**) a statement in the Offer documents is misleading or deceptive (including by omission) or likely to mislead or deceive, or there is an omission from the Offer documents of material required by sections 710, 711, 715A or 716 of the Corporations Act;
- (**new circumstances**) there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement, that is materially adverse from the point of view of an investor;
- (**Supplementary Prospectus**) the Company:
 - issues or, in the reasonable opinion of the Lead Manager is required to issue, a Supplementary Prospectus because of the operation of section 719(1) of the Corporations Act; or
 - lodges a Supplementary Prospectus with ASIC in a form and substance that has not been approved by the Lead Manager;
- (**market fall**) at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level of the S&P/ASX All Ordinaries Index on the business day immediately preceding the date of this agreement at the close of trading on any day in the period between (and including) the date of this agreement and the business day immediately prior to the Settlement Date;

- **(Restriction Agreements)** any of the restriction agreements are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - the Company’s admission to the official list of ASX on or before the shortfall notification date; or
 - the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before the quotation date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- **(notifications)** any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under section 739, 1324B or 1325 of the Corporations Act in relation to the Offer or gives notice of an intention to prosecute the Company or any of its directors and any such intention or notice becomes public or is not withdrawn within 3 business days or if it is made within 3 business days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
 - ASIC holds a hearing under section 739(2) of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer document, and any such application inquiry or hearing is not withdrawn within 3 business days or if it is made within 3 business days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
 - any person who has previously consented to the inclusion of its name in the Prospectus (other than the Lead Manager) withdraws that consent; or
 - any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than the Lead Manager, co-lead manager or co-manager);
- **(withdrawal)** the Company withdraws the Prospectus or the Offer or any circumstance arises after lodgement of the Prospectus with ASIC that results in the Company either repaying any money received from applicants under the Offer or offering applicants under the Offer an opportunity to withdraw their application for Offer Shares and be repaid their application monies;
- **(Timetable)** an event specified in the timetable in the Underwriting Agreement up to and including the Settlement Date is delayed by more than 2 business days (other than any delay caused solely by the Lead Manager or any delay agreed between the Company and the Lead Manager or a delay as a result of an extension of the exposure period by ASIC);
- **(unable to issue Offer Shares)** the Company is prevented from allotting and issuing the Offer Shares by applicable laws, an order of a court of competent jurisdiction or a governmental authority, within the time required by the Listing Rules;
- **(change to Company)** the Company:
 - alters the issued capital of the Company or a member of the Group; or
 - disposes or attempts to dispose of a substantial part of the business or property of the Group, without the prior written consent of the Lead Manager;
- **(insolvency events)** any member of the Group becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- **(regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company to perform their obligations under the Underwriting Agreement, such that the Company is rendered unable to perform its obligations under the Underwriting Agreement;
- **(change in management)** a change in the chief executive officer or chief financial officer of the Company occurs, or there is a change in the board of directors of the Company; or
- **(constitution)** the Company varies any term of its constitution without the prior written consent of the Lead Manager.

9.6.3 Termination events subject to materiality

- The Lead Manager may, at any time from the date of execution of the Underwriting Agreement until the Settlement Date, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager) by notice to the Company, if any of the events set out below occur and the Lead Manager believes, acting reasonably, that the occurrence of the relevant event: has or is likely to have a material adverse effect on the:
 - success or outcome of the Offer;
 - ability of the Lead Manager to settle the Offer;
 - subsequent market for the Offer Shares; or
 - condition, trading or financial position, performance, profits and losses, results, business or operations of the Company; or
- will, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager of, any applicable law.

The relevant termination events are as follows:

- **(compliance with law)** the Offer documents or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, or any other applicable law or regulation;
- **(disclosures in public information)** a statement in any of the public information is or becomes misleading or deceptive or is likely to mislead or deceive;
- **(disclosures in the Due Diligence Report)** the due diligence report is, or becomes, false, misleading or deceptive, including by way of omission;
- **(information supplied)** any information supplied by or on behalf of a member of the Group to the Lead Manager in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission);
- **(adverse change)** an event occurs which is, or is likely to give rise to a material adverse effect;
- **(forecasts)** there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Lead Manager for any statement or estimate in the Offer documents which relate to a future matter or any statement or estimate in the Offer documents which relate to a future matter is, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe;
- **(certificate)** the Company does not provide a closing certificate as and when required by the Underwriting Agreement or a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- **(hostilities)** in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, the People's Republic of China, Singapore or any member state of the European Union:
 - hostilities not presently existing commence;
 - a major escalation in existing hostilities occurs (whether war is declared or not);
 - a declaration is made of a national emergency or war; or
 - a major terrorist act is perpetrated;
- **(Material Contracts)** if any of the obligations of the relevant parties under any of the material contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of the material contracts:
 - is terminated, withdrawn, rescinded, avoided or repudiated;
 - is amended without the consent of the Lead Manager;
 - is breached, or there is a failure by a party to comply;
 - ceases to have effect, otherwise than in accordance with its terms; or
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and effect, or its performance is or becomes illegal;

(**change of law**) there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (excluding a policy of the Reserve Bank of Australia), New Zealand, the United States, the United Kingdom, Hong Kong, the People's Republic of China, Singapore or any member state of the European Union (other than a law or policy which has been announced before the date of the Underwriting Agreement);

- (**breach of laws**) there is a contravention by the Company or any other entity in the Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the ASIC Act, its constitution, or the Listing Rules;
- (**representations and warranties**) a representation or warranty contained in the Underwriting Agreement on the part of the Company is breached, becomes not true or correct or is not performed;
- (**breach**) the Company defaults on an undertaking or obligation under the Underwriting Agreement;
- (**legal proceedings**) any of the following occurs:
 - a director of the Company is charged with an indictable offence;
 - a director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
 - the commencement of legal proceedings against the Company or any of its directors in their capacity as a director; or
 - any regulatory body commences any Inquiry against any member of the Group or the Company;
- (**disruption in financial markets**) any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States, Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on ASX, London Stock Exchange, New York Stock Exchange or Hong Kong Stock Exchange is suspended for at least one day on which that exchange is open for trading;
 - any adverse change to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, the United Kingdom, the United States, Hong Kong, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
 - a change or development (which was not publicly known prior to the date of the Underwriting Agreement) involving a prospective adverse change in taxation laws affecting the Company or the Offer occurs;
- (**fraud**) the Company or any of its directors or officers (as those terms are defined in the Corporations Act) engage, or have been alleged by a governmental authority to have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- (**Encumbrance**) other than as disclosed in the Prospectus, the Company creates or agrees to create an encumbrance over the whole or a substantial part of its business or property; or
- (**COVID-19**) either or both of the following occurring:
 - an adverse change relating to the position of the Company has occurred as a result of the coronavirus disease COVID-19;
 - a material increase in the restrictions on movement or business operations imposed in any Australian State or Territory.

9.6.4 Representations, warranties and undertakings

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company to the Lead Manager.

The representations and warranties relate to matters such as its powers and capacities, its conduct (including in respect of its compliance with applicable laws and the ASX Listing Rules, business and status, due diligence and disclosure), certain documents issued by the Company in connection with the Offer (which includes the Offer Documentation), the information provided (including the Financial Information), insolvency, the conduct of the Offer, litigation and insurance.

The Company undertakings include that they will not, from the date of the Underwriting Agreement up until 120 days after Completion of the Offer, without the prior written consent of the Lead Manager, issue or agree to issue any Shares or other securities of the Company or permit any member of Credit Clear to do any of the foregoing, other than the issue of the Offer Shares, a non-underwritten dividend or distribution plan or employee incentive scheme or otherwise to employees or officers of the Company or as a result of the conversion or exercise of any such securities or otherwise on issue at the date of the Underwriting Agreement.

9.6.5 Indemnity

The Company agrees to keep the Lead Manager and certain of its affiliated parties indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct and gross negligence).

9.7 Costs of professional advisers

The Company has engaged the following professional advisers:

- Bell Potter Securities Limited ACN 006 390 772 has acted as Lead Manager to the Offer. The Company has paid, or agreed to pay, the Lead Manager the fees described in Section 9.6.1 for these services;
- Deutsch Miller Pty Ltd ACN 137 052 638 has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, \$350,000 (excluding GST and disbursements) for these services up to the Prospectus Date. Further amounts may be paid to Deutsch Miller Pty Ltd in accordance with its time-based charge-out rates;
- Moore Australia (Vic) Pty Ltd – ACN 386 983 833 has acted as the Investigating Account and tax adviser and has prepared the Investigating Accountant's Report for inclusion in this Prospectus. The Investigating Accountant has also performed due diligence enquiries in relation to the Pro Forma Historical Financial Information. The Company has paid, or agreed to pay, \$66,900 (excluding GST) for these services to the date of this Prospectus. Further amounts may be paid to the Investigating Accountant in accordance with its normal time-based charge-out rates;
- Moore Australia Audit (Vic) – ABN 16 847 721 257 has acted as the auditor of the Company. The Company has paid, or agreed to pay \$32,000 (excluding GST) for these services to the date of this Prospectus. Further amounts may be paid to the auditor in accordance with its normal time-based charge-out rates;
- Link Group is acting as the share registry service. The Company has paid or agreed to pay \$12,000 (excluding GST); and
- Allen & Overy were instructed to assist on certain discrete matters relating to the Listing. The Company has agreed to pay \$126,500 (excluding GST).

The amounts, and other expenses of the Offer, will be paid by Credit Clear out of the funds raised under the Offer or available cash. See Sections 1.6 and 7.2.3 for further information on the use of proceeds of the Offer.

9.8 Escrow arrangements

9.8.1 Mandatory escrow

The ASX Listing Rules require that certain persons as seed capitalists, promoters and related parties enter into restriction agreements (referred to as **Mandatory Escrow Agreements**) under which they are restricted from dealing in a specified number of Shares in Credit Clear held by them, for periods of up to 2 years from the date of Listing.

The Mandatory Escrow Agreements will be in the form required by ASX over a number of Shares and a period as determined by ASX and restrict the ability of those persons to dispose of, create any security interest in or transfer effective ownership or control of the securities. Under those Mandatory Escrow Agreements, the Shareholders subject to mandatory escrow (**Mandatory Escrowed Shareholders**) and Credit Clear (and where appropriate any controller of the escrowed Shares) agree:

- any escrowed Shares cannot be disposed of, and that the Mandatory Escrowed Shareholder will not attempt to dispose of escrowed Shares, during the escrow period except as permitted by the ASX Listing Rules; and
- Credit Clear will refuse to acknowledge a disposal (including registering a transfer) of escrowed Shares during the Mandatory Escrow Period except as permitted by the ASX Listing Rules.

During a breach of the ASX Listing Rules relating to escrowed Shares, or a breach of the restriction agreement, while that breach continues, the Mandatory Escrowed Shareholder is not entitled to any:

- voting rights, and agrees not to exercise any voting rights, in respect of the escrowed Shares; and
- dividend or distribution in respect of the escrowed Shares.

Under the terms of the Mandatory Escrow Agreement, ASX may consent to the removal of the restrictions, subject to the satisfaction of certain conditions, to enable a holder of escrowed Shares to accept an offer under a takeover, or enable the escrowed securities to be transferred or cancelled as part of a merger by way of scheme of arrangement.

The proportion of Shares that will be subject to mandatory escrow (on Completion of the Offer) is expected to be approximately 29% of the total issued capital of the Company. The escrow period will apply:

- in respect of those Mandatory Escrowed Shareholders that are related parties or promoters of Credit Clear, for a period of 24 months following the date of quotation of Shares on ASX; and
- in respect of each other Mandatory Escrowed Shareholders, for a period of 12 months following the date of issue of the Shares.

9.8.2 Voluntary escrow

Certain Existing Shareholders have entered into voluntary escrow deeds with Credit Clear in relation to the Shares that such Existing Shareholder will hold on Completion of the Offer. The restriction on dealing is broadly defined and includes, selling, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act where the act or omission would have the effect of transferring any effective ownership or control of any of the Shares or agreeing to do any of those things.

9.8.3 Effect of mandatory and voluntary escrow

The effect of the mandatory and voluntary escrow restrictions on the Shares held by the Existing Shareholders are set out in the table below.

Escrow restrictions

Existing Shareholder	Type of Escrow	Shares subject to escrow at Completion of the Offer	% of Shares subject to escrow	Escrow Period
Mark Casey*	ASX Imposed	28,983,181	12.8%	24 Months from Listing
	ASX Imposed	–	0.0%	12 Months from issue
	Voluntary	1,857,142	0.8%	The date of Listing to the date of release of full year FY 2021 financial results
Directors/management (including associated entities and related parties)	ASX Imposed	5,176,653	2.3%	24 Months from Listing
	ASX Imposed	1,572,910	0.7%	12 Months from issue
	Voluntary	4,417,818	2.0%	The date of Listing to the date of release of full year FY 2021 financial results
Other Existing Shareholders	ASX Imposed	28,467,772	12.6%	24 Months from Listing
	ASX Imposed	1,375,664	0.6%	12 Months from issue
	Voluntary	22,737,008	10.1%	The date of Listing to the date of release of full year FY 2021 financial results
Total		94,588,148	41.9%	

* This relates to the Shares held by Casey Consulting Services Pty Ltd ATF Casey Consulting Services Trust.

9.8.4 Release of escrow

There are limited circumstances in which the escrow may be released, namely:

- to allow the holder to accept a takeover bid for Credit Clear in accordance with the Corporations Act provided that offer is for all the ordinary securities of Credit Clear and holders of not less than 50% of Shares not subject to escrow have then accepted the takeover bid; and
- to allow the escrowed Shares to be transferred or cancelled as part of a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act.

9.9 ASX waiver and ASIC relief

The Company has applied for and obtained an ASIC exemption from the pre-prospectus advertising and publicity rules in section 734(2) of the Corporations Act to permit the Company to provide its Shareholders and employees with certain information relating to the Offer.

The Company has also applied for a waiver from ASX Listing Rule 1.1 condition 12 as the Share Rights have a nil cash exercise price for each underlying Share.

9.10 Description of the syndicate

Bell Potter Securities Limited is the Lead Manager to the Offer.

9.11 Selling restrictions

9.11.1 International offer restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person and Shares may not be offered or sold in any jurisdiction outside Australia except as provided below.

9.11.2 Hong Kong

This document has not been, and will not be, registered as a prospectus under the *Companies (Winding Up and Miscellaneous Provisions) Ordinance* (Hong Kong) cap 32, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the *Securities and Futures Ordinance* cap 571 of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

9.11.3 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (NZ) (**FMC Act**). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

9.11.4 Singapore

This Prospectus and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the Offer, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are:

- an existing holder of the Company’s shares;
- an “institutional investor” (as defined in the SFA); or
- an “accredited investor” (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately.

You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.11.5 United Kingdom

Neither the information in this Prospectus nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000* (UK), as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

This Prospectus is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons: (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000 (Financial Promotions) Order 2005* (UK) (**FPO**); (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or (iii) to whom it may otherwise be lawfully communicated (together, **relevant persons**). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

9.12 Consents to be named and disclaimers of responsibility

Each of the following parties referred to below (each a **Consenting Party**) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement which is made in this Prospectus is based, other than as specified in the form and context below:

- Bell Potter Securities Limited has given and not withdrawn its consent to be named in this Prospectus as a Lead Manager and Underwriter to the Offer;
- Deutsch Miller Pty Ltd has given and not withdrawn its consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer;
- Moore Australia (VIC) Pty Ltd has given and not withdrawn its consent to be named in this Prospectus as Investigating Accountant and tax adviser to the Company and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in the form and context in which it is included;
- Moore Australia Audit (VIC) has given and not withdrawn its consent to be named in this Prospectus as auditor to the Company and has given and not withdrawn its consent to the inclusion in this Prospectus;
- Allen & Overy has given and not withdrawn its consent to be named in this Prospectus in relation to providing advice to the Company on certain discrete matters in relation to the Offer; and
- Link Market Services Limited has given and not withdrawn its consent to be named in this Prospectus as the Share Registry to the Company.

No Consenting Party has made any statement that is included in this Prospectus or any statement on which a statement in this Prospectus is based, except as stated above. No Consenting Party has not authorised or caused the issue of this Prospectus, made any offer of Shares, and expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus except as stated above (other than any reference to its name).

Credit Clear has included statements in this Prospectus made by, attributed to or based on statements made by the following parties:

- Ibis World, 'Debt Collection in Australia – Market Research Report';
- Australian Collectors & Debt Buyers Association; Results FY2017 – Member Data Survey Snapshot; and
- Australian Competition & Consumer Commission, 'Business: Treating Consumers Fairly – Debt Collection'.

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purpose of section 729 of the Corporations Act and are included in this Prospectus by Credit Clear on the basis of ASIC Corporations (Consent to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

9.13 Litigation and claims

As far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of the Company, other than as set out below:

9.13.1 Osborne litigation

On 18 July 2018 Brian Osborne, the former Chief Executive Officer of the Company, and his controlled companies commenced proceedings in the Supreme Court of Victoria against various entities including Mark Casey and the Company.

The litigation relates to the alleged breach by Mark Casey, a current director of the Company, of a memorandum of understanding (**MOU**) entered into between the Company, Brian Osborne and his associated entities, and Mark Casey and others in relation to exploiting the development potential of certain land near Byron Bay in New South Wales (**Byron Bay Entities**). The MOU provided for an agreed compensation regime to Brian Osborne which included entitlements to substantial profit shares and shareholdings in the Company and various entities controlled by Mark Casey but wholly unrelated to the Company.

The Company and Mark Casey terminated the MOU for various reasons including but not limited to Brian Osborne's failure to meet certain performance targets as required by the MOU. The Company and Mark Casey assert that the MOU contained a clause that should Brian Osborne not meet the performance targets required by the MOU, any shares or directorships provided to Brian Osborne and his entities under the MOU would be cancelled.

Consistent with this clause, at meetings of the shareholders of the Company and the Byron Bay Entities it was unanimously resolved to remove Brian Osborne as a director of those companies and to cancel all shares held by Brian Osborne and his controlled entities in those companies pursuant to section 258D of the Corporations Act.

Brian Osborne has sought:

- (a) declarations against Mark Casey and Casey Consulting Services Pty Ltd as trustee for the Casey Consulting Services Trust that:
 - (i) the conduct of the affairs of the Company towards him has been oppressive or unfairly prejudicial or discriminatory;
 - (ii) the cancellation of the shares owned by him was invalid; and
 - (iii) Mark Casey was not entitled to serve a notice of default on him pursuant to a shareholders' agreement that they and the Company were party to at the time;

(b) orders that inter alia:

- (i) Mark Casey procure that the share register of the Company is rectified to record the ownership by Brian Osborne of his shares;
- (ii) Mark Casey acquires all of the those shares at fair value, or procures a third party to do so; and
- (iii) alternatively the Company be wound up and/or a receiver be appointed to its assets and undertaking.

The Company and Mark Casey strongly deny the allegations made and the relief sought by Brian Osborne and his controlled entities. The Company and Mark Casey have filed a defence and cross-claim against Brian Osborne seeking orders for rectification as well as damages for misrepresentation.

As at the Prospectus Date, the status of the proceedings is that pleadings have closed, and formal discovery has been completed. A final hearing date is not expected until 2022.

The Company believes that the worst case scenario would be an adverse ruling against Mark Casey and rectification of register of members of the Company.

The Company has entered into a deed of indemnity with Mark Casey pursuant to which Mark Casey has indemnified the Company and all of its shareholders in respect of any loss they may suffer in connection with the proceedings or as a result of any action by the Company or its shareholders in relation to the cancellation of the shares or the removal of Brian Osborne as director. See Section 9.5.1 for further details.

9.13.2 McKendrick litigation

On 15 July 2020 proceeding were commenced by originating process in the Supreme Court of Victoria by Trent Marshall McKendrick (McKendrick) and ACN 604 594 621 Pty Ltd (formerly C Capital Pty Ltd) (C Capital) seeking relief against the Company, Casey Consulting Services Pty Ltd (ACN 070 047 997) as trustee for the Casey Consulting Services Trust (Casey Consulting) and Romano Family Holdings Pty Ltd (ACN 169 299 174) as trustee for the Lewis Romano Family Trust (Romano Holdings). On 14 September 2020, McKendrick and C Capital filed and served Points of Claim and draft amended Originating Process.

McKendrick is the former and founding director of the Company. C Capital was a shareholder of the Company and McKendrick is its sole director. The litigation concerns the circumstances in which McKendrick ceased involvement in the Company, the value at which C Capital sold its shares to Casey Consulting and the validity of a separation agreement and intellectual property assignment agreement which were all documented and executed in 2016.

The plaintiffs seek the following relief:

- (a) declarations setting aside the separation agreement and intellectual property agreement;
- (b) declaration that C Capital is entitled to hold 20% of the issued ordinary shares of the Company;
- (c) declaration that the affairs of the Company are being conducted contrary to the interests of the members as a whole and or are oppressive to, or unfairly prejudicial to, or unfairly discriminatory against C Capital, or in the interests of and to the benefit of the Casey Consulting and Romano Holdings and not the Company or its members;
- (d) rectification of the share register of the Company and to reinstate C Capital as a member and to record that it holds a number of fully paid ordinary shares representing 20% of issued shares in the first defendant, alternatively 6,805,555 fully paid ordinary shares in the Company;
- (e) an order that McKendrick be reinstated as a director of the Company;
- (f) an order that Casey Consulting and Romano Holdings purchase C Capital's shareholding in the Company at fair value;
- (g) alternatively, an order that the Company purchase C Capital's shareholding;
- (h) alternatively an order that the Company be wound up;
- (i) alternatively that the Company compensate McKendrick and C Capital for their loss and damage pursuant to s175(2) of the Corporations Act 2001 (Cth);
- (j) alternatively to paragraph (h), compensation pursuant to the *Corporations Act 2001* (Cth), the ASIC Act or the Australian Consumer Law.

The Company has obtained legal advice of Senior Counsel. Based on the information available at the Prospectus Date and the timing of the claim, the Company believes that the claim lacks merit and has to date denied the allegations made and the relief sought by McKendrick and C Capital and intends to deny the allegations made in the Points of Defence due to be filed and served on 12 October 2020.

The amount of any monetary remedy has not been specified as at the Prospectus Date. McKendrick included a claim for intellectual property rights, however, the Company does not believe that the transfer of any intellectual property rights to McKendrick would be material as the rights which formed part of the intellectual property assignment agreement do not form a significant part of the Company's existing technology platform. The Company believes that the worst case scenario would be an order that the share register is rectified, and, if that happens, this would have no effect on its ability to continue to operate the technology platform, or other traditional receives management part of its business.

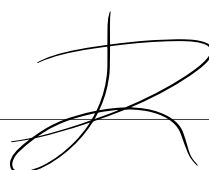
Mediation is scheduled to take place during October 2020.

9.14 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids are governed by the law applicable in Victoria, and each Applicant or bidder for Shares under this Prospectus submits to the non-exclusive jurisdiction of the courts of Victoria.

9.15 Statement of Directors

This Prospectus is authorised by each Director, who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.

A handwritten signature in black ink, consisting of a stylized, cursive letter 'R' or similar character, positioned above a horizontal line.



10 Glossary

Term	Meaning
\$	an Australian dollar.
AASB	the Australian Accounting Standards Board.
ACCC	Australian Competition and Consumer Commission.
Accounting Standards	the Accounting Standards as set by the AASB.
Applicant	a person who submits an Application.
Application	an application for Shares pursuant to this Prospectus.
Application Form	the application form attached to or accompanying this Prospectus relating to the Offer.
Application Monies	the Offer Price multiplied by the number of Shares applied for.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it as the context requires.
ASX Listing Rules	the official listing rules of the ASX.
ASX Recommendations	the ASX Corporate Governance Principles and Recommendations (4th edition).
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532.
Board or Board of Directors	the Board of Directors as constituted from time to time.
Board Committees	the Audit and Risk Committee, and the Remuneration and Nomination Committee, together with any ad hoc committees established by the Board on an 'as needs' basis.
Broker	any ASX participating organisation selected by the Underwriter and the Company to act as a broker to the Offer.
Broker Firm Applicant	a person who submits an Application under the Broker Firm Offer.
BSSA	means the business and share sale agreement entered into between, amongst others, the Company and Credit Solutions Pty Ltd dated 3 December 2019.
Broker Firm Offer	the invitation to Australian resident retail clients of Brokers to acquire Shares offered under this Prospectus provided that such clients are not in the United States.
CCR Group	the Company and its subsidiaries and CCR means the relevant member of the CCR Group (where applicable).
CCR Offer Information Line	as set out in the Corporate Directory.
CHESS	the clearing house electronic sub-register system operated by ASX Settlement.
Company	Credit Clear Limited ACN 604 797 033.
Completion of the Offer	completion of the issue of Shares under this Prospectus.
Constitution	the constitution of the Company.

Term	Meaning
Controlled entities	has the meaning given to it in the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Credit Clear Software	as defined in Section 3.1.2.
Credit Solutions	the business and assets of Credit Solutions Pty Ltd and the shares in Oakbridge Lawyers.
Credit Solutions Pty Ltd	Credit Solutions Pty Ltd ACN 602 115 999 of 5, 245 Fullarton Road, Eastwood SA 5063.
Directors	the directors of the Company.
EIP	the equity incentive option plan adopted by the Company.
Existing Shareholders	the Shareholders of the Company as at the Prospectus Date.
Expiry Date	the date that is 13 months after the Prospectus Date.
Exposure Period	the period of 7 days (or 14 days extended by ASIC) after the lodgement of the Prospectus with the ASIC during which the Company may not accept Applications, which is expected to end on 22 September 2020.
Financial Information	as defined in Section 4.
Group	the Company and any of its subsidiaries.
GST	goods and services tax.
Historical Financial Information	as defined in Section 4.
IFRS	the International Financial Reporting Standards.
Incentive Security	means a Right, Option or Restricted Security.
Institutional Investor	a person to whom offers and issues of Shares may lawfully be made without the need for disclosure under Chapter 6D.2 of the Corporations Act or without any other lodgement, registration, disclosure or approval with or by a government agency (other than one with which the Company, in its absolute discretion, is willing to comply) under any applicable law.
Institutional Offer	the invitation under this Prospectus to certain Institutional Investors to apply for Shares.
Investigating Accountant	Moore Australia (Vic) Pty Ltd ABN 17 386 983 833.
Lead Manager	Bell Potter Securities Limited ACN 006 390 772.
Listing	admission of the Company to the official list of ASX.
New Shares	the new Shares issued by the Company under the Offer.
Oakbridge Lawyers	Oakbridge Lawyers Pty Ltd ACN 623 488 291.
Offer	The offer pursuant to this Prospectus of 42,857,143 New Shares for issue by the Company.
Offer Period	as set out in the Key Dates on page 7 of this Prospectus.

Term	Meaning
Offer Price	\$0.35 per Share.
Option	an option for an Eligible Employee to acquire a Share from time to time pursuant to the terms of the EIP.
Priority Offer Letter	as defined in Section 7.5.3.1.
Pro Forma Historical Financial Information	as defined in Section 4.
Prospectus	this prospectus (including the electronic form of this prospectus) and any supplementary or replacement prospectus in relation to this document and the Offer.
Prospectus Date	the date on which this Prospectus was lodged with ASIC, being 15 September 2020.
Receivables Management	as defined in Section 1.2.
Restricted Securities	a Share issued to an Eligible Employee from time to time that is subject to restrictions on dealing, vesting conditions and/or other restrictions or conditions pursuant to the terms of the EIP.
Right	an entitlement to be issued a Share (or, in certain circumstances, to a lease payment in lieu of a Share) issued to Eligible Employees from time to time pursuant to the terms of the EIP.
Share	a fully paid ordinary share in the capital of the Company.
Share Rights	an entitlement to be issued a Share subject to certain vesting requirements issued to Gerd Schenkel and Jason Serafino.
Share Registry	Link Market Services Limited ACN 083 214 537.
Shareholder	a holder of Shares.
Shareholding	a Shareholder's holding of Shares.
Underwriter	the Lead Manager.
Underwriting Agreement	the underwriting agreement entered into between the Lead Manager, the Company as described in Section 9.6.
US Securities Act	<i>Securities Act of 1933</i> , 15 USC § 77a, as amended.

Application Form
Hi-res PDF to be supplied.

(4 pages have been allocated for an Application Form and a duplicate form. This is because the stock used differs from the main Prospectus, and must be a 4-page section for binding purposes.)

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Corporate directory

Directors

Gerd Schenkel
Marcus Price
Mark Casey
Lewis Romano

Company Secretary

Ron Hollands
Mike Tauschek

Lead Manager

Bell Potter Securities Limited

Level 29, 101 Collins Street
Melbourne VIC 3000

Australian Legal Adviser

Deutsch Miller Pty Ltd

Level 9, 53 Martin Place
Sydney NSW 2000

CCR Offer Information Line

From 8.30 am to 5.30 pm (Melbourne time),
Monday to Friday (excluding public holidays)

Within Australia: 1800 653 805

Company website

www.creditclear.com.au

Offer website

www.creditclearlimited.com.au

Registered Office

Credit Clear Limited

Level 4, 6 Riverside Quay
Southbank VIC 3006

Investigating Accountant

Moore Australia (VIC) Pty Ltd

Level 18, 530 Collins Street
Melbourne VIC 3000

Auditor

Moore Australia Audit (VIC)

Level 18, 530 Collins Street
Melbourne VIC 3000

Share Registry

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

