



**ANNUAL
REPORT
2021**

OUR MISSION

Our goal is to
world's most
customer inte
re-payments
re-payments

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to become the
advanced
intelligence and
platform – making
frictionless

– Lewis Romano, Founder



9:41



Lewis Romano
0013945



creditclear limited

Hi Lewis you have an outstanding
balance

\$100.00

Your payment options

Pay now

Create a payment plan

Dispute

Make an offer

CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present to you Credit Clear's Annual Report for the financial year ended 30 June 2021.

Much has transpired since Credit Clear's listing on the ASX in October 2020. The COVID-19 pandemic continued to bring about major challenges to the economy. However, I am encouraged by how we are navigating through these market conditions.

Against this backdrop, Credit Clear successfully solidified its position as the leading technology company in the receivables management sector. This period also reinforced our continued focus on our clients' needs by optimising our proprietary technology to generate superior debt recovery outcomes and a best-in-class consumer experience.

Record finish to the year

On behalf of the Credit Clear team, I am proud to report record performance as we close out FY2021. In our first year as an ASX-listed company, we have made significant progress against our strategic plan and we have secured major new clients in our target markets. In fact, since listing, we have signed over 80 new clients including Suncorp and Western Power, both leaders in two of our target verticals being insurance and utilities. Simultaneously, we have continued to expand our footprint within our existing client base and are making strides in other target markets. Our 99% customer retention rate and +44 Net Promoter Score validates the quality of our offering. We plan to continue to invest in our technology platform to protect and enhance our competitive advantage.

Credit Clear achieved record total overall revenue of \$11.0m in FY2021. As part of this, increased adoption of our SaaS digital receivables solution resulted in 147% growth in digital revenues. This was in part driven by the continued transitioning of traditional debt recovery clients to Credit Clear's digital platform.

Management team to deliver strategy

Subsequent to the financial year end, we were pleased to appoint David Hentschke to the role of Chief Executive Officer of Credit Clear. David's experience with a number of high-growth, market leading technology companies means he is well placed to deliver our agenda. We were also pleased to retain previous CEO Brenton Glaister in the role of Managing Director of Credit Solutions, the entity he founded in 2014 and we acquired in 2019. Brenton will continue to lead the growth of Credit Solutions and its ongoing integration with Credit Clear's digital platform.

Looking ahead

Looking ahead, we expect organisations to accelerate their digital transformations. As such, we will continue to roll out a range of innovative solutions in line with our product roadmap. We seek to continue to grow our presence in target industries and geographies, including proactively assessing opportunities in new international markets.

We are proud of our achievements thus far and look forward to progressing our strategy, as we see significant market opportunities in Australia and abroad.

In closing, I would like to thank our people for their dedication and enthusiasm throughout this unprecedented year. They are at the heart of Credit Clear's mission and success.

Finally, I would like to thank our shareholders for their commitment and ongoing support.

On behalf of the Credit Clear Board,



Gerd Schenkel
Chairman
Credit Clear Ltd



CEO'S REPORT

Dear Shareholder,

I would first like to take this opportunity to thank the Credit Clear team, our customers and shareholders for their warm welcome into the role of Chief Executive Officer. I'm excited to lead this revolutionary, next generation fintech as it enters its next phase of growth.

I commend the Credit Clear team for their strong commitment to providing market leading technology solutions and continued high levels of customer service in what has been a challenging year for all of us given the COVID-19 pandemic. I also express my sincere appreciation to the Board for their direction and support, and to our shareholders as they continue to support our mission.

Record success through volatility

Looking back over FY2021, the COVID-19 pandemic continued to impact the Australian and global business communities. Restrictions and lockdowns resulted in a change in customer contact preferences, including pauses in collections activities. Throughout this period, Credit Clear remained focused on supporting clients and their customers, while continuing the development of our digital platform. It is evident that our clients embraced our digital platform as a superior channel to effectively communicate with their customers and to assist them with attractive payment plan options or hardship assistance, where genuinely needed.

Credit Clear finished FY2021 strongly, marked by a record final FY2021 quarter and largest ever monthly revenue for June 2021, and we enter FY2022 with momentum and confidence in our strategy.

As revenue accelerated, Credit Clear continued to demonstrate progress in its high margin digital division, producing 147% revenue growth, underpinned by our high-quality technology solution, and continued conversion of traditional collections to the digital platform, up 1250% on FY2020. As digital volume increased over the period to 32% of total revenue, so did operating leverage, with operating expenses to revenue ratios improving 10% to 151% in FY2021, recognising our increasing ability to convert revenue to cash flow as the business continues to scale.

147% revenue growth,
underpinned by our high-quality
technology solution

It also brings me great pleasure to report that in our first year as a publicly listed company we signed more than 80 new clients across a broad range of target industries, bringing our total clients to 1021. We continue to focus on delivering a superior customer experience through our intelligent, convenient, and flexible platform, resulting in high levels of customer engagement and collection rates. Client and end-user satisfaction was evident in our over 99% customer retention rate and our +44 Net Promoter Score, as consistently rated by more than 60,000 end users now since December 2020.

Outlook

As we look forward, Credit Clear is well positioned to embark on its growth agenda, which is focused on continued investment in our digital platform capabilities and leveraging these capabilities to grow market share across attractive industries. Our market leading customer engagement and payment platform continues to disrupt the \$2.5bn traditional debt collection and receivables management market in Australia, whilst also exploring the significant opportunities in other global markets.

Credit Clear continues to receive positive feedback from existing clients regarding the strength of its proprietary technology, and their belief that it can be leveraged globally. Off the back of this, we are currently assessing potential opportunities in international markets, in partnership with existing multinational clients, targeting the UK as an immediate opportunity. We have resources

on-ground exploring the UK market to assess strategic acquisition targets and talking to potential clients, with the aim of establishing our presence. The US will be assessed as a second overseas target market in 2022.

I look forward to working with our exceptional team to continue to execute our key objectives and embark upon our digital growth agenda for the year ahead.

Yours sincerely,



David Hentschke
Chief Executive Officer
Credit Clear Ltd



FY21 OPERATIONAL ACHIEVEMENTS



+82

**New clients
signed in FY21**

1021

**Total Clients
in FY21**

Supported by key operational achievements since IPO

Credit Clear financial achievements are underpinned by strong growth in client base and end customer metrics¹.

+1,250%¹

Increased conversion
of traditional to digital
conversion vs FY20

>11 m

Digital communications
in FY21, up >160%
on FY20

+44 NPS²

Across
>60k
respondents

>99%

Client retention
rate in FY21

1. Traditional to Digital Conversion of FY21 vs FY20

2. Average Net Promoter Score (NPS) across FY21

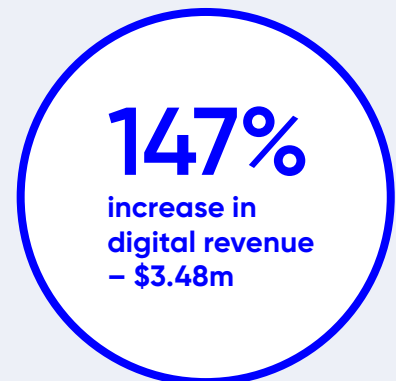
FY21 FINANCIAL PERFORMANCE



Revenue (A\$M)



Digital Revenue (A\$M)



Digital Gross Profit (A\$M)





Traditional Revenue (A\$M)



Legal Revenue (A\$M)



Total number of clients



FOCUS ON CLIENTS AND END USERS

Convenient and intelligent digital platform enabling clients to better manage communication and payment arrangements with customers:



Reduce client operating costs

Of managing accounts receivables collections through the use of digital automation, when compared to traditional collection methods.



Improve cash flows

Through improved collection effectiveness and faster customer payment reconciliations, directly with client.



Better end user experience



Improves customer's positive relationship with clients' brand including early and personalised digital communications in a white-labelled solution.



Deep customer insights

Provides deep customer insights – In a single debtor file through a full service solution underpinned by AI and data repository, enabling granular customer targeting.



“

Credit Clear has been able to provide our business with a seamless and efficient engagement tool for customers to self-service their outstanding payments.

Their cutting edge technology makes communicating exactly what you need to, at the right time, so simple. The client portal supports the tool with live reporting to determine when customers are paying and how they choose to access the solution.

The solution makes it easy for our customers to get back on track and they have provided great feedback about the ease of the payment portal.

In addition, the team are great to work with, have a can do attitude and have assisted us to really improve our collections interactions.”

Michelle Brewer
BMW Financial Services



“

Credit Clear has been very flexible for us to use on the fly, the current model and operating structure has meant we can go from concept to execution within 5 business days with Credit Clear designing the comms, setting up the workflows and reporting elements all in one go. Its has been a great way for AGL to sandpit short term communication strategies without much fuss and time vested.

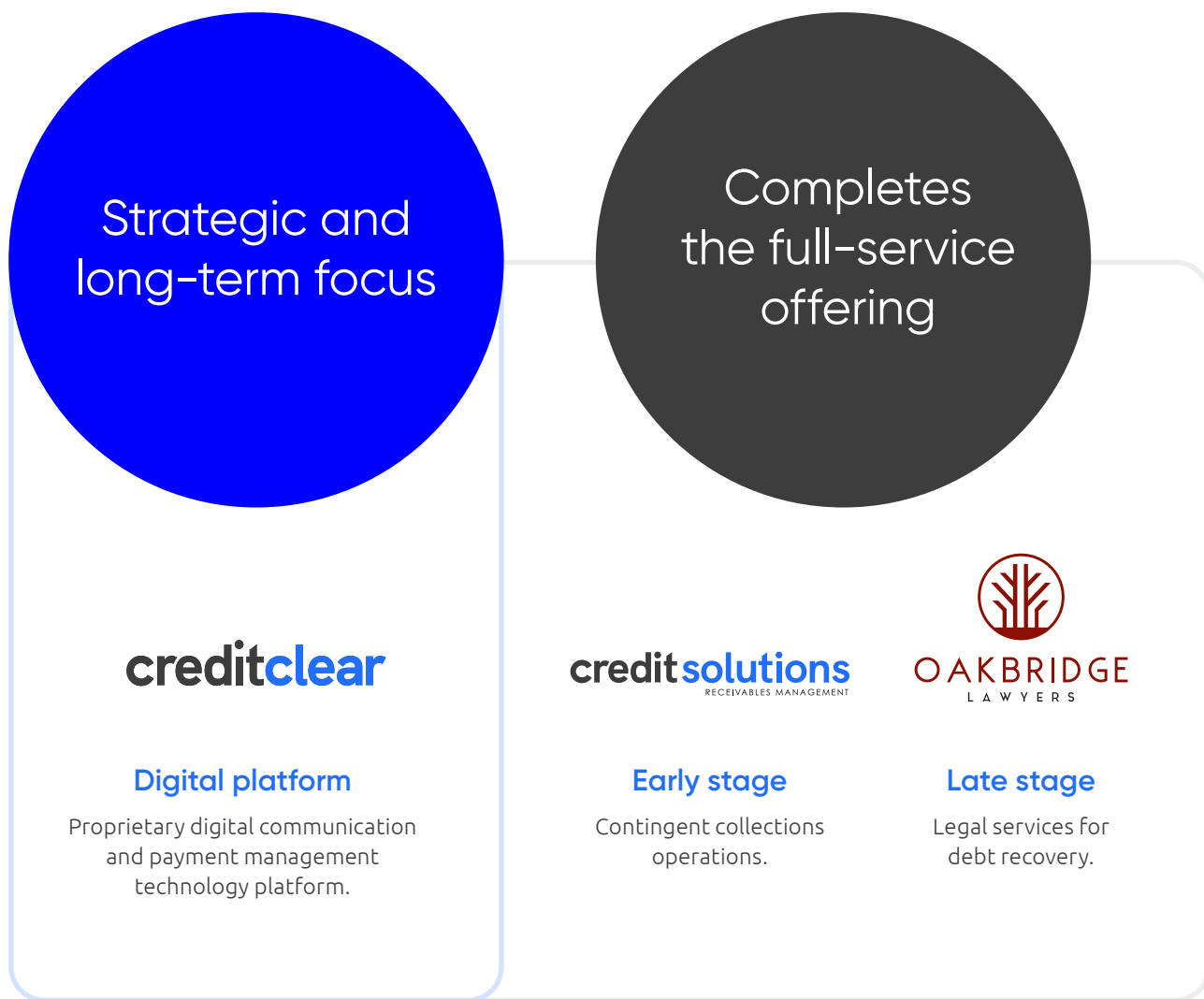
Susan Nguyen
AGL Insights and Partnership Manager

OUR BUSINESS MODEL



Credit Clear provides an end-to-end, full-service solution

Credit Clear has proven capability to enhance outcomes for clients and provide a better end-user experience.



Receivables Management timeline (illustrative)



GROWTH STRATEGY



Accelerate Core Growth

Expand client base and accelerate top-line growth organically, with a focus on converting traditional services to the digital platform to capture margin expansion.

Executing on a clear growth strategy to scale operations

Actively assessing value accretive strategic M&A opportunities to support and accelerate growth.



Enhance Digital Capabilities

Significant investment into platform to further improve digital capabilities – focused on portfolio optimisation module, performance analytics and reporting, and AI capabilities.



Transformational Growth

Seek growth opportunities to leverage proprietary technology locally and internationally, and leverage into other adjacencies (e.g. electronic billing; data bureau).

DIRECTORS' REPORT

Your directors present their report on the Consolidated Entity (referred to herein as the Group) consisting of Credit Clear Limited and its controlled entities for the financial year ended 30 June 2021. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2021 and is to be read in conjunction with the following information:

GENERAL INFORMATION

DIRECTORS

The following persons were directors of Credit Clear Limited during or since the end of the financial year up to the date of this report:

Gerd Guido Schenkel – Independent, Non-Executive Chairman

Christine Christian – Independent, Non-Executive Deputy Chairperson (Appointed 19 November 2020)

Marcus Colin Price – Independent, Non-Executive Director

Mark James Casey – Non-Executive Director

Lewis James Romano – Executive Director

Hugh Robertson – Non-Executive Director (Resigned 19 August 2020 and reappointed 22 September 2021)

Francesco Romano – Executive Director (Resigned 19 August 2020)

INFORMATION RELATING TO DIRECTORS AND COMPANY SECRETARY

Gerd Guido Schenkel	–	Chairman
Qualifications	–	Masters in Engineering (University of Stuttgart, Germany). MBA (Columbia University, New York).
Experience	–	Appointed Chair of Credit Clear Limited on 30 November 2018 and has been a Board member since 16 November 2018. 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.
Interest in Shares and Options	–	201,667 ordinary shares in Credit Clear Limited and rights and options to acquire a further 4,000,000 ordinary shares
Special Responsibilities	–	Gerd is Chair of the Remuneration Committee and a member of the Risk Management and Audit Committee.

Christine Christian AO	–	Deputy Chairperson
Qualifications	–	Bachelor of Arts (University of Melbourne, Australia), Member of the Australian Institute of Company Directors and Chief Executive Women.
Experience	–	Appointed Deputy Chair of Credit Clear Limited on 16 December 2020 and has been a Board member since 19 November 2020. Christine Christian is a business executive and entrepreneur with more than 35 years' experience in financial services, investment, private equity, credit risk, digital media and publishing. Christine is currently Deputy Chairman and Director of FlexiGroup Limited, Non-Executive Director of MaxCap Group and Non-Executive Director of Lonsec.
Interest in Shares and Options	–	833,334 ordinary shares in Credit Clear Limited and options to acquire a further 1,500,000 ordinary shares.
Special Responsibilities	–	Christine is Chair of the Risk Management and Audit Committee.
Marcus Colin Price	–	Independent Director
Qualifications	–	Monash University – Bachelor of Science LaTrobe University – Master of Psychology Melbourne University – Graduate Diploma in Classic and Archaeology
Experience	–	Appointed director of Credit Clear Limited on 20 February 2020. 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 and Dun & Bradstreet.
Interest in Shares and Options	–	833,334 ordinary shares in Credit Clear Limited and options to acquire a further 2,500,000 ordinary shares.
Special Responsibilities	–	Marcus is Chair of the Technology and Strategy Committee and member of the Remuneration Committee.
Mark James Casey	–	Director
Qualifications	–	Certificate of Business Management (Essendon Kangan Institute, Melbourne, Australia).
Experience	–	Appointed director of Credit Clear Limited on 22 September 2016. 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
Interest in Shares and Options	–	30,940,323 ordinary shares in Credit Clear Limited and options to acquire a further 800,000 ordinary shares.
Special Responsibilities	–	Mark is a member of the Remuneration Committee.
Lewis James Romano	–	Executive Director
Qualifications	–	Bachelor of Business (Bond University, Gold Coast, Australia)
Experience	–	Appointed director of Credit Clear Limited on 16 November 2018. Prior to founding Credit Clear in 2016, Lewis was founder and MD of Australia's third largest job site spotjobs.com. Lewis is a key driver of many fundamental client and strategic relationships for the business.
Interest in Shares and Options	–	5,005,223 ordinary shares in Credit Clear Limited and options to acquire a further 2,000,000 ordinary shares.
Special Responsibilities	–	Lewis is a member of the Technology and Strategy Committee.

Ronald Ernest Hollands	–	Joint Company Secretary
Qualifications	–	Bachelor of Business (University of Technology, Sydney, Australia) MBA (MGSM, Australia). Grad. Dip Corporate Governance (GIA). Member of Chartered Accountants, Australia and New Zealand. Certificate of Public Practice and registered tax agent and self-managed superannuation fund auditor.
Experience	–	Company Secretary since 10 September 2020. He is a Chartered Accountant with over 30 years' experience in accounting, corporate finance and company secretarial matters. Ron is also currently the Company Secretary for a number of listed companies.
Mike Von Tauschek	–	Joint Company Secretary (Resigned 23 August 2021)
Qualifications	–	Bachelor of Laws (University of Melbourne, Australia). Graduate Diploma of Legal Practice from Victoria College of Law. Practising Certificate in NSW.
Experience	–	Company Secretary since 11 December 2019. Mike has 10 years' experience in leading boutique litigation law firms; Atanasokovic Hartnell, Sarvass Clappara and Watson Mangion.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial period were the development and implementation of the receivables management system and the provision of receivable collection services. The Group also provides commercial legal services as part of its full end to end receivable management service.

REVIEW OF OPERATIONS

Credit Clear continues to transform the way organisations manage their receivables through new generation thinking and technology innovation. Our proprietary digital billing and communications platform is leading the market, allowing our clients to manage their receivables through an intuitive, interactive and frictionless platform.

Our technology continues to transform the receivables landscape through artificial intelligence, automation and smart analytics. Our digital solutions provide actionable and convenient two-way communications, resulting in reduced costs, improved debt recoveries and a superior end-user experience.

The success of our IPO in October 2020 resulted in an additional \$15m of funds, enabling continued investment into our digital platform and business growth. We thank our investors for their strong participation in our IPO, as well as their ongoing support.

Resilience through uncertainty

Uncertainty and disruptions caused by COVID-19-related restrictions across Australia resulted in a slowdown in collection activity for some clients earlier in the year. Throughout this period, the importance of Credit Clear's platform became more evident in its use as a key channel through which clients could better manage receivables and improve cash flow. Trading improved strongly towards the end of the financial year with Credit Clear capitalising on the earlier accumulation of receivables. Credit Clear also ramped-up its efforts in transitioning clients from traditional collection methods towards its digital solutions.

Throughout the year, Credit Clear quickly embraced a "new normal", partially remote work environment. As COVID-19 continues to disrupt, we are taking steps to prudently manage our business and support our clients, ensuring continued operating certainty.

Record financial performance

Credit Clear's total revenue was up over 70% on prior year, reaching a record \$11.0m, with digital revenue up 147%, reaching another record high of \$3.5m. This strong performance was underpinned by strong trading in Q4 FY21, noting record quarterly revenue of \$3.3m and quarterly digital revenue of \$1.1m, both up 43% and 170% on Q4 FY20, respectively. The growth in digital revenue could be attributed to the quality of Credit Clear's digital solutions and increasing adoption of our SaaS digital platform over traditional receivables management approaches. We note traditional-to-digital revenue conversion reached \$2.0m, up 1,250% from the previous year. In addition, digital collections as a percentage of revenue increased to 32% (compared with 22% in FY20), with total digital communications exceeding 11m, up 164%.

Operating expenses increased from \$10.4m in FY20 to \$16.0m in FY21. This rise was necessary to facilitate the recruiting of additional headcount to advance our digital platform and to continue to drive growth. During the period, operating expenses decreased as a proportion of total revenue to 146% in FY21 versus 161% in the prior year, demonstrating an improvement in operating leverage and increased scalability of the platform as digital comprises a larger portion of revenue.

Cash and cash equivalents at the end of the financial year were \$10.8m, an increase of 391% from FY20.

Strong foundation established for long-term growth

There were 82 new clients signed during the financial year, taking the total number of active clients to 967, up 3% from FY20. This included Credit Clear's first insurance client Suncorp, as well as Western Power, Gippsland Water and a large financier. There were also several major contract extensions secured including Kleenheat Gas, which appointed Credit Clear as a tier 1 supplier and increased its scope of work; Transurban, which extended its contract for a further two years and Suncorp, which executed a contract extension for a further two years to a total four-year term. This year's diverse portfolio of client wins reflects Credit Clear's success in expanding its presence in key target verticals, including utilities and water, financial services, insurance and transport. Importantly, Credit Clear is deliberate in its approach to market, noting that these target sectors have been highlighted given their consumer end-users and typically high transaction volumes with lower average dollar values per transaction.

We continue to invest in our technology platform to expand the breadth of services and functionality offered to our clients and their end-users. We note several successful rollouts of enhanced platform functionality throughout the year, including expanding our communications and digital payment reach by introducing compatibility with WhatsApp and Apple Pay, introducing enhanced artificial intelligence functionality with message send time optimisation (STO) and also introducing additional functionality with regards to managing hardships and disputes.

Credit Clear's evolving receivables technology delivers a superior end-user experience that promotes a positive relationship between client and end-user. This subsequently drives efficiencies and higher debt recoveries for Credit Clear's clients, which is reflected in the Company's 99% customer retention rate and NPS score of +44 (across 43,359 respondents).

Leadership team optimised for success

Subsequent to the financial year, David Hentschke, formerly Group General Manager Strategy & Technology, commenced as CEO of Credit Clear. David's leadership and strategy experience across the credit industry will be critical in executing on growth moving forward. Former CEO Brenton Glaister will remain with Credit Clear and transition into the role of MD of Credit Solutions where he will be instrumental in driving traditional to digital conversion. Lewis Romano, Executive Director and Co-Founder, will take on the responsibilities of Credit Clear's investor relations and corporate affairs function, in addition to his existing responsibilities.

Credit Clear also welcomed Christine Christian AO to the Board as an Independent Non-Executive Director in November. Christine is a leading executive with more than 30 years' experience in financial services, investment, private equity, credit risk and digital media across executive and advisory roles throughout Australia, the US, China and India. She is the former CEO of credit check and receivables management company Dun & Bradstreet and former Chairman of Dun & Bradstreet Consumer Credit Services, spanning more than 20 years. She was awarded a Medal of the Order of Australia in June 2020 for her distinguished service to the financial and investment sectors, to women in business and through support for emerging entrepreneurs. Christine is an esteemed leader and her significant knowledge and experience will be invaluable to Credit Clear.

Well positioned to accelerate growth agenda

Credit Clear continues to execute on its growth agenda, which comprises three core pillars: (1) Accelerate core growth, (2) Enhance digital capabilities, and (3) Transformational growth.

The business continues to accelerate core growth, exploring new sectors and increasing penetration within existing verticals. In addition, Credit Clear plans to execute its exciting product technology roadmap, including continuing to develop analytics and machine learning capabilities, communication and payment channels, its strategy manager module and additional insurance-specific functionalities in the near-term.

Credit Clear has further received positive feedback from existing clients regarding the strength of its proprietary technology, and their belief that it can be leveraged globally. We are currently assessing potential value-accretive opportunities in international markets, in partnership with existing multinational clients, targeting the UK and US as immediate opportunities. We have a resource on-ground exploring the UK market to assess strategic acquisition targets and talk to potential clients, with the aim of establishing our presence. The US will be assessed as a second target market in 2022.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Group occurred during the financial period:

- (i) The Group raised \$15,000,000 and was admitted to the Australian Stock Exchange on 27 October 2020 as a public listed company.
- (ii) The company qualified and received government stimulus payments (JobKeeper/Cash Booster) totalling \$1,248,000.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

EVENTS OCCURRING AFTER THE REPORTING DATE

On 28 July 2021, Brenton Glaister relinquished the role of CEO but is remaining with the organisation. On the same day David Hentschke was appointed CEO.

On 22 September 2021, Hugh Robertson was reappointed as a Director.

On 23 August 2021, Mike Von Tauschek resigned as Company Secretary.

The COVID-19 pandemic has created unprecedented uncertainty in the economic environment. This has had an adverse effect on revenue during the year, particularly in the first half. Actual economic events and conditions in future may be materially different from those estimated by the Group at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the Company. At the date of the annual report an estimate of the future effects of the COVID-19 pandemic on the Company cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY FUTURE DEVELOPMENTS

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

DIVIDENDS PAID OR RECOMMENDED

Dividends paid during the financial year are as follows:

No dividend declared or payable in respect of the year ended 30 June 2020	\$Nil
No dividend declared or payable in respect of the year ended 30 June 2021	\$Nil

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year, the Company paid a premium to insure the Directors and Officers of the Group. The terms of the insurance policy prevent additional disclosure. The Group is not aware of any liabilities that arose under these indemnities as at the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

During the year, Moore Australia Audit (Vic), the Company's auditor, has performed certain other services in addition to the audit and the review of the financial statements. The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with the general standards of independence of auditors imposed by the *Corporations Act 2001*.

Details of the amounts paid to the auditor of the Company, for audit and non-audit services provided during the year are set out at note 23.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 30 of the financial report.

OPTIONS AND RIGHTS

At the date of this report, the unissued ordinary shares of Credit Clear Limited under option or rights are as follows:

Grant Date	Issue	Date of Expiry	Exercise Price	Number under Option and Rights
16 Nov'18	Rights – Directors	27 Oct'27	\$0.00	2,000,000
1 Oct'20	Options – Employees	1 Oct'32	\$0.50	2,000,000
1 Oct'20	Options – Employees	1 Oct'33	\$0.55	2,000,000
1 Oct'20	Options – Employees	1 Oct'34	\$0.60	2,000,000
1 Oct'20	Options – Employees	1 Oct'35	\$0.65	2,000,000
1 Oct'20	Options – Employees	1 Oct'36	\$0.70	2,000,000
8 Oct'20	Options – Employees	8 Oct'32	\$0.50	5,610,000
8 Oct'20	Options – KMPs	8 Oct'32	\$0.50	5,000,000
8 Oct'20	Options – Directors	8 Oct'32	\$0.00	5,300,000
19 Nov'20	Options – Directors	8 Oct'32	\$0.00	1,500,000
26 Apr'21	Options – Employees	8 Oct'32	\$0.50	50,000
1 Jun'20	Options – Employees	8 Oct'32	\$0.50	730,000
14 Jun'21	Options – Employees	8 Oct'32	\$0.50	200,000
				30,390,000

Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2021, the following ordinary shares of Credit Clear Limited were issued on the exercise of options and rights granted. No further shares have been issued since year-end. No amounts are unpaid on any of the shares.

	Grant Date	Exercise Price	Number of Shares Issued
Rights – Employees	18 March 2019	\$Nil	520,000
Directors	N/A	\$Nil	Nil
			520,000

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

MEETINGS OF DIRECTORS

During the financial year, 22 meetings of directors were held. Attendances by each director during the year as follows:

	Directors' Meetings		Risk Management & Audit Committee		Technology & Strategy Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Gerd Schenkel	22	19	2	1	–	–	1	1
Christine Christian	10	9	2	2	–	–	–	–
Marcus Price	22	21	–	–	17	16	1	1
Mark Casey	22	22	–	–	–	–	1	–
Lewis Romano	22	22	–	–	16	15	–	–
Hugh Robertson	5	5	–	–	–	–	–	–
Francesco Romano	5	5	–	–	–	–	–	–

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

The remuneration policy of Credit Clear Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Group's financial results. The Board of Credit Clear Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Consolidated Group is as follows:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The recently formed remuneration committee will review KMP packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Consolidated Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. This is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which was 9.5% of the individual's average weekly ordinary time earnings (AWOTE) during the year, increasing to 10% from 1 July 2021. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse although the board has discretion to allow the KMP to retain the options.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using Credit Clear Limited shares as collateral in any financial transaction, including margin loan arrangements.

ENGAGEMENT OF REMUNERATION CONSULTANTS

During the financial year, BDO Australia was engaged by the Board to review the Option Plan elements of KMP remuneration and provide recommendations.

BDO Australia was paid \$5,500 for the remuneration recommendations relating to the review of the elements of KMP remuneration.

In order to ensure that BDO Australia work is free from undue influence by KMP, the terms of the engagement, among other matters, required BDO Australia to report its recommendations to the Chair of the Board, and not to any other members of KMP.

The Board is satisfied that the remuneration recommendations were free from undue influence by members of KMP to whom the recommendations relate.

PERFORMANCE-BASED REMUNERATION

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with incentives being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Credit Clear Limited bases the assessment on audited figures.

RELATIONSHIP BETWEEN REMUNERATION AND COMPANY PERFORMANCE

The approach to remuneration has been tailored to increase goal congruence between shareholders, directors and executives. This is done through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy was effective in increasing shareholder wealth since the Company listed on the Australian Stock Exchange.

The following table shows the gross revenue, profits and dividends for the last two years for the listed entity, as well as the share prices since listing and at the end of the 2021 financial years. The improvement in the Company's revenue over the last two years has been reflected in the Company's share price with an increase since listing. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall upwards trend in shareholder wealth since the initial public offering.

	2021 \$000	2020 \$000
Revenue	13,069	7,661
Net profit/(Loss) attributable to owners of the Parent Entity	(7,833)	(4,286)
Share price at year-end	\$0.575	n/a

DETAILS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The following table provides employment details of persons who were, during the financial year, directors or members of KMP of the Consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

	Position Held as at 30 June 2021 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance (Other than Options Issued)		Proportions of Elements of Remuneration Not Related to Performance
			Non-salary Cash-based Incentives %	Shares/ Units %	Fixed Salary/ Fees %
Non-Executive Directors					
Gerd Schenkel	Chairman		–	–	100
Christine Christian	Deputy Chair		–	–	100
Marcus Price	Non-executive		–	–	100
Mark Casey	Independent		–	–	100
Hugh Robertson	Independent		–	–	100
Executive Directors					
Frank Romano	Resigned as CEO 19 August 2020	Contract Ended	6	41	53
Lewis Romano	Executive Director	Permanent Contract	–	–	100
Group KMP					
Brenton Glaister	CEO	Permanent Contract	–	–	100
Victor Peplow	CFO	Permanent Contract	–	–	100

The employment terms and conditions of all KMP are formalised in contracts of employment.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of one months' notice prior to termination of contract. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least one months' notice.

CHANGES IN DIRECTORS AND EXECUTIVES SUBSEQUENT TO YEAR-END

On 28 July 2021, Brenton Glaister relinquished the role of CEO but is remaining with the organisation.

On 28 July 2021, David Hentschke was appointed CEO.

On 22 September 2021, Hugh Robertson was reappointed as a Director.

On 23 August 2021, Mike Von Tauschek resigned as a Company Secretary.

REMUNERATION EXPENSE DETAILS FOR THE YEAR ENDED 30 JUNE 2021

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Consolidated Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of Benefits and Payments for the Year Ended 30 June 2021

		Short-term Benefits	Post-employment Benefits	Equity-settled Share-based Payments		Total
		Salary, Fees and Leave \$	Pension and Super-annuation \$	Shares/Units \$	Options/Rights \$	Total \$
Non-Executive Directors						
Gerd Schenkel	2021	–	–	–	169,200	169,200
Christine Christian	2021	–	–	–	505,500	505,500
Marcus Price	2021	–	–	–	211,500	211,500
Mark Casey	2021	–	–	–	67,680	67,680
Hugh Robertson	2021	–	–	–	–	–
Executive Directors						
Frank Romano	2021	212,381	–	150,000	–	362,381
Lewis Romano	2021	180,000	17,100	–	150,800	347,900
Group KMP						
Brenton Glaister	2021	304,468	21,694	–	150,800	476,962
Victor Peplow	2021	230,000	21,694	–	75,400	327,094
		926,849	60,488	150,000	1,330,880	2,468,217
Non-Executive Directors						
Gerd Schenkel	2020	–	–	–	–	–
Marcus Price	2020	–	–	–	–	–
Mark Casey	2020	–	–	–	–	–
Hugh Robertson	2020	–	–	–	–	–
Executive Directors						
Frank Romano	2020	490,878	–	–	–	490,878
Lewis Romano	2020	180,000	17,100	–	–	197,100
Group KMP's						
Brenton Glaister	2020	175,383	10,501	–	–	185,884
Victor Peplow	2020	175,622	3,641	–	–	179,263
Total		1,021,883	31,242	–	–	1,053,125

Cash Bonuses, Performance-related Bonuses and Share-based Payments

The terms and conditions relating to options and bonuses granted as remuneration during the year to Directors and KMP's are as follows:

	Remuneration Type	Grant Date	Value \$	Reason for Grant (Note 1)	Percentage Vested/Paid during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments
Non-Executive Directors								
	Options	8 Oct'20	169,200		–	100	8 Oct'22	
	Options	19 Nov'20	505,500		–	100	8 Oct'22	
	Options	8 Oct'20	211,500		–	100	8 Oct'22	
	Options	8 Oct'20	67,680		–	100	8 Oct'22	
Executive Directors								
	Cash Bonus		20,000			–		
	Shares		150,000			–		
	Options	8 Oct'20	150,800		–	100	8 Oct'22	
Group KMP								
	Options	8 Oct'20	150,800		–	100	8 Oct'22	
	Options	8 Oct'20	75,400		–	100	8 Oct'22	

Note 1 Options have been granted with incentives that align with those of shareholders.

Note 19(a) Options were awarded as part of the Group's Incentive Scheme for the retention of key executives They have been granted subject to the completion of two years' continued employment with Credit Clear Limited and subject to the Company meeting a predetermined share price on the vesting date. One hundred percent of the options vest at the two year anniversary of the grant date if the target share price is met. Should the performance criteria not be met for a particular year, the options which were available for vesting for that year shall be considered forfeited.

Directors' report The dollar value of the percentage vested/paid during the period has been reflected in the Table of Benefits and Payments.

All options were issued by Credit Clear Limited and entitle the holder to one ordinary share in Credit Clear Limited for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

	Grant Details				Exercised		Lapsed	Balance at End of Year No.
	Balance at Beginning of Year	Issue Date	No.	Value \$ (Note 1)	No. (Note 2)	Value \$ (Note 3)	No. (Note 4)	
Non-Executive Directors								
Gerd Schenkel	2,000,000	8 Oct'20	2,000,000	169,200	–	–	–	4,000,000
Christine Christian	–	19 Nov'20	1,500,000	505,500	–	–	–	1,500,000
Marcus Price	–	8 Oct'20	2,500,000	211,500	–	–	–	2,500,000
Mark Casey	–	8 Oct'20	800,000	67,680	–	–	–	800,000
Executive Directors								
Lewis Romano	–	8 Oct'20	2,000,000	150,800	–	–	–	2,000,000
Group KMP								
Brenton Glaister	–	8 Oct'20	2,000,000	150,800	–	–	–	2,000,000
Victor Peplow	–	8 Oct'20	1,000,000	75,400	–	–	–	1,000,000
	2,000,000		11,800,000	1,330,880	–	–	–	13,800,000

	Vested			Unvested	
	Balance at End of Year No.	Exercisable No.	Unexercisable No.	Total at End of Year No.	Total at End of Year No.
Non-Executive Directors					
Gerd Schenkel	4,000,000	–	–	–	4,000,000
Christine Christian	1,500,000	–	–	–	1,500,000
Marcus Price	2,500,000	–	–	–	2,500,000
Mark Casey	800,000	–	–	–	800,000
Executive Directors					
Lewis Romano	2,000,000	–	–	–	2,000,000
Group KMP					
Brenton Glaister	2,000,000	–	–	–	2,000,000
Victor Peplow	1,000,000	–	–	–	1,000,000
	13,800,000	–	–	–	13,800,000

Note 1 The fair value of options granted as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

Note 2 There were no options exercised in the year 2021.

Note 3 There were no options exercised in the year 2021.

Note 4 There were no options lapsing in the year 2021.

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price \$	Value per Option at Grant Date \$	Amount Paid/Payable by Recipient \$
8 October 2020	Credit Clear Limited	5,000,000	8 October 2022	\$0.50	\$0.0754	2,500,000
8 October 2020	Credit Clear Limited	5,300,000	8 October 2022	\$0.50	\$0.0846	2,650,000
19 November 2020	Credit Clear Limited	1,500,000	8 October 2022	\$0.50	\$0.0337	750,000

Option values at grant date were determined using the Black-Scholes method.

Details relating to service and performance criteria required for vesting have been provided in the Cash Bonuses, Performance-related Bonuses and Share-based Payments table on page 27.

DIRECTOR AND KMP SHAREHOLDINGS

The number of ordinary shares in Credit Clear Limited held by each Director and KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Non-Executive Directors					
Gerd Schenkel	166,667	–	–	35,000	201,667
Christine Christian	–	–	–	833,334	833,334
Marcus Price	–	–	–	833,334	833,334
Mark Casey	30,840,323	–	–	100,000	30,940,323
Executive Directors					
Lewis Romano	5,005,223	–	–	–	5,005,223
KMP					
Brenton Glaister	4,180,340	–	–	–	4,180,340
Victor Peplow	240,000	–	–	260,000	500,000
	40,432,553	–	–	2,061,668	42,494,221

OTHER EQUITY-RELATED KMP TRANSACTIONS

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

OTHER TRANSACTIONS WITH KMP AND/OR THEIR RELATED PARTIES

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors:



Lewis Romano, Director

Dated this 30 day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION



Moore Australia Audit (VIC)
Level 18, 530 Collins Street
Melbourne Victoria 3000
T +61 3 9608 0100
Level 1, 219 Ryrie Street
Geelong Victoria 3220
T +61 3 5215 6800
victoria@moore-australia.com.au
www.moore-australia.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CREDIT CLEAR LIMITED & CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "Moore Australia".

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

A handwritten signature in black ink that reads "George S Dakis".

GEORGE S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

30 September 2021

Moore Australia Audit (VIC) - ABN 16 847 721 257.
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated Group	
		2021 \$000	2020 \$000
Revenue	3a	10,980	6,474
Other income	3b	2,089	1,187
Employee benefits expense		(9,064)	(5,256)
Finance costs		(152)	(83)
Share based expenses		(1,075)	(195)
Other expenses	4c	(8,374)	(5,185)
EBITDA		(5,596)	(3,058)
Depreciation and amortisation expense	4a	(2,361)	(1,207)
EBIT		(7,957)	(4,265)
Interest received	3c	17	1
Interest expense	4b	(79)	(22)
Loss before income tax		(8,019)	(4,286)
Income tax	16	-	-
Net Loss for the year		(8,019)	(4,286)
Total comprehensive income for the year		(8,019)	(4,286)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	25	(\$0.038)	(\$0.026)
Diluted earnings per share (cents)	25	(\$0.038)	(\$0.026)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Consolidated Group	
		2021 \$000	2020 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	10,747	2,190
Trust funds	7	654	533
Trade and other receivables	8	2,963	1,987
Other assets	10	395	178
TOTAL CURRENT ASSETS		14,759	4,888
NON-CURRENT ASSETS			
Property, plant and equipment	11	138	48
Financial Assets	9	327	243
Intangible assets	12	6,044	7,279
Right of use assets	13	1,060	1,399
TOTAL NON-CURRENT ASSETS		7,569	8,969
TOTAL ASSETS		22,328	13,857
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,821	1,766
Lease liabilities	13	591	591
Other liabilities	15	1,321	1,157
Provisions	17	1,546	562
TOTAL CURRENT LIABILITIES		5,279	4,076
NON-CURRENT LIABILITIES			
Lease liabilities	4, 13	508	815
Provisions	17	194	93
TOTAL NON-CURRENT LIABILITIES		702	908
TOTAL LIABILITIES		5,981	4,984
NET ASSETS		16,347	8,873
EQUITY			
Issued capital	18	35,747	21,179
Reserves	19	1,120	195
Accumulated Losses	20	(20,520)	(12,501)
TOTAL EQUITY		16,347	8,873

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Ordinary Share Capital \$000	Retained Earnings \$000	Reserves \$000	Total \$000
Balance at 1 July 2019		10,530	(8,214)	–	2,316
Comprehensive income					
Loss for the year		–	(4,287)	–	(4,287)
Total comprehensive income for the year		–	(4,287)	–	(4,287)
Transactions with owners, in their capacity as owners, and other transfers					
Transaction costs		(476)	–	–	(476)
Share based payments		–	–	195	195
Shares issued during the period		11,125	–	–	11,125
Total transactions with owners and other transfers		10,649	–	195	10,844
Balance at 30 June 2020		21,179	(12,501)	195	8,873
Balance at 1 July 2020		21,179	(12,501)	195	8,873
Comprehensive income					
Loss for the year		–	(8,019)	–	(8,019)
Total comprehensive income for the year		–	(8,019)	–	(8,019)
Transactions with owners, in their capacity as owners, and other transfers					
Transaction costs		(922)	–	–	(922)
Share based payments		150	–	925	1,075
Shares issued during the period		15,340	–	–	15,340
Total transactions with owners and other transfers		14,568	–	925	15,493
Balance at 30 June 2021		35,747	(20,520)	1,120	16,347

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated Group	
		2021 \$000	2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,421	6,018
Payments to suppliers and employees		(16,066)	(9,392)
Finance costs		(6)	(63)
Government stimulus payments received		1,248	752
R&D tax incentive received		435	492
Income tax paid		–	–
Net cash generated by operating activities	28a	(3,968)	(2,193)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11a	(134)	(12)
Payment for purchase of business	15	(284)	(5,000)
Capitalised development costs		(437)	(243)
Net cash (used in)/generated by investing activities		(855)	(5,255)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		14,079	8,524
Repayment of borrowings other		(84)	(163)
Repayment of lease liabilities	13b	(613)	(234)
Net cash provided by/(used in) financing activities		13,382	8,127
Net increase in cash and cash equivalents		8,559	679
Cash acquired from business combination		–	36
Cash and cash equivalents at the beginning of financial year		2,189	1,474
Cash and cash equivalents at the end of financial year	6	10,748	2,189

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

The consolidated financial statements and notes represent those of Credit Clear Limited and Controlled Entities (the Group).

The financial statements were authorised for issue on 18 August 2021 by the directors of Credit Clear Limited.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Credit Clear Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

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

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances 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*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and 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 disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

b. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year. Deferred tax assets for unused tax losses have not been recognised.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from 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).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

To the extent that uncertainty exists as it relates to the acceptability by a taxing authority of the company's tax treatments, the company estimates the probability of acceptance by the taxing authority and, where acceptance is not probable, recognises the expected value of the uncertainty in either income tax expense or other comprehensive income, as appropriate.

Tax consolidation

The company and its wholly-owned Australian resident entities intend to form a tax-consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Credit Clear Limited. The members of the tax-consolidated Group are identified in Note 26. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised

by the Company (as head entity in the tax-consolidated Group). Due to the expected tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

c. Fair Value of Assets and Liabilities

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

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(m) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant & equipment	2.5% – 25%
Office equipment	20% – 50%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Leases (the Group as lessee)

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

f. Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder’s contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred;
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the simplified approach.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h. Intangible Assets Other than Goodwill

Trademarks and licences

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives.

Computer software

Computer software is recorded at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

Customer contracts

Customer contracts obtained as part of the Credit Solutions acquisition were independently valued by an external accounting firm at the time of their purchase. Their carrying value has been amortising since being acquired and will be fully amortised over a 5 year period.

Capitalised Development Expenditure

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the group is able to use or sell the asset; the group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

i. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

j. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of:

- the date when the Group can no longer withdraw the offer for termination benefits; and
- when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits.

In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

m. 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 and 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 are 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.

Revenue recognition

Revenue generated by the Group is categorised into the following reportable segments:

- Receivable collections
- Legal services.

See Note 2 for detailed disclosures on reportable segments.

Receivable Collections

Represents the provision of receivable collection services using a combination of technology solutions as well as traditional collection methods. Revenue is recognised on either a service rendered basis or in accordance with contracted fees over time.

Legal Services

Legal Services: provides specialised credit legal services, which when combined with the Receivables Collections business, allows Credit Clear to provide a full service end to end offering for its clients. Revenue is recognised on a time and materials basis.

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

o. Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

p. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

r. Rounding of Amounts

The Parent Entity has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts in the financial statements have been rounded off to the nearest \$1,000.

s. Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time during the financial year. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

New accounting standards and interpretations not yet mandatory or early adopted

Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group does not expect the adoption of these standards to have any impact on the reported position or performance of the Group.

t. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for receivable collections activity based in Australia, growth rates of 30% on average have been factored into valuation models for the next 5 years on the basis of management's expectations regarding the Group's continued ability to capture market share from competitors. Cash flow growth rates of 10% subsequent to this period have been used. The rates used incorporate an allowance for inflation. Pre-tax discount rates of 14.8% have been used in all models. Property, plant and equipment are considered to be sensitive to these assumptions and are carried in the statement of financial position at a written-down value of \$137,899.

No impairment has been recognised in respect of goodwill at the end of the reporting period. Should the projected revenue figures be outside 15% of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying amount of \$6,044,000.

Key judgements

(i) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

(ii) Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the entity will make. The Group determines the likelihood to exercise on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

(iii) Provision for expected credit losses

Included in trade receivables at the end of the reporting period are amounts which are considered to be doubtful. Therefore, a provision for expected credit losses amounting to \$84,349 has been made.

(iv) Technology Development

The Group capitalises expenditure relating to technology development in relation to its digital collection system where it is considered likely to be recoverable from associated activity in future periods. Such capitalised expenditure is carried at the end of the reporting period at \$436,832.

(v) Uncertainty over tax provision

The company has used its best estimate in instances where accounting for income tax treatments that have yet to be accepted by tax authorities, in scenarios where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept an entity's tax treatment.

(vi) Provision for legal dispute

The contingent liability/contingent asset as disclosed in the 30 June 2020 annual report was settled during the financial year. The Group is currently in negotiations with its related party with regards to the Group's contribution to the settlement. At the reporting date an estimate of \$650,000 has been made by the group as disclosed in note 17.

NOTE 2: OPERATING SEGMENTS

a. General Information

Identification of reportable segments

The group has identified its operating segments to be the two major areas of services provided to customers; Receivable Collections and Legal Services.

Receivable Collections: represents the provision of receivable collection services using a combination of technology solutions as well as traditional collection methods.

Legal Services: provides specialised credit legal services, which when combined with the Receivables Collections business, allows Credit Clear to provide a full service end to end offering for its clients.

Head Office is not an operating segment, it represents Group overheads, corporate head office, Group tax balances, financing, payroll and treasury functions.

Revenue Categorisation

Revenue is generated by the Group and is categorised into the reportable segments disclosed below. Sales to external customers are recognised when the performance obligations are delivered over time. Once a contract has been entered into, the Group has an enforceable right to payment for work completed to date. Therefore, revenue is recognised over time. Additional billings are recognized when the performance obligations are delivered over time and are included within the sales to external customers.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

b. Basis of Accounting for Purposes of Reporting by Operating Segments

Intersegment transactions

Internal transfer pricing is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs and are on commercial terms.

c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature.

d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and other liabilities with a direct nexus to the liability.

Segment information

(i) Segment performance

	Collections \$000	Legal Services \$000	Head Office \$000	Total \$000
30 June 2021				
Revenue				
External sales	8,383	2,597	–	10,980
Other income	841	–	1,248	2,089
Total segment revenue	9,224	2,597	1,248	13,069
EBITDA	(2,040)	39	(3,595)	(5,596)
Depreciation and amortisation	–	–	(2,361)	(2,361)
Interest revenue	–	–	17	17
Interest expense	–	–	(79)	(79)
Segment net profit/(loss) before tax	(2,040)	39	(6,018)	(8,019)
Tax expense	–	–	–	–
Net loss after tax	(2,040)	39	(6,018)	(8,019)

	Collections \$000	Legal Services \$000	Head Office \$000	Total \$000
30 June 2020				
Revenue				
External sales	5,070	1,404	–	6,474
Other income	435	–	752	1,187
Total segment revenue	5,505	1,404	752	7,661
EBITDA	(1,754)	3	(1,307)	(3,058)
Depreciation and amortisation	–	–	(1,207)	(1,207)
Interest revenue	–	–	1	1
Interest expense	–	–	(22)	(22)
Segment net profit/(loss) before tax	(1,754)	3	(2,535)	(4,286)
Tax expense	–	–	–	–
Net loss after tax	(1,754)	3	(2,535)	(4,286)

(ii) Segment assets

	Collections \$000	Legal Services \$000	Head Office \$000	Total \$000
30 June 2021				
Segment assets	3,736	285	18,307	22,328
30 June 2020				
Segment assets	1,764	414	11,679	13,857

(iii) Segment liabilities

	Collections \$000	Legal Services \$000	Head Office \$000	Total \$000
30 June 2021				
Segment liabilities	3,935	597	1,449	5,981
30 June 2020				
Segment liabilities	2,276	677	2,031	4,984

NOTE 3: REVENUE AND OTHER INCOME

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

	Note	2021 \$000	2020 \$000
Continued operations			
Revenue from contracts with customers	3a	10,980	6,474
Other income	3b	2,089	1,187
Total revenue		13,069	7,661
Interest received	3c	17	1

a. Disaggregated revenue

The Group has disaggregated revenue into various categories in the following table. The revenue is disaggregated by geographical market, products/service lines and timing of revenue recognition.

Year to 30 June 2021	Collections		Legal Services		Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Geographical markets						
Australia	8,341	5,070	2,598	1,404	10,939	6,474
New Zealand	41	–	–	–	41	–
	8,383	5,070	2,598	1,404	10,980	6,474

Timing of revenue recognition

Products and services transferred to customers over time.

b. Other income

	Note	2021 \$000	2020 \$000
ATO JobKeeper payments		1,156	627
ATO cashflow boost and govt grants		92	125
R&D Tax Incentive		841	435
Total other income		2,089	1,187

c. Interest received

	Note	2021 \$000	2020 \$000
Interest received		17	1
Total interest received		17	–

NOTE 4: EXPENSES

Profit before income tax from continuing operations includes the following specific expenses:

a. Depreciation and amortisation

		Consolidated Group	
	Note	2021 \$000	2020 \$000
Depreciation		44	21
Amortisation:			
– right of use asset		645	221
– intangibles		1,672	965
Total depreciation and amortisation		2,361	1,207

b. Interest expense

		Consolidated Group	
	Note	2021 \$000	2020 \$000
– lease liabilities		71	19
– other		8	3
		79	22

c. Other expenses

		Consolidated Group	
	Note	2021 \$000	2020 \$000
Technology expenses		1,158	772
Consultant fees		1,406	1,177
Legal fees – General		341	620
IPO fees		608	–
Legal settlement and related fees		836	–
Other		4,025	2,616
		8,374	5,185

NOTE 5: TAX EXPENSE

	Note	Consolidated Group	
		2021 \$000	2020 \$000
a. The components of tax expense/(benefit) comprise:			
Current tax		(1,515)	(772)
Deferred tax		631	303
		(884)	(469)
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2020: 27.5%)		(2,004)	(1,179)
Add:			
Tax effect of:			
– Employee superannuation		17	24
– Employee provisions		119	152
– Accrued expenses		(26)	127
– Non-deductible expenses		1,082	675
		1,192	978
Less:			
Tax effect of:			
– Non assessable income		(21)	(137)
– Share issue expense		(51)	(131)
Current year losses not recognised		884	469
Income tax attributable to entity		–	–

NOTE 6: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2021 \$000	2020 \$000
Cash at bank and on hand		7,747	2,190
Short-term bank deposits		3,000	–
		10,747	2,190

The effective interest rate on short-term bank deposits was 0.59%; these deposits have an average maturity of 365 days, however, they are able to be liquidated at short notice.

Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	Consolidated Group	
		2021 \$000	2020 \$000
Cash and cash equivalents		10,747	2,190
		10,747	2,190

NOTE 7: TRUST FUNDS

	Note	Consolidated Group	
		2021 \$000	2020 \$000
Trust funds held		654	533
		654	533

As part of the collection's operation, funds received are held in trust on behalf of clients.

NOTE 8: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2021 \$000	2020 \$000
CURRENT			
Trade receivables		2,078	1,198
Provisions for expected credit loss		(84)	(1)
		1,994	1,197
Other receivables		128	355
R&D Tax Incentive		841	435
		969	790
Total current trade and other receivables		2,963	1,987

Trade receivables are non-interest bearing ranging from 15 to 45 day terms. An impairment loss is recognised based on an expected credit loss model. The Group assesses the expected credit loss based on individual debtor level expectations relative to credit terms. The Group assesses the expected credit loss based on individual debtor level expectations relative to credit terms.

Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2021 is determined as follows, the expected credit losses incorporate forward looking information.

30 June 2021	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	0.64	0.28	0.00	51.37	4.04
Gross carrying amount (\$)	1,559	358	19	142	2,078
ECL provision	10	1	–	73	84

30 June 2020	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	–	–	–	1.4	0.08
Gross carrying amount (\$)	839	258	29	72	1,198
ECL provision	–	–	–	1	1

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

NOTE 9: FINANCIAL ASSETS

The Group has recognised the following financial assets:

	Note	Consolidated Group	
		2021 \$000	2020 \$000
NON-CURRENT			
Term deposits held		327	243
		327	243

NOTE 10: OTHER ASSETS

	Note	Consolidated Group	
		2021 \$000	2020 \$000
CURRENT			
Prepayments		391	175
Other		4	3
		395	178

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2021 \$000	2020 \$000
Office equipment:		
At cost	94	66
Accumulated depreciation	(52)	(35)
	42	31
Computer equipment:		
At cost	179	72
Accumulated depreciation	(83)	(55)
	96	17
Total property, plant and equipment	138	48

a. Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated Group:	Computer Equipment \$000	Office Equipment \$000	Total \$000
Balance at 1 July 2019	22	29	51
Additions	8	5	13
Disposals	–	–	–
Acquisitions through business combinations		6	6
Depreciation expense	(13)	(9)	(22)
Balance at 30 June 2020	17	31	48
Balance at 1 July 2020	17	31	48
Additions	106	28	134
Disposals	–	–	–
Depreciation expense	(27)	(17)	(44)
Balance at 30 June 2021	96	42	138

NOTE 12: INTANGIBLE ASSETS

Consolidated Group:	Capitalised Development Expenditure \$000	Goodwill \$000	Brand Names \$000	Customer Contracts \$000	Total \$000
Year ended 30 June 2020					
Additions	–	1,536	400	6,308	8,244
Amortisation charge	–	–	–	(965)	(965)
	–	1,536	400	5,343	7,279
Year ended 30 June 2021					
Balance at the beginning of the year	–	1,536	400	5,343	7,279
Internal development	437	–	–	–	437
Amortisation charge	(65)	–	–	(1,607)	(1,672)
Closing value at 30 June 2021	372	1,536	400	3,736	6,044

Impairment disclosures

Intangible assets are allocated to cash-generating units which are based on the Group's reporting segments:

	2021 \$000	2020 \$000
Capitalised Development Costs	372	–
Receivable collections	5,672	6,766
Legal services	–	513
Total	6,044	7,279

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five-year period with the period extending beyond five years extrapolated using an estimated growth rate. The cash flows are discounted using the yield of a five-year weighted average cost of capital (WACC) at the beginning of the budget period. A growth rate of 48% was used for FY22, 27% for FY23 and FY24 and 23% for FY25 and FY26. A pre-tax weighted average cost of capital rate of 14.8% was also used in the calculation.

The following key assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate
Receivable collections	30%	14.8%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

NOTE 13: RIGHT OF USE ASSETS

The Group's lease portfolio relates to offices. These leases have an average of 2 years as their lease term.

The option to extend are contained in several of the property leases of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All the extension options are only exercisable by the Group.

a) AASB 16 related amounts recognised in the balance sheet

Right of use assets

	2021 \$000	2020 \$000
Leased office premises	1,659	1,620
Accumulated depreciation	(599)	(221)
Total Right of use asset	1,060	1,399
Movement in carrying amounts:		
Leased office premises:		
Opening net carrying amount	1,399	–
Additions, exercise of lease extension options	345	1,620
Disposals	(39)	–
Amortisation expense	(645)	(221)
Net carrying amount	1,060	1,399

b) AASB 16 related amounts recognised in the statement of profit or loss

	2021 \$	2020 \$
Amortisation charge related to right-of-use assets	645	221
Interest expense on lease liabilities	71	19

	2021 \$000	2020 \$000
Total cash outflows for leases	613	234

	2021 \$000	2020 \$000
Lease Liabilities		
Current	591	591
Non-current	508	815

NOTE 14: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2021 \$000	2020 \$000
CURRENT			
Unsecured liabilities:			
Trade payables		730	531
Sundry payables and accrued expenses		1,091	1,151
Amounts payable to related parties	30b	–	84
		1,821	1,766

NOTE 15: OTHER CURRENT LIABILITIES

	Note	Consolidated Group	
		2021 \$000	2020 \$000
Contingent consideration	26b	–	340
Deferred consideration		–	284
Trust fund liabilities		654	533
Unearned revenue		667	–
		1,321	1,157

Contingency consideration in relation to the Credit Solution acquisition was settled in the form of shares in the Company during the financial year. A final cash payment of \$284,000 was also made to the vendors of Credit Solutions Pty Ltd.

NOTE 16: TAX

	Consolidated Group	
	2021 \$000	2020 \$000
CURRENT		
Income tax payable	–	–

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

- temporary differences \$1,444,431 (2020: \$328,863)
- tax losses: operating losses \$2,708,004 (2020: \$2,053,729).

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility set out in Note 1(b) occur. These amounts have no expiry date.

NOTE 17: PROVISIONS

Analysis of total provisions

	Consolidated Group	
	2021 \$000	2020 \$000
Current		
Annual leave	692	347
Long service leave	204	215
Legal dispute provision	650	–
	1,546	562
Non-current		
Long service leave	194	93
	1,740	655

	Movement in Provisions \$000	Total \$000
Consolidated Group		
Opening balance at 1 July 2020	655	655
Additional provisions	1,492	1,492
Amounts used	(398)	(398)
Unused amounts reversed	(9)	(9)
Balance at 30 June 2021	1,740	1,740

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(j).

NOTE 18: ISSUED CAPITAL

	Consolidated Group	
	2021 \$000	2020 \$000
225,686,746 (2020: 180,409,603) fully paid ordinary shares	35,747	21,179
	35,747	21,179

	Consolidated Group	
	2021 No.	2020 No.
a. Ordinary Shares		
At the beginning of the reporting period	180,409,603	144,200,000
Shares issued during the year:		
– 19 December 2019	–	36,209,603
– 18 August 2020	1,360,000	–
– 19 August 2020	560,000	–
– 20 August 2020	500,000	–
– 27 October 2020	42,857,143	–
At the end of the reporting period	225,686,746	180,409,603

On 27 October 2020 the Group issued 42,857,143 ordinary shares at \$0.35 each to shareholders who participated in the initial public offering.

Ordinary shares participate in dividends and the proceeds on winding-up of the Parent Entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

b. Options

- (i) For information relating to the Credit Clear Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 22.
- (ii) For information relating to share options issued to key management personnel during the financial year, refer to Note 22.

c. Capital Management

Management controls the capital of the Group to maintain adequate equity in the business, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital and is supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Other than the initial public offering undertaken in October 2020, there have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 19: RESERVES

a. Share based payments reserve

The share based payments reserve records items recognised as expenses on valuation of employee share options/rights.

	Note	Consolidated Group	
		2021 \$000	2020 \$000
Opening balance		195	–
Options/rights granted		925	195
Closing balance		1,120	195

Options and Rights on issue 30 June 2021

Issue	Expiry Date	Exercise Price	Opening Balance 1 July 2020	Issued	Exercised	Lapsed	Closing Balance 30 June 2021
Rights – Employees	27 Oct'27	\$0.00	520,000	–	520,000	–	–
Rights – Service Providers	27 Oct'21	\$0.00	40,000	–	40,000	–	–
Rights – Directors	27 Oct'27	\$0.00	2,000,000	–	–	–	2,000,000
Options – KMP's	8 Oct'32	\$0.50	–	5,000,000	–	–	5,000,000
Options – Employees	8 Oct'32	\$0.50	–	6,590,000	–	–	6,590,000
Options – Employees	1 Oct'32	\$0.50	–	2,000,000	–	–	2,000,000
Options – Employees	1 Oct'32	\$0.55	–	2,000,000	–	–	2,000,000
Options – Employees	1 Oct'33	\$0.60	–	2,000,000	–	–	2,000,000
Options – Employees	1 Oct'34	\$0.65	–	2,000,000	–	–	2,000,000
Options – Employees	1 Oct'35	\$0.70	–	2,000,000	–	–	2,000,000
Options – Directors	8 Oct'32	\$0.00	–	6,800,000	–	–	6,800,000
			2,560,000	28,390,000	560,000	–	30,390,000

Options and Rights on issue 30 June 2020

Issue	Expiry Date	Exercise Price	Opening Balance 1 July 2019	Issued	Exercised	Lapsed	Closing Balance 30 June 2020
Rights – Employees	27 Oct'27	\$0.00	520,000	–	–	–	520,000
Rights – Service Providers	27 Oct'21	\$0.00	40,000	–	–	–	40,000
Rights – Directors	27 Oct'21	\$0.00	2,000,000	–	–	–	2,000,000
			2,560,000	–	–	–	2,560,000

NOTE 20: ACCUMULATED LOSSES

	Note	Consolidated Group	
		2021 \$000	2020 \$000
Accumulated losses at the beginning of the financial year		(12,501)	(8,214)
Loss after income tax expense for the year		(8,019)	(4,287)
Accumulated losses at the end of the financial year		(20,520)	(12,501)

NOTE 21: PARENT INFORMATION

The parent entity is Credit Clear Limited and a list of subsidiaries can be found at note 26.

The following information has been extracted from the books and records of the financial information of the Parent Entity set out below and has been prepared in accordance with Australian Accounting Standards.

	2021 \$000	2020 \$000
Statement of Financial Position		
ASSETS		
Current assets	14,727	4,482
Non-current assets	7,124	8,720
TOTAL ASSETS	21,851	13,202
LIABILITIES		
Current liabilities	4,854	3,404
Non-current liabilities	690	903
TOTAL LIABILITIES	5,544	4,307
EQUITY		
Issued capital	35,747	21,179
Accumulated Losses	(20,560)	(12,479)
Option reserve	1,120	195
TOTAL EQUITY	16,307	8,895

	2021 \$000	2020 \$000
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(8,081)	(4,265)
Total comprehensive income	(8,081)	(4,265)

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2021.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2021 \$000	2020 \$000
Short-term employee benefits	927	1,022
Long-term benefits	60	31
Share-based payments	1,481	–
Total KMP compensation	2,468	1,053

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

These amounts include compulsory superannuation contributions.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

Share-based Payments

- a. Credit Clear Limited has in place two share option offers:

Key management personnel and employee share options

The number available to be granted is determined by the Board, based on performance measures.

Additionally, options are granted subject to continued employment with Credit Clear Limited and subject to the vesting share price being achieved on the vesting date. The options vest fully at the two-year anniversary of the grant date if the vesting price is achieved on the vesting date.

Should the performance criteria not be met for a particular year, the portion of the options which were available for vesting for that year shall be considered forfeited.

Non-Executive Directors share options

Terms of options issued to non-executive directors are the same as for key management and employees, except that they do not have a vesting share price to be achieved. This is consistent with ASX guidelines to promote effective long-term decisions for the company.

- b. During the year, 21,590,000 share options were granted to employees under the Credit Clear Limited Employee Share Option Scheme to take up ordinary shares at an exercise price of \$0.50 each. The options are exercisable on 8 October 2022 if the vesting price is achieved. The options hold no voting or dividend rights and are not transferable.
- c. Options granted to key management personnel are as follows:

Grant Date	Number
8 October 2020	10,300,000
19 November 2020	1,500,000
	11,800,000

The options vest fully at the two-year anniversary of the grant date if the vesting price is achieved on the vesting date. Further details of these options are provided in the directors' report. The options hold no voting or dividend rights but have been listed. The options lapse when a KMP ceases their employment with the Group. No options vested with key management personnel during the year. There were 520,000 rights which vested during the year (2020: Nil).

d. A summary of the movements of all options and rights issued is as follows:

	Number	Weighted Average Exercise Price
Options and Rights outstanding as at 1 July 2019	2,000,000	\$0.00
Granted	–	–
Forfeited	–	–
Exercised	–	–
Expired	–	–
Options and rights outstanding as at 30 June 2020	2,000,000	\$0.00

	Number	Weighted Average Exercise Price
Options and Rights outstanding as at 1 July 2020	2,000,000	\$0.00
Granted	11,800,000	\$0.50
Forfeited	–	–
Exercised	–	–
Expired	–	–
Options and rights outstanding as at 30 June 2021	13,800,000	\$0.43
Options exercisable as at 30 June 2021	–	–
Options exercisable as at 30 June 2020	–	–

The weighted average remaining life of options outstanding at year-end was 1.25 years. The weighted average exercise price of outstanding shares at the end of the reporting period was \$0.43.

The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was \$0.08 (2020: \$Nil). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	\$0.50
Weighted average life of the option:	2 years
Expected share price volatility:	62%
Risk-free interest rate:	0.27%

The share price has also been used as inputs into the Black-Scholes Valuation model in order to determine the fair value of share options granted.

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the options is based on expected exercise patterns, which may not eventuate in the future.

e. There were 500,000 shares granted to key management personnel as share-based payments during the year (2020: nil).

Included under employee benefits expense in the statement of profit or loss is \$150,000 which relates to equity-settled share-based payment transactions (2020: \$Nil).

NOTE 23: AUDITOR'S REMUNERATION

	Consolidated Group	
	2021 \$	2020 \$
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	80,000	32,000
– taxation return services	1,900	1,900
– due diligence services	103,485	85,000
– other taxation services	14,500	–
	199,885	118,900

NOTE 24: DIVIDENDS

There were no dividends paid, recommended, or declared during the current or previous financial year.

NOTE 25: EARNINGS PER SHARE

	Consolidated Group	
	2021 \$000	2020 \$000
Loss after income tax attributable to the owners of Credit Clear Limited	(8,019)	(4,286)

	No.	No.
Weighted average number of ordinary shares used in calculating basic earnings per share	210,576,848	165,231,331
Weighted average number of ordinary shares used in calculating diluted earnings per share	210,576,848	165,231,331

	Cents	Cents
Basic earnings per share	\$0.038	\$0.026
Diluted earnings per share	\$0.038	\$0.026

Share options are considered to be potential ordinary shares but were anti-dilutive in nature for the 30 June 2021 financial year and were not included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

NOTE 26: INTERESTS IN SUBSIDIARIES

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2021 %	2020 %
Credit Clear International Pty Ltd	Australia	100	100
Oakbridge Lawyers Pty Ltd	Australia	100	100
Wired Payments Pty Ltd	Australia	100	100

b. Acquisition of Controlled Entities – Prior Year Acquisition

On 01 December 2019, Credit Clear Pty Ltd (parent entity) entered into a business and share sale agreement to acquire the business of Credit Solutions Pty Ltd & controlled entities (Credit Solutions Group), in addition to obtaining a 100% interest in Oakbridge Lawyers Pty Ltd. This resulted in Credit Clear Pty Ltd acquiring the assets and assumed liabilities of Credit Solutions Group in addition to obtaining control of Oakbridge Lawyers Pty Ltd.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	31 Dec 2019 Provisional Acquired Fair Value \$	Adjustments Fair Value \$	30 June 2020 Final Fair Value \$
Purchase consideration:			
– Cash	5,000,000	–	5,000,000
– Net cash balance payable	316,610	(32,187)	284,423
– Contingent consideration	850,000	(510,000)	340,000
Shares issued in Credit Clear Pty Ltd	2,125,000	–	2,125,000
Total purchase consideration	8,291,610	(542,187)	7,749,423
Assets or liabilities acquired:			
Cash	36,188	–	36,188
Trust fund deposits	276,471	–	276,471
Trade receivables	250,677	–	250,677
Other assets	80,819	–	80,819
Plant and equipment	5,959	–	5,959
Right of Use Asset	613,045	–	613,045
Deferred tax asset	89,310	(89,310)	–
Trade payables	(170,818)	(32,877)	(203,695)
Sundry payables and accrued expenses	(258,058)	–	(258,058)
Employee provisions Credit Solutions	(297,700)	(45,980)	(343,680)
Employee provisions Oakbridge Lawyers	(35,648)	(9,018)	(44,666)
Borrowings	(17,778)	–	(17,778)
Trust liabilities	(276,471)	–	(276,471)
Lease Liability	(613,045)	–	(613,045)
Identifiable assets acquired and liabilities assumed	(317,049)	(177,185)	(494,234)
Purchase consideration	8,291,610	(542,187)	7,749,423
Add: Identifiable liabilities acquired	(317,049)	(177,185)	(494,234)
Intangible Assets Acquired	8,608,659	(365,002)	8,243,657

The net assets recognised in the 31 December 2019 half year financial statements was based on a provisional fair value assessment. The final assessment had not been completed by the date the 31 December 2019 financial statements were approved for issue by the Board. The fair value assessment has now been finalised and therefore the 30 June 2020 figures shown above have been updated to reflect adjustments to the provisional amounts.

The Group undertook a valuation to calculate the identifiable intangible assets acquired on acquisition of Credit Solutions Group and Oakbridge Lawyers Pty Ltd on 1/12/2019. Following provisional accounting adjustments made in which were finalised at 30 June 2020, the Group's intangible asset balances before amortisation are as follows:

Customer Contracts	= \$6,308,000
Brands	= \$400,000
Goodwill	= \$1,535,657
Intangible Assets Acquired	= \$8,243,657

Contingent consideration

In accordance with the terms of the Credit Solutions acquisition, in the event that Credit Solutions & controlled entities achieved an FY20 revenue result between \$16.2m and \$19.8m, the Group agreed to pay the selling shareholders contingent consideration up to a maximum of \$1.7m. Subsequent to the acquisition there was a reassessment of the conditions present at the date of acquisition which resulted in a reduction in the contingent consideration to \$340k. This payment was made via an issue of shares in the company during the FY21 financial year.

NOTE 27: CONTINGENT LIABILITIES

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) (together the McKendrick parties) 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 (together the Defendants). 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 proceedings are now at a stage where the McKendrick parties have filed a more substantive pleading in the form of Points of Claim and the Defendants have filed a defence in the form of Points of Defence. By summons filed on 25 November 2020, the Defendants sought security for costs from ACN 604 594 621 Pty Ltd. On 21 May 2021, the Court determined that an order for security for costs should be granted and invited the parties to provide further written submission in relation to quantum.

As at 30 September 2021, judgement has been received in relation to the quantum of costs to be secured.

The next return date has not yet been fixed by the Court.

NOTE 28: CASH FLOW INFORMATION

	Consolidated Group	
	2021 \$000	2020 \$000
a. Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
Loss after income tax	(8,019)	(4,286)
Non-cash flows in loss:		
– Amortisation of intangible assets	1,672	964
– Amortisation on right of use assets	645	221
– depreciation	44	22
– Interest expense on lease liability	–	19
– Share based payments	1,075	195
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and term receivables	(1,256)	(457)
– (increase)/decrease in current tax receivable	(406)	57
– (increase)/decrease in other assets	(217)	(105)
– (decrease)/increase in trade payables and accruals	1,325	945
– (decrease)/increase in provisions and reserves	1,169	230
Net cash generated by/(used in) operating activities	(3,968)	(2,193)

b. Changes in Liabilities arising from Financing Activities

	1 July 2020 \$000	Cash flows	Non-cash changes	30 June 2021 \$000
			Additional Office leases	
Short term borrowings	84	(84)	–	–
Lease liabilities	1,406	(613)	306	1,099
Total	1,490	(697)	306	1,099

NOTE 29: EVENTS AFTER THE REPORTING PERIOD

On 28 July 2021, David Hentschke was appointed CEO. On the same day, the former CEO, Brenton Glaister, relinquished his position but is remaining with the organisation.

On 22 September 2021, Hugh Robertson was reappointed as a Director.

On 23 August 2021, Mike Von Tauschek resigned as Company Secretary.

The COVID-19 pandemic has created unprecedented uncertainty in the economic environment. This has had an adverse effect on revenue during the year, particularly in the first half. Actual economic events and conditions in future may be materially different from those estimated by the Company at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the Company. At the date of the annual report an estimate of the future effects of the COVID-19 pandemic on the Company cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 30: RELATED PARTY TRANSACTIONS

a. Related parties

The Group's main related parties are as follows:

(i) Entities exercising control over the Group:

The ultimate Parent Entity that exercises control over the Group is Credit Clear Limited, which is incorporated in Australia.

(ii) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 22.

(iii) Other related parties:

Other related parties include entities controlled by the ultimate Parent Entity and entities over which key management personnel have joint control.

b. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Consolidated Group	
	2021 \$	2020 \$
(i) Casey Consulting Services Pty Ltd		
Accounts Payable to Casey Consulting Services Pty Ltd	–	85
Provision payable	650	–
Occupancy Expenses paid by the Group	–	140
Consulting Services paid by the Group	–	206
Office lease recoveries by the Group	201	–
(ii) Credit Solutions Pty Ltd		
Related party payable to Credit Solutions Pty Ltd	–	84
(iii) Remitter International Inc		
License fees received by Remitter International Inc	300	300
License fees receivable by Remitter International Inc	75	75

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 31: FINANCIAL RISK MANAGEMENT

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their values.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

Financial Risk Management Policies

The Risk and Audit Committee (RAC) has been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The RAC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, foreign currency risk, liquidity risk, and interest rate risk. The RAC meets on quarterly basis and updates are provided to the Board as a standing agenda item.

The RAC's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

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

a. Credit risk

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

Credit risk is managed through the maintenance of procedures (such as the monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 45 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the RAC has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to Australia given the substantial operations in that country. Details with respect to credit risk of trade and other receivables are provided in Note 12.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 12.

Credit risk related to balances with banks and other financial institutions is managed by the RAC in accordance with board approvals where required. Such policy requires that surplus funds are only invested with counterparties with a high credit rating.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Financial liabilities due for payment								
Trade and other payables	1,821	1,766	–	–	–	–	1,821	1,766
Lease liabilities	591	591	508	815	–	–	1,099	1,406
Total expected outflows	2,412	2,357	508	815	–	–	2,920	3,172
Financial assets – cash flows realisable								
Cash and cash equivalents	10,747	2,190	–	–	–	–	10,747	2,190
Trade and receivables	2,963	1,987	–	–	–	–	2,963	1,987
Term deposits held	327	243	–	–	–	–	327	243
Total anticipated inflows	14,037	4,420	–	–	–	–	14,037	4,420
Net (outflow)/inflow on financial instruments	11,625	2,063	(508)	(815)	–	–	11,117	1,248

c. Market risk

(i) Interest rate risk

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

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

The table below outlines the interest rate on cash at bank and financial assets:

Consolidated Group	2021		2020	
	Weighted average interest rate %	Balance \$000	Weighted average interest rate %	Balance \$000
Cash and cash equivalents	0.17	10,747	0.05	2,190
Financial assets	0.90	327	0.90	243
		11,074		2,433

The Group is not currently exposed to any material fluctuations in interest rates.

At 30 June 2021, if interest rates had changed by +/- 10 basis points from the year end rates, with all other variables held constant, post tax loss for the year would have changed by \$11,142 (2020: \$2,365).

(ii) Foreign currency risk

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

The Group's exposure is limited to its operations in New Zealand. It is not currently exposed to any material fluctuations in foreign currency.

(iii) Price risk

The Group is not exposed to any significant price risk.

Fair Values

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

NOTE 32: COMPANY DETAILS

The registered office of the Company is:

Credit Clear Limited
Level 18, 530 Collins Street
Melbourne, VIC 3000

The principal places of business are:

Credit Clear Limited
Level 4, 6 Riverside Quay
Southbank, VIC 3006

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Credit Clear Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 32 to 72, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards applicable to the Entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Consolidated Group;
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



Director Lewis Romano

Dated this 30 day of September 2021

INDEPENDENT AUDITOR'S REPORT



Moore Australia Audit (VIC)
Level 18, 530 Collins Street
Melbourne Victoria 3000
T +61 3 9608 0100
Level 1, 219 Ryrie Street
Geelong Victoria 3220
T +61 3 5215 6800
victoria@moore-australia.com.au
www.moore-australia.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT CLEAR LIMITED & CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Credit Clear Limited & Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration. In our opinion:

- a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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KEY AUDIT MATTER 1 – VALUE OF INTANGIBLE ASSETS

Refer to Note 12 “Intangible Assets”

As at 30 June 2021, the Group has recorded total intangible assets of \$6.044m.

Australian Accounting Standards state that goodwill and other intangible assets that have an indefinite useful life are required to be tested at least annually for impairment.

We have focussed on this area due to the size of the balance, the Directors’ assessment of the value in use of the Group’s CGU’s requiring significant judgements about the future results of the Group and the discount rates applied to future cash flows being inherently uncertain.

Our procedures included, amongst others:

- We evaluated management’s cash flow forecasts and the process by which they were developed, including verifying the mathematical accuracy of the underlying calculations. We also compared them to the latest board approved budgets.
- We also challenged whether:
 1. Management’s key assumptions for short and long term growth rates in the forecasts were appropriate, considering the historical reliability of the Group’s cash flow forecasting process;
 2. The discount rate used in the model was appropriate by assessing the cost of capital for the Group by comparing it to market data and industry research.
- We then tested the assumptions used by management, analysing the impact on the value in use calculation by adjusting the EBIT growth rate, WACC and terminal value growth rate used within a reasonably foreseeable range.
- Our assessment included specific considerations of the impact of the ongoing COVID-19, in particular the high degree of uncertainty of broader economic conditions and potential downside scenarios and the analysis resultant impact on future cash flows.
- We assessed the adequacy of the Group’s disclosure of key assumptions used and sensitivities to changes in assumptions as required by Australian Accounting Standards.

KEY AUDIT MATTER 2 – ISSUED CAPITAL AND SHARE BASED PAYMENTS

Refer to Note 18 “Issued Capital” & Note 19 “Reserves”

During the year ended 30 June 2021, the Group has raised a significant amount of new issued capital. Most notably, the Group was successful in raising \$15m via a capital raise under a prospectus dated 15 September 2020 and by issuing 42,857,143 shares at the issue price of \$0.35 per share.

In addition to the initial public offering, the Group has issued a significant number of employee share options and share rights to several directors and employees of the Group.

Given the material value of issued capital, as well as the fair value estimation and judgements required in accounting for share options under AASB 2 *Share Based Payments*, we have considered issued capital and share based payments as a key focus area of our audit.

Our procedures included, amongst others:

- Ensuring that the ordinary shares issued were appropriately authorised and recognised in both the general ledger and ASX announcements.
- Obtained supporting documentation for the capital raising costs incurred and offset against issued capital to ensure that these have been correctly recognised in the financial report.
- Obtaining and reviewing management’s fair value calculations of Employee Options issued during the period, ensuring that an appropriate methodology had been adopted to calculate the fair value of share options as well as ensuring inputs and assumptions made within the model were reasonable.
- Assessing the adequacy of the Group’s disclosure in line with Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2021, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 29 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Credit Clear Limited & Controlled Entities, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'Moore Australia' in a cursive script.

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

A handwritten signature in black ink that reads 'George S Dakis' in a cursive script.

GEORGE S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

30 September 2021

ADDITIONAL INFORMATION

FOR LISTED PUBLIC COMPANIES

The following information is current as at 30 July 2021:

1. SHAREHOLDING

a. Distribution of Shareholders

	Number
Category (size of holding):	Ordinary
1–1,000	438
1,001–5,000	959
5,001–10,000	587
10,001–100,000	879
100,001 and over	180
	3,043

b. The number of shareholdings held in less than marketable parcels is 293.

c. The names of the substantial shareholders listed in the holding company's register are:

	Number
Shareholder:	Ordinary
Casey Consulting Services Pty. Ltd.	30,840,323
TIGA Trading Pty. Ltd.	10,303,859
RUBI Holdings Pty Ltd	8,938,456
Fifty Second Celebration Pty Ltd	8,323,474
Racing Cars Pty Ltd	8,267,140
Ms Belinda Nixon	8,014,771

d. Voting Rights

Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders – Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Casey Consulting Services Pty. Ltd.	30,840,323	13.67
2	TIGA Trading Pty. Ltd.	10,303,859	4.57
3	RUBI Holdings Pty Ltd	8,938,456	3.96
4	Fifty Second Celebration Pty Ltd	8,323,474	3.69
5	Racing Cars Pty Ltd	8,267,140	3.66
6	Ms Belinda Nixon	8,014,771	3.55
7	UBS Nominees Pty Ltd	7,218,668	3.20
8	The Stuart Group Pty. Ltd.	5,302,499	2.35
9	Romano Family Holdings Pty Ltd	5,005,223	2.22
10	Kawera Pty Ltd	4,180,340	1.85
11	Bollinger Investments Limited	4,000,000	1.77
12	Bodhi Investment Limited	3,451,159	1.53
13	Namarong Investments Pty. Ltd.	3,333,334	1.48
14	343 Pty Ltd	3,061,351	1.36
15	Gail Joyce Crowder	2,559,305	1.13
16	YSPD Pty Ltd	2,519,432	1.12
17	Ellul-Diaz Holdings Pty Ltd	2,432,800	1.08
18	Judy Louise Romano & Francesco Michael Romano	2,420,000	1.07
19	Picton Cove Pty Ltd	2,140,000	0.95
20	Janne Casey	1,880,000	0.83
		124,192,134	55.03

2. COMPANY SECRETARY

The name of the Company secretary is Ronald Ernest Hollands.

3. ADDRESS

The address of the principal registered office in Australia is Level 18, 530 Collins Street, Melbourne VIC 3000.

Telephone 1300 909 934.

4. SECURITIES REGISTER

Register of securities are held at the following addresses:

NSW Level 12, 680 George Street, Sydney 2000

5. STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

6. UNQUOTED SECURITIES

Options and rights over unissued shares

A total of 30,390,000 options and rights are on issue. 30,390,000 options and rights are on issue to 5 directors and 97 employees under the Credit Clear Limited employee option plan.

CORPORATE DIRECTORY

Directors

Gerd Schenkel
Christine Christian AO
Marcus Price
Mark Casey
Lewis Romano
Hugh Robertson

Company Secretary

Ron Hollands

Company website

www.creditclear.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

