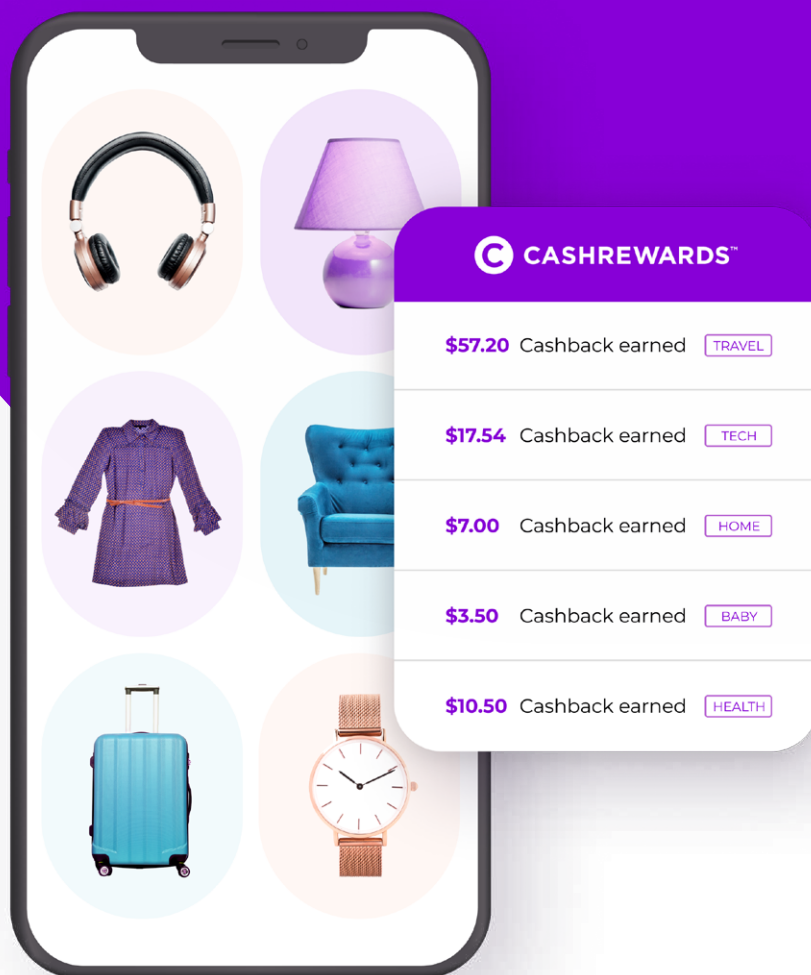




Prospectus

CASHREWARDS LIMITED

Initial Public Offering of 37.6 million Shares
at an issue price of \$1.73 per Share



Joint Lead Managers:



Important Notices

Offer

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (**Shares**) in Cashrewards Limited (ACN 615 084 654) (**Cashrewards** or **Company**). This Prospectus is issued by the Company and Cashrewards SaleCo Limited ACN 644 956 383 (**SaleCo**). See Section 7 for further information on the Offer, including as to details of the securities that will be issued and transferred under this Prospectus.

Lodgement and Listing

This Prospectus is dated 10 November 2020 and was lodged with ASIC on that date (**Prospectus Date**).

The Company will apply to ASX within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of the Shares on ASX (**Listing**).

Neither ASIC nor ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry Date

No Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date, being 13 months after the Prospectus Date.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares.

You should consider the risk factors set out in Section 5 that could affect the Company's business, financial condition and results of operations. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares offered under this Prospectus (**Applications**) in the seven-day period after lodgement of this Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents, or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale or accurately represent the technical aspects of the products.

Disclaimer and forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, SaleCo, the Directors, the SaleCo Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus when deciding whether to invest in Shares. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward-looking statements, which are statements that may be identified by words, such as 'may', 'will', 'would', 'should', 'could', 'believes', 'estimates', 'expects', 'intends', 'plans', 'anticipates', 'predicts', 'outlook', 'forecasts', 'guidance' and other similar words that involve risks and uncertainties. Forward-looking statements speak only as at the date of this Prospectus and include statements about the Company's expectations regarding the performance of the

Company's business and its plans, strategies, prospects and outlook.

No person who has made any forward-looking statements in this Prospectus (including the Company) has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, SaleCo and their respective Directors and management. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 4 and 5, and other information in this Prospectus. The Company and SaleCo cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. The Company, SaleCo, the Company's share registry, Link Market Services (**Share Registry**), and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Ord Minnett Limited (**Ord Minnett**) and Moelis Australia Advisory Pty Ltd (**Moelis**) have acted as Joint Lead Managers to the Offer and have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus that is based on any statement made by any Joint Lead Manager or by any of their respective affiliates or related bodies corporate (as defined in the Corporations Act) (**Related Bodies Corporate**), or any of their respective officers, directors, employees, partners, advisers or agents. To the maximum extent permitted by law, the Joint Lead Managers, their respective affiliates and Related Bodies Corporate, and any of their respective officers, directors, employees, partners, advisers or agents expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Important Notices (continued)

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial Information presentation

All references to FY18, FY19 and FY20 appearing in this Prospectus are to the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 respectively, unless otherwise indicated. All references to 1HFY18, 1HFY19 and 1HFY20 appearing in this Prospectus are to the half financial years ended 31 December 2018, 31 December 2019, 31 December 2020 respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.2.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (as adopted by the Australian Accounting Standards Board), which comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Sections 4 and 5.

Market and Industry Data based primarily on management estimates

This Prospectus (and in particular Section 2) contains data relating to the industries, segments, sectors and channels in which the Company operates (**Industry Data**). The Industry Overview has been prepared for the Company and SaleCo by Frost & Sullivan.

Such information includes, but is not limited to, statements and data relating to online retail penetration and forecasts, cashback penetration, market share, industry and market sizes and trends. Other than the information that has been attributed to Frost & Sullivan, the Industry Data has been prepared by the Company using both publicly available data and internally generated data (including industry research and interviews with industry participants). The Company's internally generated data is based on estimates and assumptions that both the Directors

and the Company's management believe to be reasonable, as at the Prospectus Date.

Other than the information that has been attributed to Frost & Sullivan, the Industry Data has not been independently prepared or verified and none of the Company, SaleCo or the Joint Lead Managers can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such Industry Data. The Company's estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Investors should note that industry and sector data and statistics are predictive and subject to uncertainty and not necessarily reflective of actual industry or market conditions.

In addition to the Industry Data, this Prospectus uses third-party data, estimates and projections. There is no assurance that any of the third-party data, estimates or projections contained in this Prospectus will be achieved. The Company has not independently verified such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Obtaining a copy of this Prospectus

This Prospectus is available in electronic form to Australian residents on the Company's Offer website, <https://events.miraqle.com/cashrewards-offer>. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia and is not available to persons in any other jurisdictions, including the United States.

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Cashrewards Offer Information Line on 1800 810 827 (toll free within Australia) or +61 1800 810 827 (outside Australia) between 8.30 am and 5.30 pm (Sydney time), Monday to Friday.

Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at <https://events.miraqle.com/cashrewards-offer>, together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

No cooling-off rights

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

No offering where illegal

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

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state of the United States, and may not be offered or sold in the United States except in transactions exempt from or not subject to the registration requirements of the US Securities Act and any other applicable US securities laws. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer.

See Section 9.13 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Privacy

By completing an Application Form, you are providing personal information to the Company and SaleCo through the Share Registry, which is contracted by the Company to manage Applications. The Company and SaleCo, and the Share Registry on their behalf, and their agents and service providers may collect, hold, disclose and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration, and for other purposes related to your investment listed below.

If you do not provide the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application.

Important Notices (continued)

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers, including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Share register
- the Joint Lead Managers to assess your Application
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail
- market research companies for analysing the Company's Shareholder base
- legal and accounting firms, auditors, management consultants and other advisers for administering, and advising on, the Shares and for associated actions

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company and SaleCo. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone:

(outside Australia) +61 1300 554 474
(toll free within Australia) 1300 554 474

Address:

Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000

Email:

registrars@linkmarketservices.com.au

The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Financial Services Guide

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

Intellectual property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

Company website

Any references to documents included on the Company's website are provided for convenience only and none of the documents or other information on the Company's website, or any other website referred in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and abbreviations

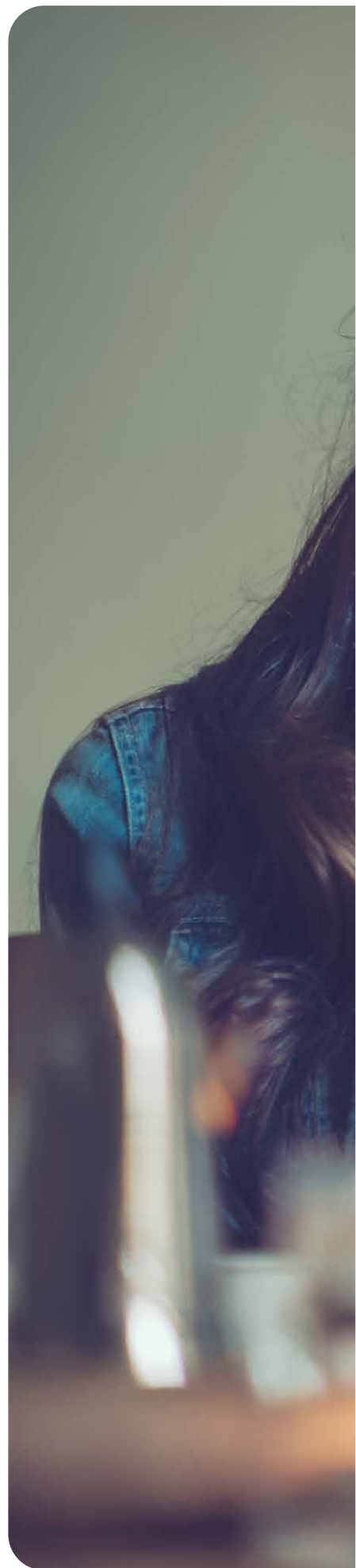
Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the Glossary in Section 10. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time.

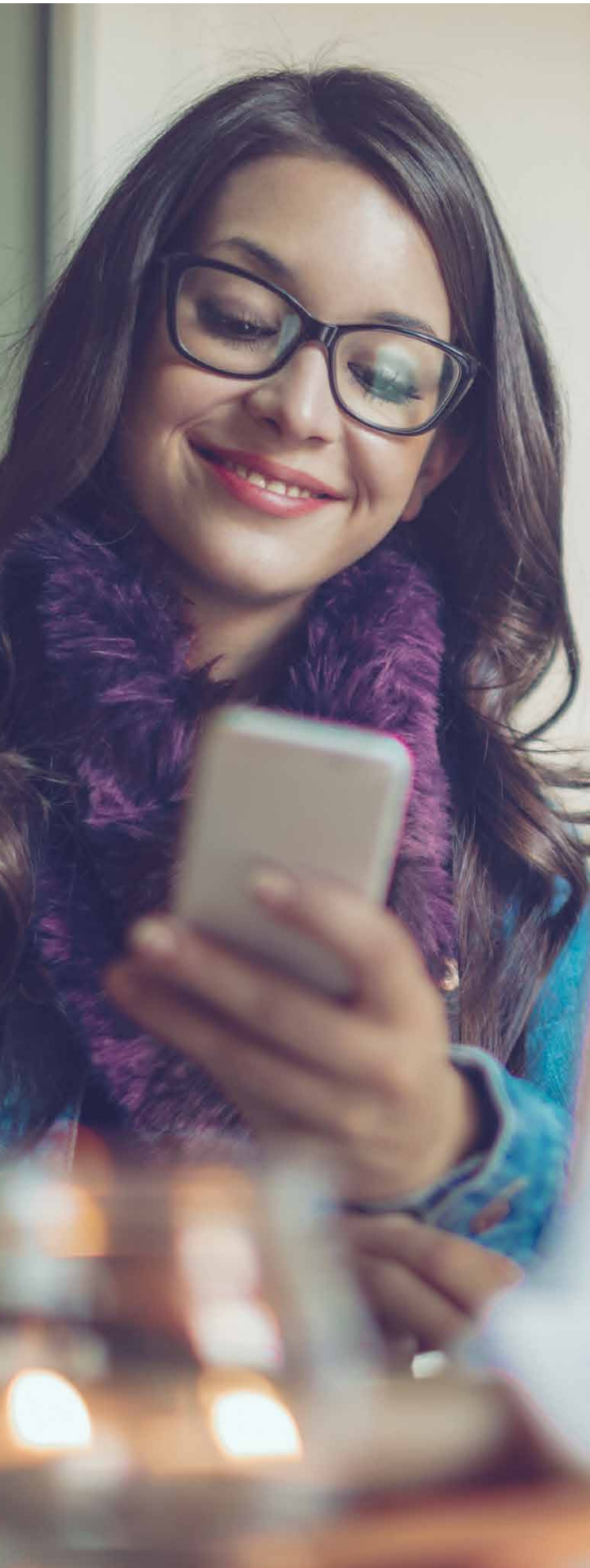
Unless otherwise stated or implied, references to dates or years are calendar year references.

Questions

If you have any questions in relation to the Offer, contact the Cashrewards Offer Information Line on 1800 810 827 (toll free within Australia) or +61 1800 810 827 (outside Australia) between 8.30 am and 5.30 pm (Sydney time), Monday to Friday.

This document is important and should be read in its entirety.





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Chairman's and Founder's Letter

Dear Investor

On behalf of the Directors, it is our pleasure to invite you to become a Shareholder in Cashrewards.

Launched in 2014, Cashrewards has grown to become Australia's largest owned-and-operated cashback ecosystem. We connect more than 800,000 Australian consumers with over 1,500 Merchant Partners through targeted promotions and advertisements.

Our Members save more on the brands they love with minimal effort, while our Merchant Partners enjoy the support that Cashrewards provides in relation to customer acquisition, order value size, purchase frequency and customer loyalty.

Our Merchant Partners include brands such as Adidas, Amazon.com.au, Apple, Booking.com, Cellarmasters, Chemist Warehouse, Dan Murphy's, Dell, eBay, Expedia, Myer, Nike, The Iconic, and Microsoft.

From FY18 to FY20, we grew Total Transaction Value and revenue at a compound annual growth rate (CAGR) of 16.1% and 25.6% respectively¹ due to strong growth in both Members and Merchant Partners and continued product innovation, all achieved within significant funding constraints.

Cashrewards' online proposition is experiencing tailwinds due to the continued growth in online retail penetration in Australia, a trend that has further accelerated during the COVID-19 period. The Australian e-commerce market reached \$20.3 billion in sales in 2019, representing 7.2% of total retail sales. Cashrewards recently launched an in-store proposition, which is also positioned for growth as the Australian physical retail sector continues to recover from the impacts of COVID-19.

This capital raising will enable Cashrewards to take advantage of what we see as a significant market opportunity. To lead us through this new phase in our growth journey, we are extremely fortunate to have recruited an exceptional management team, led by our Managing Director and CEO, Bernard Wilson. Details of the team are in Section 6.3.

We are seeking to raise \$65.0 million, including \$45.0 million of primary capital through the issue of 26.0 million New Shares at \$1.73 per Share, with the remaining \$20.0 million allowing Existing Shareholders an opportunity to realise part of their investment in

Cashrewards. The new capital will fund marketing activities, investment in product, technology and platform development, research and development, key employee hires, sales and marketing resources, Working Capital, the repayment of debt and the costs of the Offer. The Shares offered under this Offer are expected to represent 47.7% of the Shares on issue (undiluted), with Existing Shareholders, including management, expected to hold 52.3% of the Shares on issue (undiluted).²

This Prospectus contains important information in relation to the Offer, including the historical financial results of Cashrewards as well as its operations, management team and future plans. The key risks associated with an investment in Cashrewards are described in Section 5. These risks include (but are not limited to) disruption to our technology systems, exposure to potential security breaches and data protection issues, the unknown impact of COVID-19, potential inability to successfully implement the growth strategy, potential inability to successfully carry out our marketing strategy, potential inability to retain and increase our Merchant Partners and Members, loss of key Merchant Partners and Affiliate network relationships, activities of fraudulent parties and the reliance on third-party systems and platforms, potential inability to achieve profitability (Cashrewards has incurred net losses since its inception), which should be considered in detail. We encourage you to read the Prospectus carefully and consult with your independent professional adviser before making any investment decision.

Cashrewards is a purpose-driven business that has maintained giving back to consumers, and the broader community at its core, helping no less than 7,600 sick children in partnership with the Starlight Children's Foundation.

On behalf of our fellow Directors, we look forward to welcoming you as a Shareholder of Cashrewards.

Yours sincerely



Brett Johnson
Chairman



Andrew Clarke
**Founder and
Non-Executive Director**

¹ Total Transaction Value refers to the face value of goods, services and gift cards purchased via the Cashrewards platform. Cashrewards closely monitors Total Transaction Value as a lead indicator of Commissions. Total Transaction Value may not convert to revenue as some transactions could subsequently be declined for a variety of reasons (such as sale returns and cancelled bookings) and therefore, Commissions will not be paid on these transactions. These figures include the contribution from sales of gift cards to Total Transaction Value and revenue (refer to section 3.9.1).

² This includes persons who held Shares and/or Options as at the Prospectus Date which were exercised in return for Shares at or prior to Completion of the Offer. A majority of these Existing Shares will be subject to voluntary escrow arrangements. See Section 9.7 for further details.

CEO's Letter

Dear Investor

It is a great privilege to invite you to join us on the Cashrewards growth journey.

I joined Cashrewards following executive roles in loyalty, data, digital marketing and e-commerce at Myer, WooliesX and Australian data science leader Quantum. This experience has afforded me a great vantage point to judge the considerable potential of Cashrewards.

I believe that great businesses deliver genuine and sustainable value to each of the parties crucial to their success. Cashrewards is founded on a genuine dual-sided proposition where consumers and brands both benefit as Total Transaction Value on the platform grows.

Consumers save with minimal effort and are continually delighted by the savings they enjoy for shopping with more than 1,500 brands they know and love. They receive cash to save or spend however they wish via a mechanism proven relevant at any point in the economic cycle.

Brands acquire, grow, and re-engage high-value shoppers at a compelling return on investment and, unlike more conventional digital marketing options, our partners pay only when a sale is delivered. In a climate where every dollar of marketing and promotional spend is under scrutiny, I believe that this pure performance model with the resultant transparency and accountability is a substantial point of difference.

The Offer provides investors the opportunity to own part of a fast-growing business positioned across the commerce and fintech sectors.

My prior experience has taught me the incredible value that can be created for customers, brands and the facilitating business through the intelligent use of data to offer a community of shoppers what they want, when they want it, at compelling value with increasing ease and simplicity.

I believe that Cashrewards is one such business with an already significant Member and Merchant Partner base, but with the potential to scale well beyond its current market penetration to similar levels that exist in overseas markets.

Beyond our core Cashback proposition, we also have considerable opportunities to leverage the fact that Cashrewards exists at every stage of the shopper journey, from consideration to search to payment, both online and in-store. Initiatives to increase our relevance to shoppers through fintech innovation, such as our recent partnership with MoneyMe, present new avenues to growth.

Cashrewards is a business with attractive scale economics. Our priority will be to drive the awareness needed to grow the number of Members and Merchant Partners in our ecosystem, while continuing to evolve our product to deepen both Member and Merchant Partner engagement through enhanced experiences.

The core objectives across Cashrewards' growth strategies are to grow the number of Active Members and increase the frequency of their purchases with Cashrewards' Merchant Partners. These objectives will translate into increased value for Merchant Partners, delivering additional Total Transaction Value on the Cashrewards platform and additional revenues for the business.

Exploiting these growth opportunities will require prudent and thoughtful investments, which will be funded by the primary proceeds of the Offer.

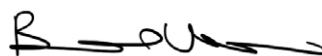
Finally, I would like to highlight that Cashrewards is, and will always be, a purpose-led business. In addition to our commitment to make every day more rewarding for our consumers and brands, we seek to do the same for the community that supports us.

I am proud to have joined a business that is part of the Pledge 1% movement, which sees us gift a share of Cashback to Starlight Children's Foundation every time a Member transacts on our platform. The Starlight Children's Foundation, to which we gifted equity in our business, will become a Shareholder on ASX as we list.

While we are proud of our achievements so far, we believe this is only the beginning.

We are excited about the future and invite you to join us as we seek to achieve something truly extraordinary.

Regards,



Bernard Wilson
Chief Executive Officer and Managing Director

Important Dates

Important dates

Prospectus lodgement date	Tuesday, 10 November 2020
Broker Firm Offer and Priority Offer opens	Wednesday, 18 November 2020
Broker Firm Offer and Priority Offer closes	Monday, 23 November 2020
Settlement	Thursday, 26 November 2020
Issue and transfer of Shares (Completion)	Friday, 27 November 2020
Expected dispatch of holding statements	Monday, 30 November 2020
Expected commencement of trading of Shares on ASX on a normal settlement basis	Wednesday, 2 December 2020

Dates may change

The dates above are indicative only and may change without notice.

The Company, in consultation with the Joint Lead Managers, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notification to any recipient of this Prospectus or any Applicants. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form (other than as expressly provided in this Prospectus).

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Questions

If you have any questions in relation to the Offer, contact the Cashrewards Offer Information Line on 1800 810 827 (toll free within Australia) or +61 1800 810 827 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday. If you are unclear in relation to any matter, or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

Key Offer Statistics

Key Offer statistics	
Total number of Shares available under the Offer ³	37.6 million
Offer Price	\$1.73 per Share
Gross proceeds from the Offer	\$65.0 million
Total number of Shares to be held by Existing Shareholders at Completion (undiluted) ^{4,5}	41.2 million
Total number of Shares on issue at Completion (undiluted) ⁵	78.8 million
Total number of Shares on issue at Completion (fully diluted) ⁶	85.9 million
Indicative market capitalisation at Completion (undiluted) ^{5,7}	\$136.4 million
Indicative market capitalisation at Completion (fully diluted) ^{6,7}	\$148.5 million
Enterprise Value (undiluted) ^{5,8}	\$90.6 million
Enterprise Value/FY20 revenue (undiluted) ^{5,8}	5.3x
Proposed ASX Code	CRW

³ Includes the transfer of Sale Shares through SaleCo and the issue of New Shares by Cashrewards.

⁴ This includes persons who held Shares and/or Options as at the Prospectus Date which were exercised in return for Shares at or prior to Completion of the Offer. A majority of these Existing Shares will be subject to voluntary escrow arrangements. See Section 9.6 for further details.

⁵ Undiluted refers to the number of Shares on issue at Completion.

⁶ Fully diluted refers to the number of Shares and all Options on issue at Completion.

⁷ The market capitalisation at the Offer Price is defined as the Offer Price multiplied by the number of Shares on issue at Completion (on an undiluted or fully diluted basis, as applicable).

⁸ Enterprise Value at the Offer Price is defined as market capitalisation at the Offer Price (on an undiluted basis), less pro forma net cash of \$45.7 million as at 30 June 2020. See Section 4.5 for further details.

Section 1



Investment Overview

1. Investment Overview

1.1 Introduction

Topic	Summary	For more information
Who is Cashrewards?	Launched in 2014, Cashrewards is the largest Australian-owned-and-operated cashback ecosystem, with a mission to make every day more rewarding by connecting Australian consumers with brands they love, while simultaneously supporting Merchant Partners across objectives, including driving brand awareness and delivering high margin sales on a pure performance basis.	Section 3.1
What does Cashrewards do?	<p>Cashrewards is a cashback ecosystem, providing Members the opportunity to browse brands and Cashback offers and receive Cashback on transactions by shopping online or in-store with participating Merchant Partners.</p> <p>Cashrewards provides over 800,000 Members with a broad array of Cashback offers via its 1,500+ Merchant Partners. This ecosystem has driven more than \$2.3 billion of Total Transaction Value⁹ for Merchant Partners since its inception, translated into more than \$55 million of Cashback for Members since Cashrewards' establishment.</p>	Section 3.1
Why it works for Members?	<p>Consumers are increasingly looking for:</p> <ul style="list-style-type: none">• Value as cost-consciousness grows in a relatively lower-confidence economy and the rise of e-commerce and search engine marketing facilitates more transparent price comparability. Cashrewards offers customers cash to save or spend on whatever they choose.• Simplicity in a world of increasing and overwhelming choice. Cashrewards seeks to simplify shopping journeys. It simultaneously acts as a virtual shopping centre, showcasing a broad range of deals, and a data-driven shopping companion, recommending offers to individual Members.• Seamless shopping experiences across a Member's preferred channels. Cashrewards offers an integrated omni-channel experience across digital and physical channels, such as search, websites, mobile applications and in-store.• Enhanced experiences, including through personalisation, cross-category product discovery and offer curation. Cashrewards connects customers and offers with increasing relevance.• Flexible rewards in an economy where loyalty programs are common and consumers have come to expect rewards in exchange for shopping. Cashrewards rewards Members for shopping with the brands they love with cash to save or spend on whatever they choose.	Section 3.1.1

⁹ Including gift cards.

1. Investment Overview (continued)

Topic	Summary	For more information
Why it works for Merchant Partners?	<p>Merchant Partners are increasingly looking for:</p> <ul style="list-style-type: none"> • Increased return on marketing investment: Merchants are seeking alternative marketing channels that generate attractive returns on their marketing budget. As a pure performance-based proposition, Cashrewards aims to offer an attractive return through the initial transaction but also across the future lifetime value of the transacting Member. • Performance-driven results: Merchants that use traditional marketing channels experience wastage across their advertising spend. Cashrewards ensures zero wastage with Commissions only being paid on successful sales facilitated via the Cashrewards ecosystem, ensuring efficient marketing spend. • Increased brand awareness: Merchant Partners enjoy increased exposure through Cashrewards-owned channels that are accessible to over 800,000 Members, along with partnership marketing exposure. 	Section 3.1.2
How does the Cashrewards ecosystem work?	<p>The Cashrewards ecosystem allows Members to browse brands and access Cashback offers while shopping online or in-store with participating Merchant Partners. For online sales, Members enter the Merchant Partner's e-commerce website directly through the Cashrewards mobile app, website or Cashrewards Assistant. For in-store purchases, Members can link their Visa or Mastercard debit and credit cards and receive Cashback in-store at participating Merchant Partners simply by shopping with that card. As at 30 June 2020, over 125,000 debit and/or credit cards had been linked by Members to their Member Accounts.</p> <p>Cashrewards offers can be used in conjunction with other applicable Merchant Partner discounts and loyalty programs and/or credit card program benefits. The Cashrewards offering is agnostic to the form of payment the customer uses (with the exception of in-store purchases, which must be done via a linked Visa or Mastercard debit or credit card), given that the Merchant Partner controls the check-out experience.</p> <p>Joining Cashrewards is free and can be completed in just a few seconds. Once a Member joins Cashrewards they are able to immediately shop and earn Cashback.</p>	Section 3.3
What are Cashrewards' products?	<p>Cashrewards has five core products:</p> <ul style="list-style-type: none"> • Cashrewards app: Members browse, search and click-through the Cashrewards app to Merchant Partners websites where they can make purchases and earn Cashback without leaving the app. The app also supports Cashrewards' in-store solution, identifying relevant Merchant Partners including through location-based curation. • Cashrewards website: Members browse, search and click-through the Cashrewards website to Merchant Partners' websites where they can make purchases and earn Cashback. • Cashrewards Assistant: Members using internet search engines are alerted to a Cashrewards offer by the Cashrewards Assistant (internet browser extension) either when entering a Merchant Partner's website or if the Merchant Partner's website appears in a search engine's organic search results. The Cashrewards Assistant extension can currently be installed on Google Chrome, Firefox or Safari. 	Section 3.4

1. Investment Overview (continued)

Topic	Summary	For more information
What are Cashrewards' products? continued	<ul style="list-style-type: none"> • Card-linked Offers: Members can link their Visa or Mastercard debit or credit cards to Cashrewards and earn Cashback by making purchases in-store on their linked card with participating Merchant Partners. • Partner Rewards Engine: The Partner Rewards Engine, when integrated, allows partners to leverage Cashrewards' proprietary core technology platform to make Cashrewards (including its large Merchant Partner network) available to their customers. <p>See Section 3.4 for more detail on Cashrewards' products.</p>	Section 3.4
How does Cashrewards generate revenue?	<p>Cashrewards generates revenue through the following primary revenue streams:</p> <p>Commission from Merchant Partner sales</p> <p>Cashrewards generates Commission on transactions that are undertaken by Members at one of Cashrewards' 1,500+ Merchant Partners.</p> <p>Cashrewards books the Commission as revenue. The Cashback to Members is a cost of doing business and reflected in Gross Profit Margin.</p> <p>The rate of Commission and Cashback paid to Members differs from category to category and from Merchant Partner to Merchant Partner. However, on average, Cashrewards earned a Commission of 5.4% in FY20 from Merchant Partners.</p> <p>Commission from Merchant Partner sales represented 97% of revenue in FY20.</p> <p>Commission from gift cards</p> <p>Historically, Cashrewards generated revenue through selling gift cards for one of its Merchant Partners (Woolworths). From November 2020, Cashrewards will cease selling gift cards for Woolworths. In FY20, commissions from Woolworths gift cards contributed approximately 3% of revenue.</p> <p>On 16 October 2020, Cashrewards entered into an agreement with True Rewards, a digital gift card platform, to support a new Cashrewards' offering under which Members will have the ability to purchase digital gift cards via True Rewards to earn Cashback on those purchases. Cashrewards expects to launch this new product in November 2020 with over 50 leading brands including household names such as Myer, Rebel Sport, eBay, Uber, Microsoft Xbox, Supercheap Auto, Hoyts, Dymocks and Sony.</p> <p>Cashrewards will derive revenue under this new model by earning a Commission on each purchase of a gift card by its Members from True Rewards. Under Cashrewards' existing model, Woolworths gift cards are sold at an immediate discount to face value, where Cashrewards earns a rebate of approximately 0.2% on the face value of the gift cards sold. This differs to the core Cashback model where Cashrewards earns a sales commission, from which it pays Cashback to Members. The alignment with Cashrewards' core Cashback mechanic will enable Members to accumulate more Cashback and enhance Cashrewards' core value proposition for both Members and Merchant Partners.</p> <p>Cashrewards assumes no additional credit or fraud risk as the purchase and supply of gift cards will be managed by True Rewards. True Rewards' order and fulfillment technology will be integrated via API into Cashrewards core digital assets, including initially the Cashrewards' website and over time the Cashrewards app.</p>	Section 3.5.1

1. Investment Overview (continued)

Topic	Summary	For more information
What is Cashrewards technology platform?	<p>Cashrewards' proprietary core technology platform is built and hosted on Amazon Web Services (AWS), enabling the use of cloud-based technology for enabling seamless onboarding for Members and integration for Merchant Partners, both online and in-store.</p> <p>This technology platform enables Cashrewards to typically directly and quickly integrate into a Merchant Partner's ecosystem, both online and in-store. The onboarding process varies depending on the Merchant Partner capabilities, however, it generally takes approximately one week for the in-store offering and approximately two weeks for the online offering. In each case, there is scope to execute the process more quickly, depending on the technical capabilities and resources of the Merchant Partner.</p>	Section 3.13

1.2 Strengths

Strength	Summary	For more information
A dual-sided value proposition	<p>Both Members and Merchant Partners benefit as Total Transaction Value on the Cashrewards platform increases. Members save on their everyday purchases while Merchant Partners have the potential to increase their sales and key marketing metrics, which in turn can drive business performance.</p> <p>This dual-sided proposition is supported by the network effects inherent in the business model in which a growing Member base supports the value proposition for Merchant Partners and vice versa. The network effect that underpins the Cashrewards dual-sided value proposition is discussed in further detail in Sections 3.1.3 and 3.5.</p>	Section 3.11
Number of Members and Merchant Partners	<p>Cashrewards has acquired over 800,000 Members and 1,500 Merchant Partners, which is critical in delivering its dual-sided value proposition, as well as leveraging the network effects unlocked by this scale. Building a large network of Members and Merchant Partners requires substantial financial and time investment.</p>	Section 3.11
Structural tailwinds	<p>Cashrewards is favourably exposed to several structural tailwinds, including long-term growth in online retail sales. Australia continues to be under-penetrated in both e-commerce and the cashback category compared to like markets such as the UK and the US. Cashrewards has the potential to benefit from a multiplier effect as Cashrewards expects each of e-commerce, cashback and under-penetrated categories to all grow. These drivers are discussed further in Section 2.</p>	Section 3.11

1. Investment Overview (continued)

Strength	Summary	For more information
Consumer trends	Cashrewards believes that its value proposition is increasing in relevance alongside key consumer trends. In particular, cost-consciousness has been growing with the rise of e-commerce and search engine marketing, which facilitates more transparent price comparability and has, in Cashrewards' view, increased during the post-COVID-19 economic climate. Additionally, it is the opinion of Cashrewards that customers are increasingly seeking simplicity in a world of increasing and overwhelming choice, including seamless shopping and more curated experiences. Cashrewards' proposition enables Members to save more shopping with brands they love with minimal effort, and increasing personalisation. Cashrewards also believes that Australian consumers are increasingly influenced by Australian provenance and supportive of purpose-led businesses that support the community. Cashrewards is proudly Australian owned and operated and has had an enduring relationship with the Starlight Children's Foundation, under which it has already helped more than 7,600 sick children.	Section 3.11
Technological platform enables Merchant Partner integration and cost-effective membership growth	Cashrewards has built internal competencies and technology capabilities that facilitate integration with Merchant Partners and the onboarding of new Members, allowing Cashrewards to efficiently scale its existing operations.	Section 3.11
The performance-based nature of Commissions	Cashrewards believes that the performance-based nature of cashback is a key attraction for Merchant Partners relative to other forms of marketing spend. This has supported the increase of the Commission Cashrewards receives over time, as detailed in Section 3.6.	Section 3.11
Customer service excellence	Cashrewards' Net Promoter Score of 48 among Members and 38 among Merchant Partners, ¹⁰ a 4.8-star customer rating on Trustpilot ¹¹ and strong customer advocacy (30% of new Members are referred by friends), is reflective of both the customer-centric nature of the business and its history of strong customer service. This is key to retaining and growing both Members and Merchant Partners.	Section 3.11

¹⁰ NPS: Net Promoter Score, a metric used in customer experience programs to measure loyalty of customers to a company on a scale from -100 to 100.

¹¹ Trustpilot reviews, Cashrewards (<https://au.trustpilot.com/review/cashrewards.com.au>) as at 9 October.

1. Investment Overview (continued)

1.3 Growth strategies and drivers

Strategy/driver	Summary	For more information
Increasing awareness of and penetration among Australian consumers	<p>Cashrewards believes there is a significant opportunity to acquire new Members as well as to increase the usage of Cashrewards by its existing Members, through investing in marketing strategies to acquire more Active Members, reactivate inactive Members and increase the frequency of purchases through Cashrewards by Members to support higher Member lifetime value.</p> <p>These marketing strategies may also be supplemented through the development of strategic relationships, such as the relationship with MoneyMe.</p> <p>In addition, ANZ has agreed to make an equity investment into Cashrewards by subscribing for Shares under the Institutional Offer which will give ANZ a 19.0% Shareholding (on an undiluted basis) at Completion. Cashrewards regards ANZ's investment as validation of Cashrewards' strategy. Cashrewards also believes that ANZ's investment provides the basis for the potential development of a strategic relationship in the future. As at the date of this Prospectus, no strategic relationship has been agreed between Cashrewards and ANZ and whether one develops in time will depend on finding a way to work collaboratively to benefit both companies and their customers.</p> <p>A key objective is to increase the awareness and penetration of Cashrewards among Australian consumers, with the growth opportunity supported by the fact that broader participation in cashback schemes in Australia markedly trails the penetration of comparable schemes operating in other countries, such as the US and UK.¹²</p> <p>Further, Research undertaken by Catalyst Research indicates that only approximately 31% of Australian consumers are aware of cashback programs, demonstrating a lack of awareness among Australian consumers. However, according to Catalyst Research, a similar portion of those Australian consumers have shopped with Australia's two largest cashback providers, demonstrating the high adoption rate for those customers that are aware.¹³</p>	Section 3.12

¹² Frost & Sullivan, 2020. See Section 2.4.

¹³ Research by Catalyst Research of 1,287 Australian adults, balanced for age, sex and geographical factors, including over 1,000 respondents who had undertaken online shopping in the last six months. Fieldwork was conducted on 15–16 September 2020.

1. Investment Overview (continued)

Strategy/driver	Summary	For more information
Continued product development and innovation	<p>Cashrewards will continue to work on developing and refining its core products and undertaking new product innovation to maintain and grow the relevance and attractiveness of the Cashrewards platform for Members and Merchant Partners. Cashrewards considers that areas of product innovation will include (but not be limited to) greater automated personalisation of offers and presenting offers to Members that are curated to their specific wants and spending habits.</p> <p>Cashrewards believes that providing personalised offers will increase customer engagement, which in turn may result in increased sales and return on marketing spend for Merchant Partners and increased Member lifetime value. It is the intent of Cashrewards to continually improve the sophistication of its personalisation capabilities by using available data based on Members' engagement with previous personalised offers to further optimise recommendations.</p> <p>Consistent with Cashrewards' strategy to increase its relevance and direct engagement with Merchant Partners (refer to Section 3.8), Cashrewards plans to support growth through the functionality of the products it provides Merchant Partners, including delivery of self-service capabilities around accessing and analysing performance and other insights from Cashrewards' data.</p>	Section 3.12
Increasing the penetration of and deepening relationships with Merchant Partners	<p>Cashrewards has over 1,500 Merchant Partners via both direct relationships and through Affiliate networks. While Cashrewards currently has comprehensive coverage across recognised Australian retailers, Cashrewards plans to continue to expand and deepen relationships with Merchant Partners to:</p> <ul style="list-style-type: none"> • give greater coverage and share of consumer spend across all its categories, as well as strategically pushing into new categories where it has currently zero or nascent penetration • increasingly partnering with Merchant Partners at a strategic level to drive marketing objectives across brand awareness, increased conversion, customer acquisition, customer retention, re-engagement of lapsed customers and/or amplification of marketing campaigns <p>In order to support this increased merchant penetration and deepening relationships, Cashrewards intends to expand its sales and client services teams, with Cashrewards recognising it has historically underinvested in these areas due to prior funding constraints. This objective will also be supported by both increased marketing investment alongside Merchant Partners and continued product development and innovation.</p>	Section 3.12

1. Investment Overview (continued)

Strategy/driver	Summary	For more information
Omni-channel integrated capability	<p>Cashrewards intends to continue to broaden the value it provides to Merchant Partners through expanding its omni-channel approach by connecting online consumer engagement with in-store activity. Through using its Card-linked Offers capabilities and location technologies in the app, Cashrewards believes it can work with Merchant Partners to:</p> <ul style="list-style-type: none"> • drive specific objectives across a Merchant Partner's physical network, including increased foot traffic and/or conversion in-store, or supporting increased repeat frequency • support execution on a Merchant Partner's omni-channel strategy, including delivering offers and promotions simultaneously across physical and digital footprints <p>Cashrewards believes this strategy can effectively increase conversion and build repeat customer purchases across a Merchant Partner's channels.</p>	Section 3.12
Partner Rewards Engine	<p>The Partner Rewards Engine, when integrated, allows partners to leverage Cashrewards' proprietary core technology platform to make Cashrewards (including its large Merchant Partner network) available to its customers.</p> <p>By partnering with various consumer facing companies, the aim of the Partner Rewards Engine is to provide Cashrewards with the potential to grow its awareness and usage at a lower cost of acquisition.</p>	Section 3.12

1.4 The cashback sector

Topic	Summary	For more information
What industry does Cashrewards operate in?	<p>Cashrewards operates in the cashback sector. Cashback refers to a business model in which a consumer signs up to a cashback operator either online or through an app, purchases online or in-store from Merchant Partners with the cashback operator and receives a cashback payment based on the transaction value, which is credited to their cashback wallet, typically after the period within which the item(s) can be returned has expired. Cashback forms part of the broader loyalty/ money-saving program sector, which includes a range of types of merchant-funded programs designed to encourage consumers to transact with specific merchants by offering loyalty rewards and/or money-saving opportunities.</p> <p>Cashback programs have existed for over 20 years, with one of the first entrants, US-based Ebates (now Rakuten Rewards) being established in 1998. Since then the industry has grown significantly internationally, driven by the growth in online retail and a desire by online merchants to differentiate themselves in an increasingly competitive online market so as to attract new customers and to gain a higher share of consumers' spending. By 2019, at least 450 cashback companies were operating globally (although the types of business model vary widely).</p>	Section 2.1

1. Investment Overview (continued)

Topic	Summary	For more information
Who are the key participants in the cashback industry?	<p>Key operators in the Australian cashback sector (besides Cashrewards) include:</p> <ul style="list-style-type: none"> • Shopback Australia (Australian members not disclosed) • PlastiQ (2,500 members) • Motza (still in trial phase) <p>Key cashback operators globally include:</p> <ul style="list-style-type: none"> • Swagbucks – 20 million (active members) globally • Honey – 17 million (monthly active users) globally • RetailMeNot – 14 million (email subscribers) in Germany, France, the UK and the US • Rakuten Rewards (Ebates) – 12 million members in the US and additional members in Canada, China, South Korea, Japan and Singapore • TopCashBack – 11.4 million members globally (including 8.2 million in the UK) • Quidco (Maple Syrup Group) – 10 million+ members in Germany, France and the UK • Ibotta – 6 million (monthly active users) in the US • Shopback – 5 million members in the Asia-Pacific 	Section 2.2.6
What is the nature of online retail sales in Australia?	<p>Cashback programs have traditionally focused on e-commerce merchants and buyers and therefore, part of the market opportunity for cashback is linked to the size and growth of the e-commerce market.</p> <p>In 2019, total online retail sales in Australia reached \$20.3 billion, which represented 7.2% of total retail sales (excluding cafes, restaurants and takeaway food).¹⁴</p> <p>Although online retail sales in Australia have grown significantly, the overall penetration level in Australia is significantly lower than culturally similar markets such as the UK and US. In 2019, online retail penetration in the UK was 19.2% and in the US 15.7%, compared to 7.2% in Australia. Although online retail sales in Australia are growing strongly as in the UK and US, the Australian market is still under-penetrated relative to these culturally similar markets.</p>	Section 2.3.1

¹⁴ ABS, 8501.0 – Retail Trade, Australia, July 2020.

1. Investment Overview (continued)

Topic	Summary	For more information
What impact has COVID-19 had on online retail sales in Australia?	<p>The introduction of government-imposed lockdown measures and travel restrictions related to the COVID-19 pandemic in March 2020 had an immediate and significant impact on online retail. The impact of COVID-19 has led to elevated online penetration levels, driving an increasing Total Addressable Market for cashback solutions. Online penetration remains elevated by around 3 basis points above its 2019 level and increased again in July 2020.¹⁵</p> <p>On a month-by-month basis, online retail sales in value terms in Australia have increased by over 70% when compared to the prior corresponding period in every month since April 2020, with the highest increase in July 2020. This indicates that, despite the large-scale easing of restrictions from June 2020, online retail sales remain at a significantly elevated level compared to 2019.</p>	Section 2.3.3
What is the size of the cashback sector in Australia?	<p>The cashback sector in Australia is dominated by two companies: Cashrewards and Shopback Australia. PlastiQ and Motza have also recently launched cashback programs in the Australian market, with PlastiQ reporting 2,500 members and more than 500 Australian retailers in February 2020 and Motza still in beta trial phase.</p> <p>The cashback industry in Australia is under-penetrated relative to the UK and the US, reflecting a low level of awareness of cashback in Australia. Recent research among online shoppers in Australia indicated that only 31% are aware of cashback programs.</p>	Section 2.4.3

¹⁵ ABS, 8501.0 – Retail Trade, Australia, July 2020.

1. Investment Overview (continued)

1.5 Financial Information

Topic	Summary	For more information	
What is Cashrewards' historical performance and our historical financial position?	Income Statements	Sections 4.3 and 4.4	

1. Investment Overview (continued)

Topic	Summary	For more information
Why is the Offer being conducted?	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none">• fund investment marketing activities, which will be focused on promoting brand awareness to drive penetration and providing offers to Members to increase engagement and Total Transaction Value• fund ongoing investment product, technology and platform development, including research and development• hire key personnel who will be critical in carrying out the growth strategy• strengthen the Working Capital/balance sheet position of the business• allow for the repayment of debt to strengthen the balance sheet and permit a focus on profitable growth• pay the costs of the Offer• allow certain Existing Shareholders an opportunity to realise all or part of their investment in the Company through the sale of Existing Shares through SaleCo• provide access to capital markets, which will afford the Company additional financial flexibility to sure further growth opportunities• provide a liquid market for Shares and an opportunity for others to invest in the Company	Section 7.1.2

1.6 Key risks

Risk	Summary	For more information
Disruption to technology systems	<p>Cashrewards relies on the constant real-time performance, reliability and availability of its technology system, including in relation to its website, mobile app and Cashrewards Assistant. Any failure or interruption to Cashrewards' technology system (including data losses, computer system faults, internet and telecommunications or data network failures, fire, natural disasters, computer viruses and external malicious interventions, such as hacking or denial-of-service attacks) could result in a decline in Members using Cashrewards' platform, or Merchant Partners ceasing to use Cashrewards. This may materially and adversely impact Cashrewards' business, financial performance and Cashrewards' reputation.</p>	Section 5.2.1

1. Investment Overview (continued)

Risk	Summary	For more information
Exposure to potential security breaches and data protection issues	<p>Through the ordinary course of business, Cashrewards collects, maintains, transmits and stores a wide range of confidential or personal information, including in respect of its Members and Merchant Partners. There is a risk that cyber attacks may compromise or breach technology systems used by Cashrewards to protect confidential or personal information and that the measures taken by Cashrewards may not be sufficient to detect or prevent unauthorised access to, or unauthorised disclosure of, such information.</p> <p>Any data security breaches or Cashrewards' failure to protect confidential or personal information could cause significant disruption to Cashrewards' business and trigger mandatory data breach notification obligations. They may also result in the loss of information integrity, breaches of Cashrewards' obligations under applicable laws or agreements, and legal complaints and claims by Members and Merchant Partners and regulatory scrutiny and fines.</p>	Section 5.2.2
Unknown impact of COVID-19 on Cashrewards' business	<p>Events related to the COVID-19 pandemic, (including government-imposed lockdown measures and travel restrictions), have resulted in significant and unpredictable changes to consumer expenditure and behaviour. COVID-19 resulted in a decrease to the overall revenue of Cashrewards during FY20.</p> <p>There has been a significant increase in retail e-commerce activity over the past few months (including Member transactions in the technology, fashion and beauty and sporting goods categories), however, there is no guarantee this growth will continue in the future at the same rate, or at all.</p> <p>Conversely, there has been a sharp decline in Member transactions (and Cashrewards' Commission revenue) in the travel and leisure categories as well as an increase in cancellations of previously booked travel, as a result of the various travel restrictions imposed by governments within Australia and globally. There is substantial uncertainty as to the length of time that the current travel restrictions will remain in place and when travel-related bookings will return to pre-COVID-19 levels, once current travel restrictions are lifted. Cashrewards recognises revenue from travel services at the point the travel is undertaken and so it will take some time following the lifting of restrictions for Cashrewards to rebuild revenue in this category.</p> <p>While Cashrewards has been monitoring the ongoing impact of COVID-19 on its business and operations, the future impact on consumer expenditure and behaviour is difficult to predict due to factors beyond Cashrewards' control. Any change in consumer spending, (including overall retail expenditure as well as the composition and timing of that expenditure), could have a material adverse impact on Cashrewards' business and financial performance.</p>	Section 5.2.3
Inability to successfully implement its growth strategies	<p>Cashrewards has developed a number of growth strategies and drivers for the business. These include attracting new Members and Merchant Partners, expanding its in-store offering, increasing its brand awareness and refining its technology for expansion into new industries and categories.</p> <p>There is a risk that these growth strategies will be delayed, attract additional costs or are not successfully implemented. The strategies may not deliver the expected returns or be profitable.</p>	Section 5.2.4

1. Investment Overview (continued)

Risk	Summary	For more information
Success of marketing strategy	<p>Cashrewards is focused on promoting awareness of its brand and ecosystem to both consumers and merchants. If Cashrewards cannot encourage its Members to spend money, however, then Cashrewards cannot generate revenue.</p> <p>The investment that Cashrewards makes in its marketing strategy may not realise benefits for several years, or not at all. Failure to realise intended benefits from sales and marketing investment could adversely impact Cashrewards' business, operations and financial performance.</p>	Section 5.2.5
Inability to retain and increase Merchant Partners and Member numbers	<p>Cashrewards' business model is dependent on its ability to continue to grow its dual-sided network of Merchant Partners and Members in order to increase overall transaction volumes and to achieve economies of scale, including that of Member acquisition costs.</p> <p>There is a risk that Cashrewards may fail to grow its dual-sided network as quickly or efficiently as it expects or than it has grown in the past. If Cashrewards is unable to retain existing or attract new Members and Merchant Partners, it may adversely impact Cashrewards' ability to achieve economies of scale, which may adversely impact Cashrewards' prospects and ability to improve its future financial performance.</p>	Section 5.2.6
Loss of key Merchant Partners and Affiliate network relationships and limited contractual comfort	<p>In FY20, approximately 43% of Cashrewards' revenue was generated from its 10 largest Merchant Partners. With limited exceptions, Cashrewards' Merchant Partners are not required to commit to long-term contracts and may choose to terminate their arrangements on short notice or otherwise to 'turn off' their use of Cashrewards by not making available Cashback offers to Cashrewards Members. Some contracts with Merchant Partners also contain change-of-control provisions that may be triggered by the Offer and give the Merchant Partner a right to terminate.</p> <p>The loss of one or more top Merchant Partners may adversely impact Cashrewards' business, operations and financial performance.</p> <p>In addition, Cashrewards relies on Affiliate networks to manage a large proportion of its Merchant Partners. The loss of one or more of Cashrewards' Affiliate networks may result in a loss of a large number of Merchant Partners if Cashrewards was unable to subsequently establish a direct relationship with these Merchant Partners.</p>	Section 5.2.7
Activities of fraudulent parties	<p>Cashrewards processes a high volume of transactions, which means that it is not practicable to undertake manual fraud checks of all transactions. There is a risk that Members may seek to undertake fraudulent transactions which, are not picked up by automated fraud controls or that controls are circumvented, such as seeking Cashback on cancelled or reversed transactions with Merchant Partners. Failure of Cashrewards' internal controls to detect or prevent fraudulent transactions may result in damage to Cashrewards' reputation and standing with Merchant Partners and have a material adverse impact of Cashrewards' business and financial performance.</p>	Section 5.2.8

1. Investment Overview (continued)

Risk	Summary	For more information
Reliance on third-party systems and platforms	<p>Cashrewards uses and relies on integration with third-party systems and platforms, particularly websites and other Merchant Partner systems. The success of Cashrewards' service and its ability to attract new Members and Merchant Partners as well as its ability to use its Partner Rewards Engine to generate future growth opportunities, depends on the ability of its technology and systems to integrate into and operate with third-party platforms, including Merchant Partner websites.</p> <p>In addition, Cashrewards currently relies on third-party cookies to enable web tracking of its Members in order to collect customer data (including for the purposes of targeted advertising). Any changes to the use and regulation of cookies by internet browsers (including those already announced) may materially restrict Cashrewards' ability to collect and use its Members' data. This may adversely affect Cashrewards' business, operations and financial performance.</p>	Section 5.2.9
Cashrewards' technology may be superseded by other technology and its technology and product development may not be effective	<p>There is a risk that Cashrewards may not keep up to date with continuing changes in technology, evolving industry standards and changing merchant and consumer preferences.</p> <p>New products or technologies developed by third parties may supersede Cashrewards' technology platform, and increased use of Cashrewards' current platform may exceed its infrastructure capability, which in turn could result in a service outage, loss of data or the inability for Members and Merchant Partners to effectively use Cashrewards' products.</p> <p>Although Cashrewards plans to invest in development of its technology platform, the development and implementation of technology is expensive and often involves an extended period of time to achieve a return on investment. Cashrewards may not receive benefits from these investments for several years, or at all.</p> <p>The failure of Cashrewards to successfully develop and implement technology upgrades may materially and adversely impact Cashrewards' business, operation and financial performance and prospects.</p>	Section 5.2.10

1.7 Directors and senior management

Topic	Summary	For more information
Who are the Directors of the Company?	<ul style="list-style-type: none"> • Brett Johnson (August 2020) – Chairman and Independent Non-Executive Director • Bernard Wilson (July 2020) – Managing Director and Chief Executive Officer • Andrew Clarke (April 2014)¹⁶ – Non-Executive Director (non-independent) • Rajeev Gupta (May 2019) – Non-Executive Director (non-independent) • Lauren Williams (August 2020) – Independent Non-Executive Director • Joshua Lowcock (August 2020) – Independent Non-Executive Director <p>In addition, Cashrewards has agreed that ANZ may nominate a Director to the Board. ANZ intends to appoint a nominee to the Board shortly after Completion.</p>	Section 6.1

¹⁶ Andrew Clarke is the founder and former CEO of Cashrewards. He was appointed as a Non-Executive Director of the Company in August 2020.

1. Investment Overview (continued)

Topic	Summary	For more information
Who are the members of the Company's senior management?	<ul style="list-style-type: none"> • Bernard Wilson (July 2020) – Managing Director and Chief Executive Officer • Iain Skelton (January 2016) – Chief Financial Officer and Deputy Chief Executive Officer • Steve Cuda (to commence full-time employment from December 2020) – Chief Product & Marketing Officer 	Section 6.3
What corporate governance policies does the Company have in place?	A summary of the corporate governance policies and charters adopted by Cashrewards is set out in Section 6.10	Section 6.10

1.8 Significant interests of key people and related party transactions

Topic	Summary							For more information		
Who are the Existing Shareholders and what will be their interest at Completion?	Shareholder(s)		As at the Prospectus Date (undiluted)		Immediately following the Offer Shares held at Completion (undiluted)		Immediately following the Offer (fully diluted)		Section 7.2	
		(%)	(million)		(%)	(million)		(%)		(million)
	Andrew Clarke	51.1%	25.1	23.0%	18.2	21.2%	18.2			
	ANZ	–	–	19.0%	15.0	17.4%	15.0			
	Alium Capital	20.3%	10.0	9.0%	7.1	8.3%	7.1			
	Other Board and management	0.1%	<0.1	1.3%	1.0	5.5%	4.7			
	Other Shareholders	28.5%	14.0	17.1%	13.4	15.6%	13.4			
	Existing employees	–	–	1.9%	1.5	5.7%	4.9			
	New investors in the Offer	–	–	28.7%	22.6	26.3%	22.6			
	Total	100.0%	49.1	100.0%	78.8	100.0%	85.9			

1. Investment Overview (continued)

Topic	Summary	For more information	
What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what significant interests do they hold?	On Completion of the Offer, the Directors' relevant interests in Shares and Options are expected to be as follows.	Section 6.4	

¹⁷ The disclosure of Options in this column includes the Options proposed to be granted to Brett Johnson, Lauren Williams, Joshua Lowcock and Bernard Wilson after Completion of the Offer. See Section 6.5 for more information. It does not include the proposed grants of Options to Key Management Personnel (other than those granted to Bernard Wilson) under the New LTIP which are described in Section 6.6.5.

¹⁸ Held via two entities, Eventive Pty Limited ATF the Andrew Clarke Family Trust and Friendly Group Pty Limited. Eventive Pty Limited and Friendly Group Pty Limited will be selling down 6,892,217 Shares via SaleCo.

¹⁹ As at the Prospectus Date, Mr Gupta has an indirect interest in 9,637,615 (held through Dempsey Capital Pty Ltd ATF Alium Alpha Fund (Alium)) and also holds a direct interest in 349,954 Shares, which he holds through Clontarf Investments Pty Ltd ATF Yaki Family Trust. Alium will be selling down 2,890,173 Shares via SaleCo.

²⁰ Milner York Pty. Ltd. ATF Milner York Family Trust holds 34,995 Shares. Joshua Lowcock is a Director of Milner York Pty Ltd.

1. Investment Overview (continued)

Topic	Summary	For more information
Will there be a controlling interest in the Company following Completion of the Offer?	There will be no controlling interest in Cashrewards immediately following the Offer.	Section 7.2
Are there any other related party arrangements in place?	<p>An unsecured loan has been provided to Cashrewards by Eventive Pty Limited (ACN 086 967 259) as trustee for the Andrew Clarke Family Trust in the amount of \$1,287,389 (this is referred to in this Prospectus as the Andrew Clarke Loan). The outstanding loan amount will be repaid out of the Offer proceeds. See Section 7.1.2 for more information on the use of proceeds under the Offer.</p> <p>Other than as disclosed in this Prospectus, Cashrewards is not party to any material related-party arrangements.</p>	Section 6.7
Will any Shares be subject to restrictions on disposal following Completion of the Offer?	<p>Shares held at Completion by the Escrowed Securityholders (other than any Shares acquired by them under the Offer at the Offer Price) will be subject to disposal restrictions. These disposal restrictions will also extend to any Shares issued to an Escrowed Shareholder on the exercise of any Options they hold at Completion during the relevant restriction period.</p> <p>Subject to certain exceptions, the Escrowed Securityholders may not dispose of their Escrowed Securities while they are subject to voluntary escrow arrangements or other disposal restrictions.</p>	Section 9.7

1.9 Overview of the Offer

Topic	Summary	For more information
Who are the issuers of this Prospectus?	Cashrewards Limited (ACN 615 084 654) and Cashrewards SaleCo Limited (ACN 644 956 383).	Important Notices
What is the Offer?	This Prospectus relates to an initial public offering of 26,011,561 Shares at the Offer Price of \$1.73 per Share and the sale of 11,560,694 Shares held by SaleCo. The Shares offered under this Prospectus will represent approximately 47.7% of Shares on issue at Completion (undiluted). The Offer is expected to raise approximately \$65.0 million, of which \$45.0 million will be received by Cashrewards, and \$20.0 million will be distributed to Selling Shareholders (less certain transaction and stamp duty costs).	Section 7.1
What is SaleCo?	SaleCo is a special purpose vehicle established to enable Selling Shareholders to sell part or all of their investment in Cashrewards on Completion.	Important Notices
What is the price payable for the Shares?	Successful Applicants under the Offer will pay the Offer Price, being \$1.73 per Share.	Section 7.1

1. Investment Overview (continued)

Topic	Summary	For more information																																																						
What is the proposed use of funds raised under the Offer?	The Offer proceeds of \$65.0 million will be applied per the below table.	Section 7.1.2																																																						
	<table><tr><th>Sources of funds</th><th>\$ million</th><th>%</th><th>Uses of funds</th><th>\$ million</th><th>%</th></tr><tr><td>Cash proceeds received under the Offer from the issue of Shares</td><td>\$45.0</td><td>69.2%</td><td>Marketing</td><td>\$14.0</td><td>21.5%</td></tr><tr><td>Cash proceeds received under the Offer from the sale of Shares by SaleCo</td><td>\$20.0</td><td>30.8%</td><td>Ongoing investment in product, technology and platform development</td><td>\$7.6</td><td>11.7%</td></tr><tr><td></td><td></td><td>Working Capital</td><td>\$8.3</td><td>12.7%</td></tr><tr><td></td><td></td><td>Key employee hires</td><td>\$4.0</td><td>6.2%</td></tr><tr><td></td><td></td><td>Research & Development</td><td>\$3.6</td><td>5.5%</td></tr><tr><td></td><td></td><td>Repayment of debt</td><td>\$2.0</td><td>3.1%</td></tr><tr><td></td><td></td><td>Costs of the Offer</td><td>\$5.5</td><td>8.5%</td></tr><tr><td></td><td></td><td>Payments to Selling Shareholders</td><td>\$20.0</td><td>30.8%</td></tr><tr><td>Total sources</td><td>\$65.0</td><td>100.0 %</td><td>Total uses</td><td>\$65.0</td><td>100.0%</td></tr></table>		Sources of funds	\$ million	%	Uses of funds	\$ million	%	Cash proceeds received under the Offer from the issue of Shares	\$45.0	69.2%	Marketing	\$14.0	21.5%	Cash proceeds received under the Offer from the sale of Shares by SaleCo	\$20.0	30.8%	Ongoing investment in product, technology and platform development	\$7.6	11.7%			Working Capital	\$8.3	12.7%			Key employee hires	\$4.0	6.2%			Research & Development	\$3.6	5.5%			Repayment of debt	\$2.0	3.1%			Costs of the Offer	\$5.5	8.5%			Payments to Selling Shareholders	\$20.0	30.8%	Total sources	\$65.0	100.0 %	Total uses	\$65.0	100.0%
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		Payments to Selling Shareholders	\$20.0	30.8%																																																				
Total sources	\$65.0	100.0 %	Total uses	\$65.0	100.0%																																																			
What is the proposed use of funds raised under the Offer? continued	The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves its rights to alter the way the funds are applied.	Section 7.1.2																																																						
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none">the Institutional Offer, which consists of an invitation to certain Institutional Investors to bid for Shares made to Institutional Investors in Australia and a number of other eligible jurisdictions.the Retail Offer, consisting of the:<ul style="list-style-type: none">Broker Firm Offer, which is open only to Australian resident retail investors who are not Institutional Investors and who have received an invitation from their Broker to participatePriority Offer, which is open to selected investors in Australia and certain other jurisdictions who have received a Priority Offer Invitation	Section 7.1.1																																																						

1. Investment Overview (continued)

Topic	Summary	For more information
Will the Shares be quoted on ASX?	<p>Cashrewards will apply to ASX within seven days of the Prospectus Date for admission to the Official List of, and quotation of its Shares by, ASX under the code 'CRW'.</p> <p>Completion is conditional on ASX approving this Application. If approval is not given within three months after such Application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 7.4
Who are the Joint Lead Managers for the Offer?	The Joint Lead Managers are Ord Minnett and Moelis.	Section 7.3
What is the allocation policy?	<p>The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Joint Lead Managers by agreement with Cashrewards and SaleCo.</p> <p>For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their eligible retail clients.</p> <p>The allocation of Shares among Applications in the Institutional Offer will be determined by the Joint Lead Managers, Cashrewards and SaleCo.</p> <p>The final allocation of Shares under the Priority Offer will be determined by Cashrewards at its discretion.</p> <p>Cashrewards has absolute discretion regarding the level of scale-back and the allocation of Shares under the Offer (if any).</p>	Section 7.4
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer, subject to the terms and conditions (including rights of termination) contained in the Underwriting Agreement. Details are provided in Sections 7.9 and 9.6.	Sections 7.9 and 9.6
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.4
What are the tax implications of investing in the Shares?	<p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p> <p>Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.12.1.</p>	Section 9.12.1
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to Successful Applicants by post on or about Monday, 30 November 2020.	Section 7.4

1. Investment Overview (continued)

Topic	Summary	For more information
What is the minimum Application size under the Offer?	<p>The minimum Application size under the Broker Firm Offer is 1,157 Shares (approximately \$2,000). Applications in excess of the minimum number of Shares must be multiples of at least \$500.</p> <p>The minimum Application size under the Priority Offer is 14,541 Shares (approximately \$25,000). Applications in excess of the minimum number of Shares must be multiples of at least \$5,000.</p>	Section 7.4
How can I apply?	<p>Broker Firm Offer Applicants</p> <p>Broker Firm Offer Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Offer.</p> <p>Note that you must be a client of a participating Broker in order to participate in the Broker Firm Offer.</p> <p>Priority Offer Applicants</p> <p>Applicants under the Priority Offer may apply for Shares by following the instructions on how to apply in their personalised Priority Offer Invitation.</p> <p>Institutional Offer Applicants</p> <p>The Joint Lead Managers separately advised Institutional Investors of the Application procedure under the Institutional Offer.</p> <p>To the extent permitted by law, an Application received under the Offer is irrevocable.</p> <p>There is no general offer to the public.</p>	Sections 7.5.2, 7.6.2 and 7.7.1
When can I sell my Shares on ASX?	<p>Trading is expected to commence on a normal settlement basis on Wednesday, 2 December 2020.</p> <p>It is the responsibility of each Applicant to confirm their own holdings before trading on ASX. Any Applicant who sells Shares before it receives an initial holding statement does so at its own risk.</p>	Important Dates
Can the Offer be withdrawn?	<p>The Company and SaleCo reserve the right not to proceed with the Offer at any time before the issue or transfer of Shares to Successful Applicants or bidders under Offer.</p> <p>If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the Offer not proceeding.</p>	Important Notices
Where can I find out more information about this Prospectus or the Offer?	<p>If you have any questions in relation to the Offer, call the Cashrewards Offer Information Line on:</p> <ul style="list-style-type: none"> • 1800 810 827 (toll free within Australia); or • +61 1800 810 827 (outside Australia); <p>between 8:30am and 5:30pm (Sydney time), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you have any questions about whether to invest, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.</p>	Important Notices Key Dates

Section 2



Industry Overview

2. Industry Overview

F R O S T  S U L L I V A N

Frost & Sullivan Australia Pty. Ltd.
Level 1, 54 Miller St,
North Sydney NSW 2060
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Market Report

This report describes the e-commerce and cashback sector in Australia.

2.1 Market definition and methodology

2.1.1 Market definition

Cashback refers to a business model in which a consumer signs up to a cashback operator either online or through an app, purchases online or in-store from the cashback operator's merchant partners. Consumers then receive a cashback payment based on the transaction value which, is credited to their cashback wallet, typically after the period within which the item(s) can be returned has expired. The member can withdraw their cashback to their nominated bank or online payment account, such as PayPal. Cashback operators can also highlight coupon offers from merchants, providing added value for members.

Cashback therefore forms part of the broader loyalty/money-saving program sector, which includes a range of types of merchant-funded program designed to encourage consumers to transact with specific merchants by offering loyalty rewards and/or money-saving opportunities.

Membership of cashback programs is normally free, and is in the case of Cashrewards, (although some operators offer premium paid memberships), with the cashback operator receiving commission payments from merchant partners. Hence, the cashback program is primarily merchant-funded (and fully merchant-funded in the case of Cashrewards) rather than member-funded. Partnering with a cashback program is attractive to merchants as it offers a highly targeted marketing approach, increasing the likelihood of a consumer visiting their site and increasing the size of their purchases.²¹ An additional potential revenue stream for cashback operators, in addition to commissions from merchants, is paid advertising by merchants to drive traffic to their sites.

Although cashback may be linked to an offline purchase, it is most commonly used in e-commerce. E-commerce transactions include business-to-business (B2B), business-to-consumer (B2C) and consumer-to-consumer (C2C). The B2C category is predominant in the use of cashback and is also referred to as online retail. The definition of e-commerce in this report is specific to B2C/online retail, with the terms e-commerce and online retail used synonymously.

Cashback is benefiting from a number of ongoing trends, including the significant growth in use of e-commerce as a retail channel, the growing interest by consumers in saving money on everyday purchases and the value of cashback perceived by merchants in influencing consumer purchase behaviour, including supporting customer acquisition and driving increased spending.

2.1.2 Methodology

Information in this report has been taken from various publicly available sources, including national statistical offices, company websites, reports and presentations, analyst reports and news articles.

Data on the Australian online retail market in this report is based on that provided by the Australian Bureau of Statistics (ABS) (8501.0 – Retail Trade, Australia). Online retail penetration is calculated as online retail sales as a percentage of total retail sales (for consistency in comparison with other markets, this excludes retail sales in the cafes, restaurants and takeaway food category). Online retail in Australia has been compared to other markets, such as the UK and US, which are culturally similar in terms of ethnicity, language, and internet and smartphone use and where data is also released by national statistical offices.

The 2020 COVID-19 pandemic has led to a significant increase in e-commerce sales, both in value terms and as a percentage of total retail sales. This impact is described in this report. Market forecasts are based on the significant uplift in e-commerce sales occurring in 2020, with historic growth rates anticipated to resume from 2021 onwards.

²¹ Vana et al, Cashback Is Cash Forward: Delaying a Discount to Entice Future Spending, Journal of Marketing Research 2018, Vol. 55(6) 852-868.

2. Industry Overview (continued)

2.2 Cashback services

2.2.1 Overview

Cashback programs have existed for over 20 years, with one of the first entrants, US-based Ebates (now Rakuten Rewards) established in that country in 1998. Since then the industry has grown significantly internationally, driven by the growth in online retail and a desire by online merchants to differentiate themselves in an increasingly competitive online market so as to attract new customers and to gain a higher share of consumers' spending. By 2019, at least 450 cashback companies were operating globally (although the types of business model vary widely).²²

2.2.2 Benefits to merchants

For merchants, participation in cashback offers a number of benefits, including the ability to build awareness of their brand and stimulate new demand through access to the cashback operator's member base; re-engage lapsed customers; and influence brand choices by consumers, at a time when there is a broad industry movement into omni-channel and mobile advertising.

Consumers typically start their online purchasing journey on the cashback website or app, either through habitual practice or through the marketing and communication efforts of the cashback operator. Cashback provides merchants with access to consumers who otherwise may not have transacted with them and helps to incentivise consumers to buy and to spend more, with their decision influenced by the cashback operator's capabilities such as search capabilities and location-based store finders. Research among US consumers identified that nearly 20% had made a purchase or spent more than planned because of a cashback offer in the past 12 months. Offering cashback improves engagement with consumers, reduces site bounce rate and increases time-on-site, with an average 46% order uplift and 3.4x conversion uplift for merchants.²³ Through cashback, merchants still own the customer relationship (as the consumer shops on the merchant's site), and commission payments to the cashback operator are only paid based on converted sales.

Participation in cashback is generally funded through the marketing budget of merchants, as well as from product promotional or loyalty budgets, with funding diverted to providing cashback from alternative media channels such as TV advertising or from bulk discounting. Cashback is a more focused investment than these other approaches. Many merchants transition marketing spending to cashback from existing digital marketing budgets, including banner ads and other digital marketing activities with third-party solutions that cannot deliver the same results and where it is difficult to track performance. This means that cashback reduces marketing costs and increases the return on investment (ROI).²⁴

While individual merchants can offer their own cashback or loyalty programs, multi-merchant programs are generally more attractive to consumers as they can access many merchants within a single website or app, and they are easier and cheaper for the merchant to implement and manage.

The ROI for the merchant from participation in cashback therefore includes factors such as:

- Cashback provides access to a much wider group of consumers than many merchants could individually obtain, particularly for merchants in categories with lower purchase frequencies who may find it harder to maintain a regular engagement with their customer base. In this way, cashback provides access to new customers, which means the majority of sales originating from cashback are not simply replacing existing customer sales. Research undertaken for one cashback provider indicated that 85% of customers obtained by merchants from cashback promotion were new to the merchant.²⁵
- Cashback's influence on consumer purchase behaviour delivers incremental sales transactions, which deliver ROI even after subtracting the cashback and the cost of goods sold.
- Cashback offers a frictionless and seamless online shopping experience for consumers, with relatively high conversion rates resulting from decreased bounce rate and increased time-on-site, as well as cashback's influence on consumer purchase behaviour.

22 Jeff Domansky, Global Cashback Report, 2020.

23 RetailMeNot, the State of Cashback Offers, 2017.

24 Forrester, the Total Economic Impact of RetailMeNot Mobile Solutions, 2017.

25 Ibid.

2. Industry Overview (continued)

- Cashback delivers direct customer relationships, with many of the customers that cashback platforms introduce creating accounts and/or signing up for loyalty programs, creating longer-term relationships with merchants. Many of these customers go on to make follow-up purchases direct with the merchant, resulting in additional gross sales, with research indicating that of new customers obtained from a cashback campaign, 60% created an account with the merchant, and half of them went on to make one additional purchase in the same year.²⁶
- Cashback is an entirely performance-driven (i.e. pay-for-performance) investment, in that the merchant only pays for converted sales, unlike other digital marketing channels where merchants may pay for leads (cost-per-click) or impressions (cost-per-mille), which do not necessarily equate to converted sales.
- Much of the expenditure made by the merchant on cashback is passed on to the consumer in reward for their loyalty.
- Cashback offers are generally focused on consumers who are highly likely to respond to them, and avoid the need for the merchant to undertake bulk discounting to all consumers, including those who would have purchased anyway. Offering cashback also avoids the perception of discounting.
- Cashback platforms allow visibility into how campaigns perform, including the ability to identify elements of successful campaigns and better attribute sales.

In addition, some cashback platforms allow merchants to support a true omni-channel experience as consumers increasingly use mobile devices to transact and merchants seek to implement new digital strategies.

2.2.3 Benefits to members

Cashback is also attractive to consumers, particularly online shoppers. A recent survey of US consumers identified that 70% would be willing to download a cashback app, with only 12% not willing. Interest in cashback is highest among millennial consumers (defined as aged 24–42). Sixty-four per cent of consumers would rather download one cashback app compared to apps from different merchants. Availability of cashback is also a significant factor in making consumers try a new merchant, with 83% reporting that a cashback app would get their attention if it alerted them to offers from a store they had not tried before.²⁷ Cashback services appeal to consumers who are interested in saving money on regular shopping, with recent research indicating that 94% of Australians are using shopping hacks to save money on everyday spending, with saving on food and fuel topping the list.²⁸

2.2.4 Comparison of cashback to other types of programs

Other programs offering money-saving opportunities from multiple merchants to consumers include daily deals/deal aggregators. However, in cashback, the benefits to members are ongoing, while daily deals sites focus on temporary and brief offers. Price comparison websites also have a similar model in referring users to partnered merchants through their site, and receiving commission from merchants for sales made. Price comparison websites, however, generally focus on sectors such as insurance, energy and telecommunications, and not the retail sector. While there is some overlap in business models, deal aggregators and price comparison operators are not direct substitutes for cashback.²⁹

The similarities and differences between cashback and other merchant-funded marketing programs are summarised below.

²⁶ Ibid.

²⁷ DOSH, 2020 National Research Study, Gen Z and Millennials as Customers and Trend Drivers.

²⁸ Commonwealth Bank of Australia (CBA) research, (accessed from <https://www.commbank.com.au/guidance/newsroom/cba-launches-commbank-rewards-201912.html>).

²⁹ Competition and Markets Authority (UK) (CMA), Anticipated acquisition by Top Online Partners Group Limited of Maple Syrup Group Limited and its subsidiaries, full decision, 2019.

2. Industry Overview (continued)

Table 1 – Merchant-funded marketing programs

	Examples	Similarities to cashback	Differences with cashback
Deal aggregators	<ul style="list-style-type: none"> • Scoopon • Groupon • Catch of the Day 	<ul style="list-style-type: none"> • Provides access to offers from multiple merchants, including travel and accommodation and dining • Provides money-saving opportunities to consumers 	<ul style="list-style-type: none"> • Deals are usually time-specific • Many sites require users to pay for vouchers rather than allowing direct payment to merchants • Some sites may purchase stock from merchants for resale to consumers
Price comparison	<ul style="list-style-type: none"> • iSelect • Compare the Market 	<ul style="list-style-type: none"> • Provides access to offers from multiple merchants 	<ul style="list-style-type: none"> • Mainly focused on insurance and utilities services, not retail • Allows customers to compare offers from merchants but does not offer direct discounts or cashback
Merchant loyalty	<ul style="list-style-type: none"> • Priceline Sister Club • FlyBuys 	<ul style="list-style-type: none"> • Allows consumers to save money based on level of spending 	<ul style="list-style-type: none"> • Provide points that can be redeemed rather than direct cashback • Points have a significantly lower cash value than discount and/or cashback given both the earn rate under Australian loyalty programs and points generally converting to cash at less than face value • Redemption limited to the merchant(s) (and therefore categories) in the program

Source: Frost & Sullivan

Cashback also has similarities to buy now, pay later (BNPL) in that both are programs funded by merchants who operate with similar consumer and merchant network effects (doing so in a complementary as opposed to competing manner). However, cashback does not have the same level of regulatory oversight that applies to the BNPL sector and cashback operators do not bear the risk of consumer payment default (since, unlike cashback operators, the BNPL provider funds the acquisition cost of the good or service purchased by the consumer). For consumers, cashback offers additional benefits without any of the credit risk. Over recent years, the BNPL sector has grown strongly in Australia, with services launched from a range of providers including Afterpay, Zip, and Openpay. A majority of BNPL transactions are online.³⁰

2.2.5 The importance of scale to cashback programmes

Success in the cashback sector is linked to scale and the ability to create a network effect as more members drives the ability to recruit more merchants, which in turn attracts more members. This is shown diagrammatically below. Scale provides significant benefits for cashback operators, including the ability to negotiate more offers and higher commissions from merchants and featuring higher in online search results. This makes market entry challenging for new entrants, who need significant marketing investment to attract the large number of members that would drive increased merchants, meaning that early entrants continue to dominate the market.

³⁰ Afterpay, FY20 Results Presentation, released to ASX on 27th August 2020.

2. Industry Overview (continued)

Figure 2.01 – The virtuous cycle in cashback



Source: Frost & Sullivan

2.2.6 Main participants

Some of the largest global cashback operators are listed below. Data is based on information provided by operators, and definitions used (e.g. of members/users) may not be consistent between companies.

Table 2 – Leading cashback operators, Global, 2020

Company	HQ	Countries served	Founded	Members/ users	Merchants	Revenue	Website Visits (Aug 2020)
Honey	US	US, Australia, Canada, UK	2012	17 million (monthly active users)	4,500	Not publicly available	16.4 million
Ibotta	US	US	2012	6 million (monthly active users)	1,500	US\$88.5 million (estimate)	1.9 million
Quidco (Maple Syrup Group)	UK	UK, Germany, France	2005	10 million+ (members globally)	4,500	£97 million (2019) (globally) £76 million (2019) (UK)	3.9 million
Rakuten Rewards (Ebates)	US	US, Canada, China, South Korea, Japan, Singapore	1998	12 million (members in the US)	2,500	US\$70.7 million operating income (2019)	45.1 million
RetailMeNot	US	US, UK, Germany, France	2006	14 million (email subscribers)	5,000+	US\$280 million (2016)	31.6 million

2. Industry Overview (continued)

Company	HQ	Countries served	Founded	Members/users	Merchants	Revenue	Website Visits (Aug 2020)
Shopback	Singapore	Australia	2014	5 million (members in the Asia-Pacific)	3,000 (Asia-Pacific)	Not publicly available	AU 0.81 million
		Singapore					SG 0.55 million
		South Korea					KR 0.21 million
		Taiwan					TW 1.82 million
		Malaysia					MY 0.41 million
		Philippines					PH 0.11 million
		Thailand					TH 0.52 million
		Indonesia					ID 0.70 million
Swagbucks	US	Global	2008	20 million (active members)	1,500	Not publicly available	18.4 million
TopCashBack	UK	UK	2011	11.4 million members (global)	5,100 (UK), 9,500 (global)	£129 million (2018) (global)	UK 8.4 million
				8.2 million (UK)		£93 million (2018) (UK)	Other 2.1 million

Sources: company websites, reports, press articles, Global Cashback Report, 2020, Similar Web, Member and merchant data is the latest reported.

2.3 The e-commerce market

Cashback programs are primarily focused on e-commerce merchants and buyers and therefore, the market opportunity for cashback is linked to the size and growth of the e-commerce market. This section describes the e-commerce market in Australia.

2.3.1 Online retail sales in Australia

Over recent years, online retail sales in Australia have grown significantly, as more Australians shop online and increase the frequency and value of their online spending. In 2019, 90% of adult Australians used the internet, with 76% (approximately 15 million individuals) using it three or more times per day. Seventy-eight per cent of all internet users had bought goods or services online in the past six months.³¹ This is an increase from 60% in 2015³² and represents approximately 13.8 million online shoppers.

Factors behind the long-term growth in online retail sales in Australia include:

- The near ubiquitous use of smartphones, which are now the most common device to access the internet, with 87% of internet users accessing via a smartphone, compared to 69% for laptop computers and 56% for tablets.³³ This stimulates online retail as online shoppers are now able to purchase while on the move.
- Improvements in the speed and reliability of fixed and mobile internet access, driven by investments in 4G and 5G networks by mobile telephony service providers and the roll-out of the National Broadband Network (NBN), which as at July 2020 connected 7.4 million homes and businesses.³⁴
- Innovations by online retailers, for example in payment options (e.g. BNPL), delivery models (such as click-and-collect) and innovations in customer experience such as through the use of artificial intelligence to deliver more personalised services to consumers.

³¹ ACMA Communications Report, 2018-19.

³² ABS, Household use of Information Technology, 2014-15.

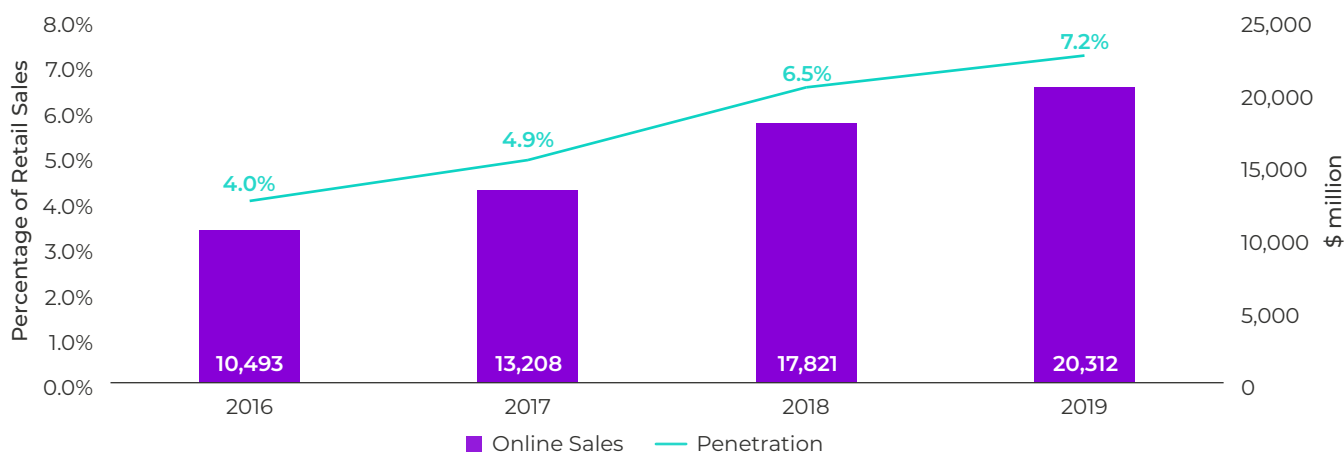
³³ Australian Communications and Media Authority (ACMA), Communications Report, 2018-19.

³⁴ NBN, How we're tracking: July 2020, (accessed from <https://www.nbnco.com.au/corporate-information/about-nbn-co/updates/dashboard-july-2020>).

2. Industry Overview (continued)

In 2019, total online retail sales in Australia reached \$20.3 billion, which represented 7.2% of total retail sales (excluding cafes, restaurants and takeaway food). Since 2016, online retail sales have almost doubled, at a CAGR of 24.6%. The penetration level of online retail has increased from 4.0% to 7.2% over this period.³⁵

Figure 2.02 – Online retail sales and online penetration, Australia, 2016 to 2019

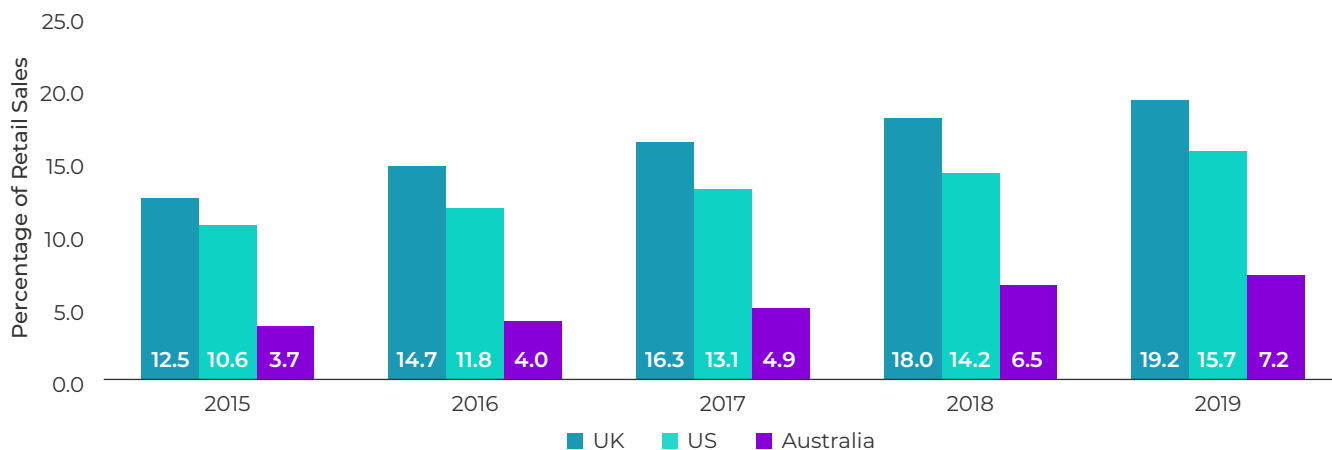


Source: ABS– 8501.0 – Retail Trade, Australia, July 2020.

2.3.2 Comparison with other markets

Although online retail sales in Australia have grown significantly, the overall penetration level in Australia is significantly lower than culturally similar markets such as the UK and US. In 2019, online retail penetration in the UK was 19.2% and in the US 15.7%, compared to 7.2% in Australia.³⁶ Although online retail sales in Australia are growing strongly as in the UK and US, the penetration level is eight to nine years behind these other markets.

Figure 2.03 – Online retail penetration, Australia, UK and US, 2015 to 2019



Sources: ABS– 8501.0 – Retail Trade, Australia, July 2020; Office of National Statistics (ONS), Internet sales as a percentage of total retail sales, August 2020; US Census Bureau, Retail E-Commerce Sales, August 2020. US data is Adjusted Retail Sales, excluding food service, automobile and other motor vehicle dealers and service stations.

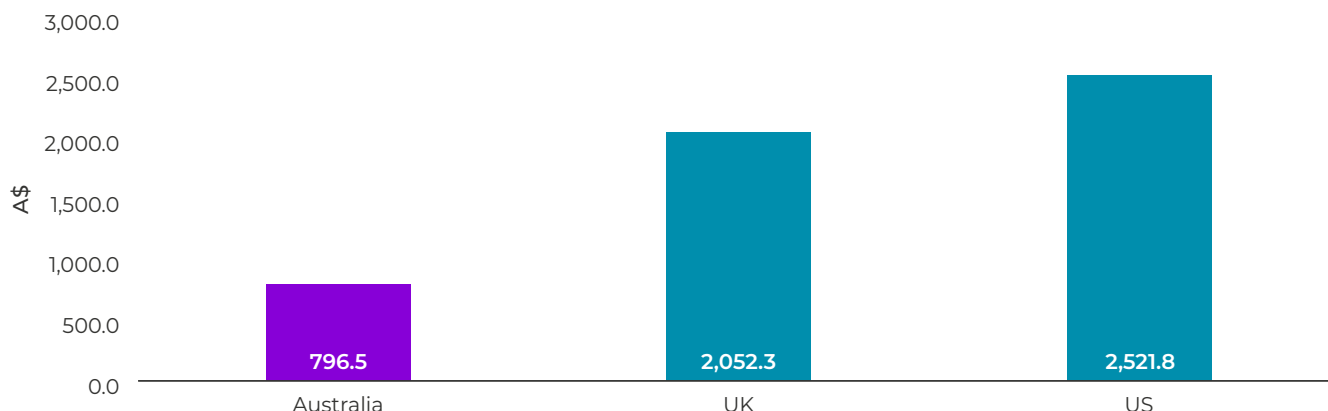
The difference between these markets is also reflected in per capita online retail sales (adjusted to A\$), with Australia only about one-third of the per capita expenditure in the US and less than half that in the UK.

³⁵ ABS, 8501.0 – Retail Trade, Australia, July 2020.

³⁶ ABS, 8501.0 – Retail Trade, Australia, July 2020; Office of National Statistics (ONS), Internet sales as a percentage of total retail sales, August 2020; US Census Bureau, Retail E-Commerce Sales, August 2020.

2. Industry Overview (continued)

Figure 2.04 – Per capita online retail expenditure, Australia, UK and US, 2019



Sources: ABS– 8501.0 – Retail Trade, Australia, ONS, Internet sales as a percentage of total retail sales, August 2020, US Census Bureau, Retail E-Commerce Sales, August 2020.

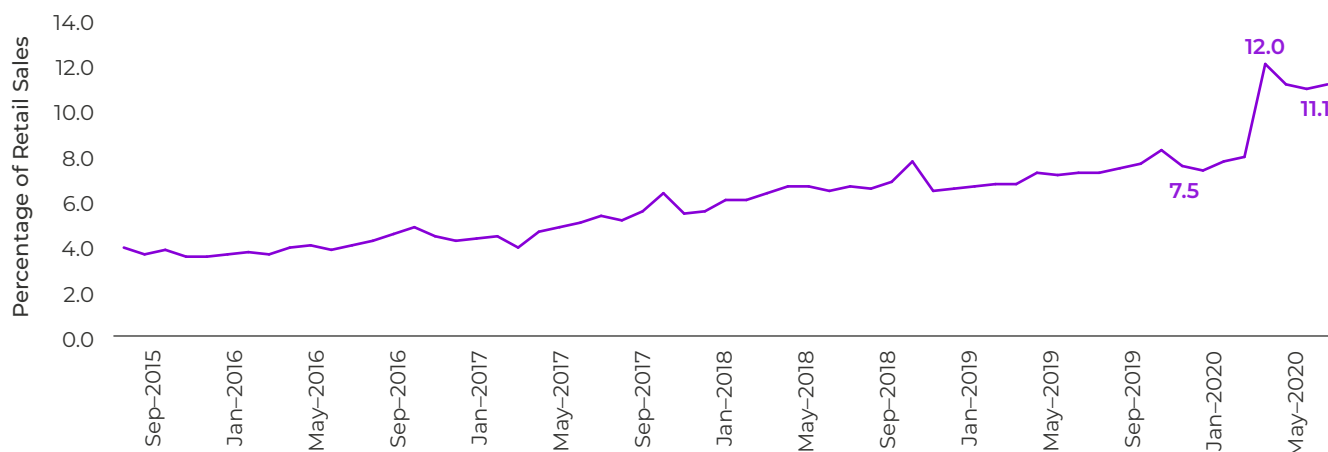
The relatively slower adoption of online retail in Australia can be attributed to a number of factors, including a heritage of catalogue shopping in the UK and US which did not exist in Australia, relatively more dispersed populations in the UK and US and earlier innovation in online retail by retailers in these markets.

The differences with the UK and US markets does, however, indicate that Australia still has significant potential for further growth in online retail.

2.3.3 Impact of COVID-19

The introduction of restrictions related to the COVID-19 pandemic in March 2020 had an immediate and significant impact on online retail. In Australia, online retail penetration jumped from 7.5% in December 2019 to 12.0% in April 2020, before a slight decline from May as restrictions were eased and most physical shops reopened. However, online penetration remains elevated by around three basis points above its 2019 level and increased again in July 2020.³⁷

Figure 2.05 – Online retail penetration by month, Australia, 2015 to 2020



Source: ABS– 8501.0 – Retail Trade, Australia, July 2020.

This reflects the trend seen in the UK and US. In the UK, online penetration increased from 21.4% in December 2019 to 32.8% in May 2020 and in the US (where only quarterly data is available), online penetration in Q2 CY20 was 4.3 basis points ahead of Q1.³⁸

³⁷ ABS, 8501.0 – Retail Trade, Australia, July 2020.

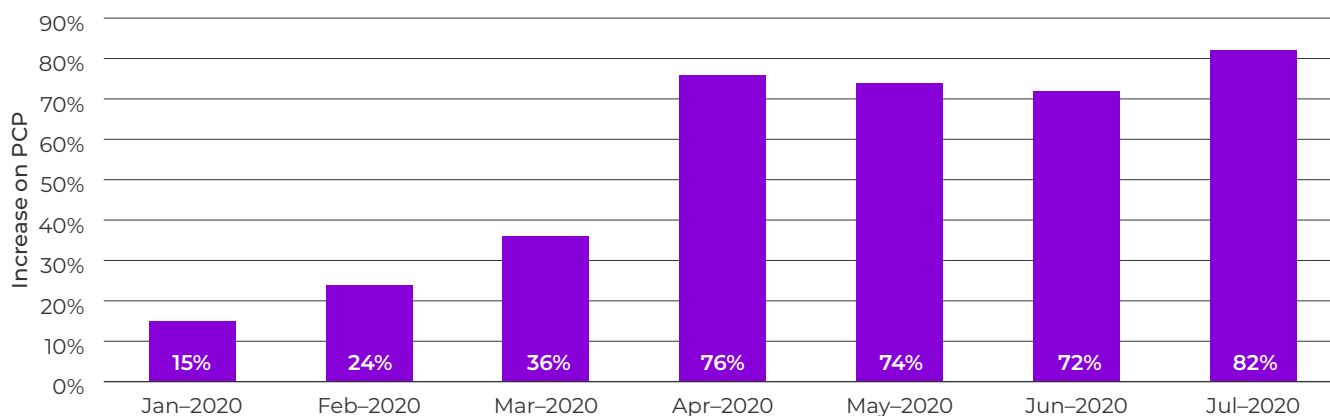
³⁸ ONS, Internet sales as a percentage of total retail sales, August 2020, US Census Bureau, Retail E-Commerce Sales, August 2020.

2. Industry Overview (continued)

There are several reasons for this rapid growth in online retail in Australia, including factors stimulating retail sales in general, such as the significant boost to household spending resulting from government stimulus payments and early superannuation withdrawal, and those driving a consumer switch to online shopping, such as the diversion of spending from social activities and holidays, the physical closures of many retail stores, and concerns by consumers over visiting bricks-and-mortar outlets. In April 2020, over 200,000 Australians were estimated to have shopped online for the first time and existing online shoppers increased their purchase frequency. The number of households shopping online in April 2020 was 5.2 million, an increase of 31% from the same period in 2019.³⁹

On a month-by-month basis, online retail sales in value terms in Australia have increased by over 70% when compared to the prior corresponding period (pcp) in every month since April 2020, with the highest increase in July 2020. This indicates that, despite the large-scale easing of restrictions from June 2020, online retail sales remain at a significantly elevated level compared to 2019. Assuming online retail sales grow by 70% each month on the pcp for the period August to December 2020, then for the full year of 2020 they will reach \$32.95 billion, an increase of 62% over 2019.⁴⁰

Figure 2.06 – Online retail sales, difference with prior corresponding period, Australia, January to July 2020



Source: ABS – 8501.0 – Retail Trade, Australia, July 2020.

2.3.4 Online retail forecasts

The COVID-19 pandemic has caused a significant uplift in online retail, with many first-time online shoppers entering the market and existing shoppers increasing the frequency of purchasing. Hence, the pandemic is likely to significantly accelerate the growth of online retail in Australia.

Without COVID-19, assuming that online retail penetration had continued to increase at the same average annual rate as in 2016 to 2019, online penetration would have reached 8.7% in 2020 and 19.2% by 2024. In 2020, penetration is now forecast to reach 11.4%, based on the growth in online sales in January to July 2020, and the assumption that online retail sales grow by 70% each month on the pcp for the period August to December 2020. Assuming that the historic average growth rate in online retail sales resumes from 2021, online penetration will reach 24.8% in 2024. COVID-19 is therefore forecast to accelerate online retail penetration by about two years.⁴¹

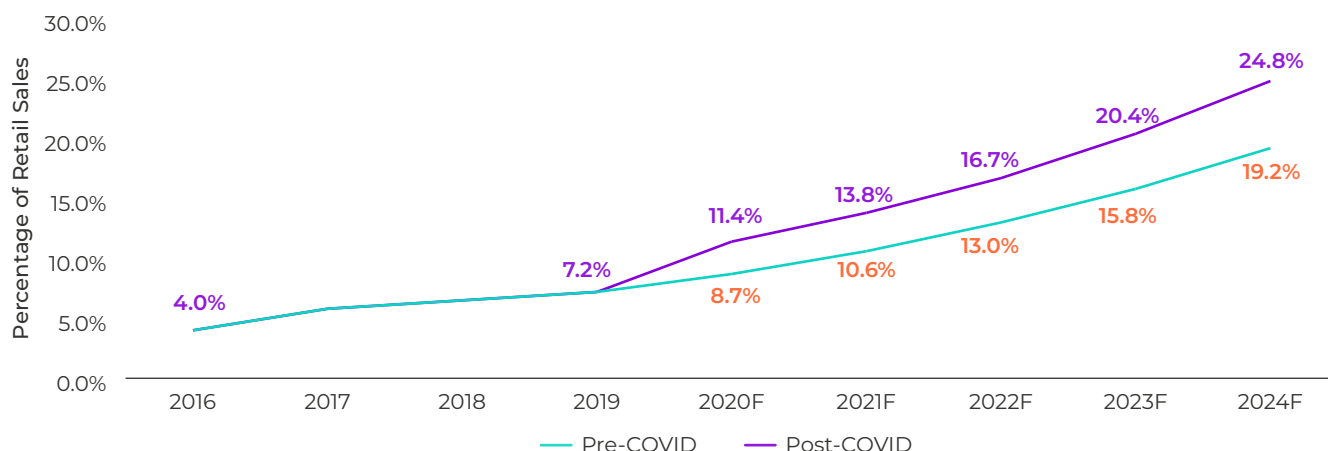
³⁹ Australia Post, Inside Australian Online Shopping, 2020.

⁴⁰ Frost & Sullivan forecast.

⁴¹ Frost & Sullivan forecast.

2. Industry Overview (continued)

Figure 2.07 – Online retail penetration, Australia, 2016 to 2024F



Sources: ABS– 8501.0 – Retail Trade, Australia, July 2020; Frost & Sullivan forecasts for all forecast data shown above.

2.4 Cashback sector size and growth

2.4.1 Overview

The size of the cashback sector can be measured in a number of ways, including the number of active members, active merchants, Total Transaction Value for purchases originating on cashback sites or apps, and total revenue for cashback operators (through merchant commissions and merchant advertising). Most major cashback operators are privately owned with limited data released and definitions (such as of active members) may be inconsistent between operators. Additionally, there is likely to be overlap between the member and merchant numbers reported by operators, reducing the potential to estimate market size through aggregation of data reported by individual operators.

2.4.2 Cashback penetration

Available information does suggest that the cashback sector in Australia is under-penetrated when compared to culturally similar markets such as the UK and US, matching the lower online retail penetration in Australia. Cashrewards, the leading cashback operator in Australia, has lower market penetration than its comparators in the UK and US (penetration is defined as members/total online shoppers).

Table 3 – Cashback penetration, Australia, UK, US, 2019⁴²

	Cashback Operator	Revenue	Members (million)	Total Online Shoppers (million)	Cashback Penetration
Australia	Cashrewards	A\$18.0 million (FY19)	0.7 ⁴³	13.8	5.8%
	Shopback	N/A	N/A	13.8	N/A
UK	TopCashBack	£93 million (2018) (UK)	8.2	38.5	21.2%
	Quidco	£76 million (2019) (UK)	8.0	38.5	20.8%
US	Swagbucks	N/A	20.0	165.1	12.1%
	Honey	N/A	17.0	165.1	10.3%
	Rakuten Rewards (Ebates)	N/A	12.0	165.1	7.3%

Sources: company reports and announcements, ACMA, UK ONS, Pew Center, Member and merchant data.

⁴² Data for Australian operators (other than Cashrewards) has not been shown as Shopback does not disclose this data for its Australian business and Plastiq and Motza Member data is immaterial.

⁴³ This is the former figure (from 2019) – for a more up to date figure please see section 3.7.

2. Industry Overview (continued)

2.4.3 Cashback industry size

Data on the size of the cashback industry is relatively sparse. Aggregated UK revenue for the two dominant UK cashback operators, Quidco and TopCashBack, was approximately £169 million (\$307 million) in 2019.⁴⁴ These operators cumulatively are estimated to have a 95% share of the UK cashback sector.⁴⁵ The UK cashback industry revenue can therefore be estimated at approximately £178 million (\$323 million). As in the UK, the cashback industry in Australia is dominated by two companies, Cashrewards and Shopback Australia but revenue data is not publicly available.

Plastiq and Motza have also recently launched cashback programs in the Australian market, with Plastiq reporting 2,500 members and more than 500 Australian retailers in February 2020⁴⁶ and Motza still in beta trial phase.⁴⁷

The cashback industry in Australia is under-penetrated relative to the UK and the US, reflecting a low level of awareness of cashback in Australia. Recent research among online shoppers in Australia indicated that only 31% are aware of cashback programs, with 69% unaware. Of those unaware, 27% are interested in joining cashback, with 38% unsure. Of the individuals that have joined cashback programs since the start of the COVID-19 pandemic, Cashrewards is the most popular program, with 41% of individuals who have joined a cashback or loyalty program since the start of the pandemic joining Cashrewards.⁴⁸

2.5 Offline cashback sector

2.5.1 Card-linked offers (CLOs)⁴⁹

Participation in CLOs offers significant benefits for merchants, including increasing in-store visits and customer retention at a time when consumers are moving to a true omni-channel experience. They are easy for merchants to implement as they do not need to see or collect virtual or physical vouchers or coupons and payments are made using existing payment terminals. In the US, around one-third of millennial consumers (aged 24–42) currently have and use a CLO.⁵⁰

Consequently, the number of CLOs is increasing strongly, as is participation by merchants. For merchants, adopting CLO programs is often seen as a more effective form of marketing expenditure than other channels, such as traditional advertising. Based on research among members in key markets by the CardLinx Association, around 25% of respondents reported annual growth of 50% or more in the number of merchants adopting CLO programs, and card-linked marketing is the second most common marketing tool adopted, after social media marketing.⁵¹

2.5.2 CLO market opportunity

Based on data from the Reserve Bank of Australia (RBA), in July 2020 there were just under 14 million individual credit and charge accounts in Australia, with 18.7 million individual cards on issue. Around 234 million individual credit and charge card transactions occurred in July 2020.⁵² Total offline retail spending in the year to July 2020 was almost \$313 billion (including cafes, restaurants and takeaway food),⁵³ indicating that the offline market opportunity is significantly larger than the online market.

Australia has a very large participation in loyalty programs, with many memberships linked to credit cards. Almost 90% of consumers belong to at least one loyalty scheme and the average loyalty scheme member belongs to over six programs.⁵⁴ Use of credit cards linked to rewards programs is very common, with 59% of credit card holders reported as using a rewards card.⁵⁵

44 TopCashBack and Maple Syrup Group (Quidco) financial reports, 2018 and 2019. TopCashBack 2019 revenue assumed unchanged from 2018.

45 CMA, Anticipated acquisition by Top Online Partners Group Limited of Maple Syrup Group Limited and its subsidiaries, full decision, 2019.

46 CMO, Cashback rewards startup launches crowdfunding campaign, (accessed from <https://www.cmo.com.au/article/670973/Cashback-rewards-start-up-plastiq-launches-crowdfunding-campaign/>).

47 Motza, (accessed from <https://www.motza.com.au/about-us>).

48 Research by Catalyst Research of 1,287 Australian adults, balanced for age, sex and geographical factors, including over 1,000 respondents who had undertaken online shopping in the last six months. Fieldwork was conducted on 15–16 September 2020.

49 CLOs are offers (cashback or discounts) that consumers receive automatically through paying with a linked card at a participating merchant, funded through commission payable by the merchant.

50 DOSH, 2020 National Research Study, Gen Z and Millennials as Customers and Trend Drivers.

51 CardLinx Association, Card-Linking and O2O Industry Survey 2019.

52 RBA, Payments Data.

53 ABS, 8501.0 – Retail Trade, Australia, July 2020.

54 Australian Competition and Consumer Commission (ACCC), Customer loyalty schemes, draft report, September 2019.

55 Ibid.

2. Industry Overview (continued)

Previously, rewards and loyalty schemes linked to credit cards were largely funded by interchange fees and/or an annual fee paid by the cardholder, however, regulations introduced by the RBA in 2017 to cap interchange fees significantly reduced the funding available, leading to the devaluation of many credit card reward programs. Merchant funding through CLOs provides an alternative funding source and allows card issuers to differentiate their offerings. Consequently, several industry participants have begun to launch CLOs. For example, in December 2019, CBA launched CommBank Rewards, which allows eligible customers to receive cashback when they spend using their CBA credit or debit Mastercard with a limited number of brands, including Coles, Caltex, Myer, JB Hi-Fi and Menulog.⁵⁶

CLOs also allow new entrants into the card sector to differentiate their offerings from those of the major banks that have to date dominated the market in Australia. Non-bank lenders (such as MoneyMe) are anticipated to increase their share of consumer lending in Australia, with the value of consumer credit originated by non-bank lenders expected to grow from \$30 billion in 2020 to \$40 billion in 2024, while the value of originations by bank lenders declines over the same period.⁵⁷

2.5.3 Conclusion

Cashback is a product which is increasingly attractive to both consumers and merchants. For consumers, the ability to shop online or in-store with a variety of merchants offering money-saving opportunities. For merchants, it provides an approach to attract new customers and increase spending by existing customers, with a more compelling ROI than other marketing investments. The market opportunity for cashback is being driven by the structural growth in use of e-commerce, with online retail spending also receiving a significant boost from the COVID-19 pandemic, which has significantly stimulated the growth of e-commerce.

However, the e-commerce and cashback sectors in Australia remain under-penetrated in comparison with markets such as the UK and US. E-commerce penetration in Australia is significantly lower than these markets, and the penetration of cashback users among e-commerce buyers is also significantly lower. This suggests that there is significant growth opportunity for cashback in Australia.

The offline cashback sector also offers a significant opportunity, with the potential to extend the cashback concept into the bulk of retail spending that still occurs in physical stores. The use of CLOs is increasing in Australia, particularly as card issuers look to differentiate their offerings.

2.6 Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Cashrewards Pty. Ltd. and no interest in the outcome of the initial public offer (IPO). Payment of these fees to Frost & Sullivan is not contingent on the outcome of the transaction. Frost & Sullivan has not and will not receive any other benefits, (including any commissions), and there are no factors that may reasonably be assumed to have influenced the contents of this report nor that may be assumed to have provided bias or influence. Frost & Sullivan consents to the release of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's licence or financial services licence. This report does not constitute advice in respect of the transaction.

⁵⁶ CBA, media release, (accessed from <https://www.commbank.com.au/guidance/newsroom/cba-launches-commbank-rewards-201912.html>).

⁵⁷ MoneyMe Prospectus, 2019.

Section 3

Company Overview

3. Company Overview

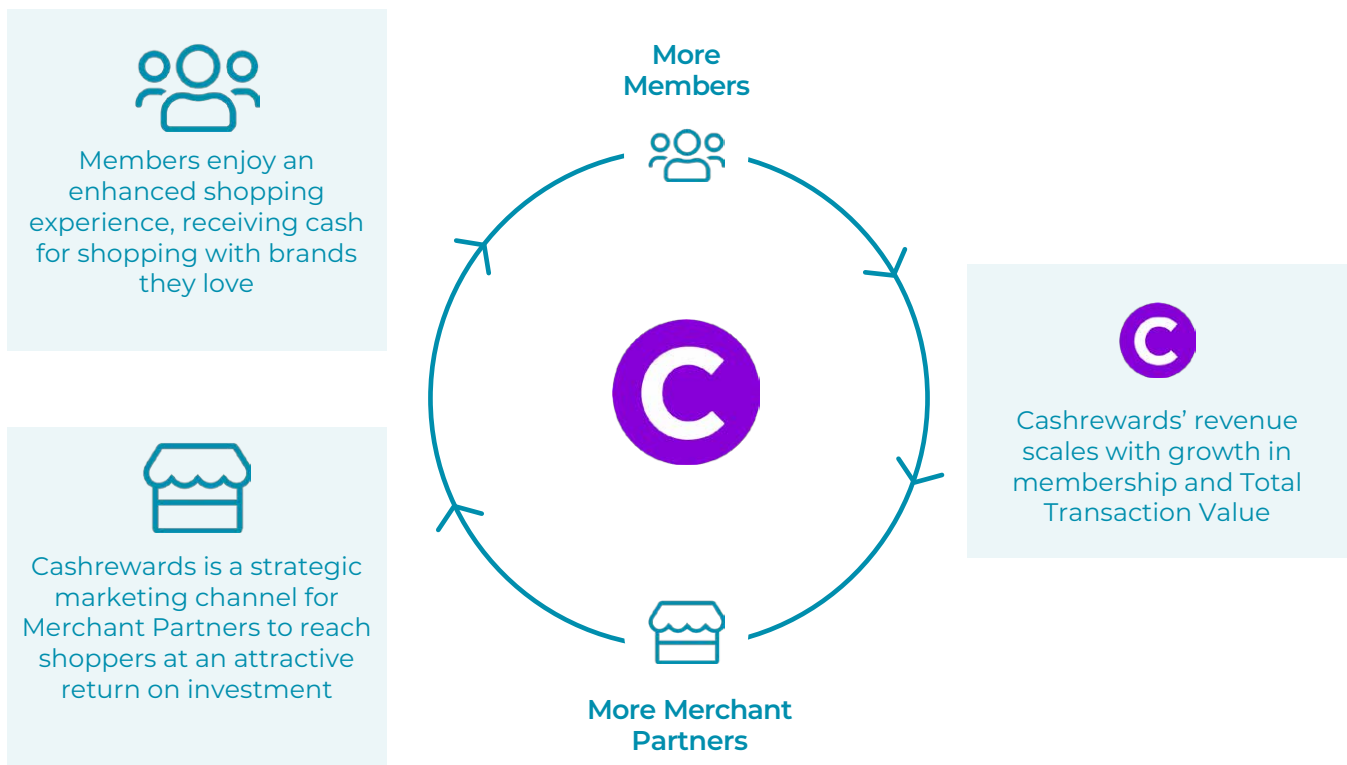
3.1 About Cashrewards

Launched in 2014, Cashrewards has grown to become the largest Australian-owned-and-operated cashback ecosystem. Cashrewards' mission is to make every day more rewarding by connecting Australian consumers with brands they love, while simultaneously supporting Merchant Partners across objectives including driving brand awareness and delivering high margin sales on a pure performance basis.

Cashrewards provides over 800,000 Members with a broad array of Cashback offers via its 1,500+ Merchant Partners. This ecosystem has driven more than \$2.3 billion of Total Transaction Value⁵⁸ for Merchant Partners since its inception and translated into more than \$55 million of Cashback for Members since Cashrewards' establishment.

Cashrewards is founded on a dual-sided value proposition which delivers mutual value for both Members and Merchant Partners. Cashrewards connects Members and Merchant Partners through a number of products which aim to drive brand awareness, access to shoppers and promote conversion of shopping intent into transactions. Where a Member goes on to transact with a Merchant Partner, that Member receives 'Cashback'. This 'Cashback' payment enjoyed by the Member represents a share of the Commission Cashrewards receives from Merchant Partners for engaging a Member to shop with them, which is typically determined at the discretion of Cashrewards. The Merchant Partner does not pay any Commission unless the Member shops with them, resulting in purely performance-based fees.

Figure 3.01 – Cashrewards dual-sided value proposition



58 Including gift cards.

3. Company Overview (continued)

3.1.1 Why it works for Members

Consumers are increasingly looking for:

- **Value** as cost-consciousness grows the rise of e-commerce and search engine marketing facilitates more transparent price comparability. Cashrewards offers customers cash (in contrast to loyalty points) to save or spend on whatever they choose;
- **Simplicity** in a world of increasing and overwhelming choice. Cashrewards seeks to simplify the shopping experience. It simultaneously acts as a virtual shopping centre, showcasing a broad range of deals, and a data-driven shopping companion, recommending offers to individual Members. Members are connected with attractive offers via email and push notifications from the Cashrewards app or the Cashrewards Assistant (discussed further in Section 3.4);
- **Seamless shopping experiences** across a variety of channels. Cashrewards offers an integrated omni-channel experience across digital and physical channels, such as search, websites, mobile applications and in-store;
- **Enhanced experiences**, including through personalisation, cross-category product discovery and offer curation. Cashrewards connects customers and offers with increasing relevance; and
- **Flexible rewards** in an economy where loyalty programs are common and consumers have come to expect rewards in exchange for shopping. Cashrewards rewards Members for shopping with the brands they love with cash to save or spend on whatever they choose.

Cashrewards delivers on all these needs with minimal effort required on the part of the Member.

3.1.2 Why it works for Merchant Partners

Merchant Partners are increasingly looking for:

- **Increased return on marketing investment:** Merchant Partners are seeking alternative marketing channels that generate attractive returns on their marketing budget. Cashrewards aims to offer an attractive return through the initial transaction and also across the future lifetime value of the transacting Member. Cashrewards seeks to support:
 - access to high-value incremental, transacting shoppers
 - increased average order values
 - greater conversion of shopping intent into transactions, decreased bounce rates and increased time on site
 - repeat purchases, where receiving Cashback incentivises Members to continue shopping at participating Merchant Partners
 - an omni-channel marketing channel, with the opportunity to leverage Member data on a strategic level to assist in driving marketing objectives related to customer acquisition, customer retention, habitual purchases, re-engagement of lapsed customers or amplification of marketing campaignsall of which support greater returns on advertising spend or investment.
- **Performance-driven results:** Merchant Partners that use traditional marketing channels can experience wastage across their advertising spend. Cashrewards ensures zero-waste spend with Commissions only being paid on successful sales facilitated via the Cashrewards ecosystem, ensuring efficient marketing spend.
- **Increased brand awareness:** Merchant Partners enjoy increased exposure through Cashrewards' owned channels that are accessible to more than 800,000 Members.

The strength of Cashrewards' Merchant Partner proposition is demonstrated by the strong relationships held with Merchant Partners. Five of Cashrewards' top 10 Merchant Partners by FY20 revenue have held relationships with Cashrewards since Cashrewards was launched in April 2014. Further, the top 10 Merchant Partners have used the ecosystem for between 2.2 and 6.2 years, with an average relationship of 5.4 years.⁵⁹

⁵⁹ As at 30 June 2020.

3. Company Overview (continued)

3.1.2.1 Merchant Partner testimonials



Myer

Over the past couple of years, we have been on a journey to supercharge our digital marketing strategy and this could not have been achieved without our partnership with Cashrewards. The team are highly responsive, proactive and open to new ideas; most importantly, our work together has yielded positive results and sustained growth for both parties.

We see Cashrewards as a long-term partner who can help us to drive incremental growth of the business as well as continued innovation to help drive forward the Australian digital marketing and online shopping landscape.



eBay

As the country's largest online shopping destination we are fortunate to have been supported by Cashrewards from their early days. The team at Cashrewards works relentlessly to strengthen our partnership and find new ways for us to work together.

We strongly value our relationship with Cashrewards and their ability to quickly adapt to our ever changing performance marketing goals. Our relationship has proven incredibly valuable when we look for efficient ways of driving higher basket values and higher frequency of purchase.



Leading Online Travel Agent

Cashrewards has been a valued partner that drives acquisition and increased growth in average booking value and nights booked. They are experts at driving highly engaged travel buyers to our site. They are highly responsive and their team is always looking for opportunities to bring value to our business, which we appreciate. Cashrewards is one of our largest partners in the Australian market and we see a great performance from our 'always on' Cashback offers and our strategic initiatives. We are excited to continue working with Cashrewards as they grow.



Cellarmasters

We see Cashrewards as a strategic marketing partner that drives acquisition and growth in Average Order Value. Cashrewards Members are highly motivated shoppers that start their shopping missions with the platform. Because we only pay for performance, it is one of the most measurable and accountable options to drive traffic available and we see attractive ROI both from our 'always on' Cashback offers and our strategic initiatives.



Leading travel agent

Cashrewards is a more targeted alternative to traditional digital media investment. Consumers on the Cashrewards platform are highly motivated by the Cashback mechanic and many start their shopping mission with the platform. This, combined with the transaction volumes and enhanced average order value we have seen on the platform, gives us confidence that the sales we are generating via Cashrewards are from consumers we likely could not easily reach through other channels.

3. Company Overview (continued)

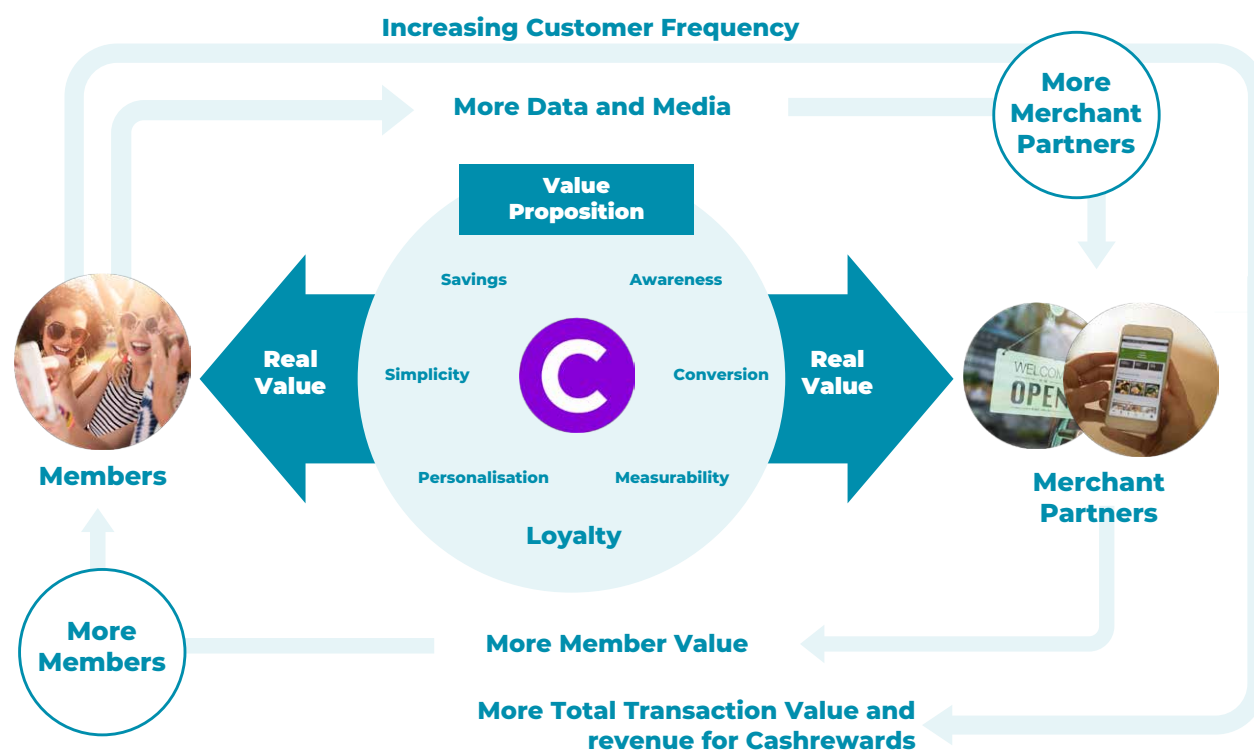
3.1.3 The result for Cashrewards

Cashrewards receives a Commission on every successful transaction between a Member and Merchant Partner. By increasing transactions between Members and Merchant Partners, Cashrewards is able to grow its key operating metrics.

Cashrewards' dual-sided value proposition is underpinned by its sizeable Member and Merchant Partner base. Cashrewards benefits from the network effect where the growth of each side of this ecosystem supports the growth of the other. The more Members Cashrewards engages, the more attractive it is for existing and new Merchant Partners, which translates to increased breadth and depth of offers. As the number of Merchant Partners and breadth and depth of offers increases, Cashrewards is better able to engage with its existing Member base and acquire new Members. This results in a network effect whereby the potential value and utility available to each group – Members and Merchant Partners – increases with the growth of the other.

Cashrewards has been able to operate this dual-sided value proposition without needing to entertain exclusivity with any Merchant Partners.

Figure 3.02 – Why it works: The Cashrewards ecosystem



3.1.4 Cashrewards' competitive position

As the largest Australian-owned-and-operated cashback ecosystem, Cashrewards has built a strong competitive position in the Australian cashback sector.

The key barriers to entry into the Australian cashback sector include the need to have both:

- the investment in time, capital and resources required to build a critical mass of Members and Merchant Partners
- the investment in technology necessary to support both the scaling of Members and Merchant Partners, as well as fulfilment of Cashrewards' obligations to both

Critical mass: In Cashrewards' view, a key challenge for potential entrants to the sector is the challenge in acquiring Members until the entrant has the necessary Merchant Partner base, comprising sufficient numbers and recognisable brands. Equally, there is limited incentive for Merchant Partners to join or use a cashback solution unless the platform has sufficient Members to drive a sufficient quantum of sales.

This challenge evidences the dual-sided nature of cashback schemes and equates, in Cashrewards' view, to a competitive barrier that works in the favour of larger, established operators such as Cashrewards, which has built a base of over 1,500 Merchant Partners and over 800,000 Members.

3. Company Overview (continued)

Investment in technology: Additionally, new entrants to the cashback sector would have to invest a significant amount of capital and specialist personnel resources to replicate the technology of a platform like that of Cashrewards, which:

- integrates with merchants to ensure that Members can easily transition from the cashback platform to the merchant's check-out to complete their purchase
- effectively tracks sales generated by the cashback solution for merchants
- appropriately protects the security and privacy of customer and merchant data
- integrates with third-party and strategic partner applications to provide services to Members and deliver the scale of Merchant Partners in the Cashrewards product

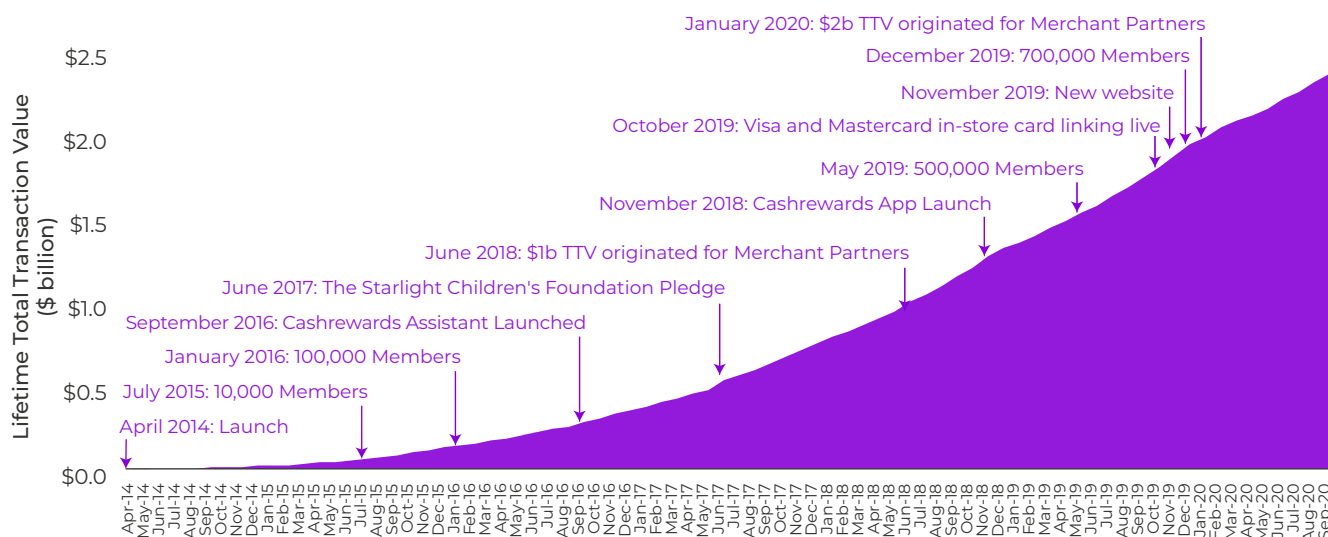
There are domestic businesses that may have current existing critical mass and international businesses that have the requisite technology; however, in Cashrewards' view there are limited parties that have both, which translates to Cashrewards' strong competitive position in the Australian cashback sector. In addition, Cashrewards benefits from the brand awareness associated with being the largest Australian-owned-and-operated cashback ecosystem and is focused single-mindedly on the cashback sector.

3.2 Cashrewards' history

Having witnessed the success of the Cashback model overseas launched for both Members and Merchant Partners, founder and Non-Executive Director, Andrew Clarke, established Cashrewards in 2014.

Andrew's ambition was to create a purpose-driven business that delivered genuine value to all parties while creating a positive social impact in the community. Starlight has been an important partner to Cashrewards and in June 2017, Cashrewards pledged to Starlight 1% of Cashrewards' equity.⁶⁰ Additionally, Cashrewards contributes a donation equivalent of 1% of the total amount of Cashback that Members withdraw from their Cashrewards account. This partnership has already enabled Cashrewards to help more than 7,600 sick children. Cashrewards is expected to be the first Australian company that has made a Pledge 1% equity commitment to list on the Australian Securities Exchange.

Figure 3.03 – Key dates in Cashrewards' history



For further details on Cashrewards' product launches such as the app, website, Cashrewards Assistant and Card-linked Offers, please refer to Section 3.4.

⁶⁰ Cashrewards pledged 1% of the equity in the business as at June 2017 (which is 250,592 ordinary Shares on a post-share consolidation basis). The Starlight Children's Foundation equity stake has since been diluted due to subsequent capital raisings.

3. Company Overview (continued)

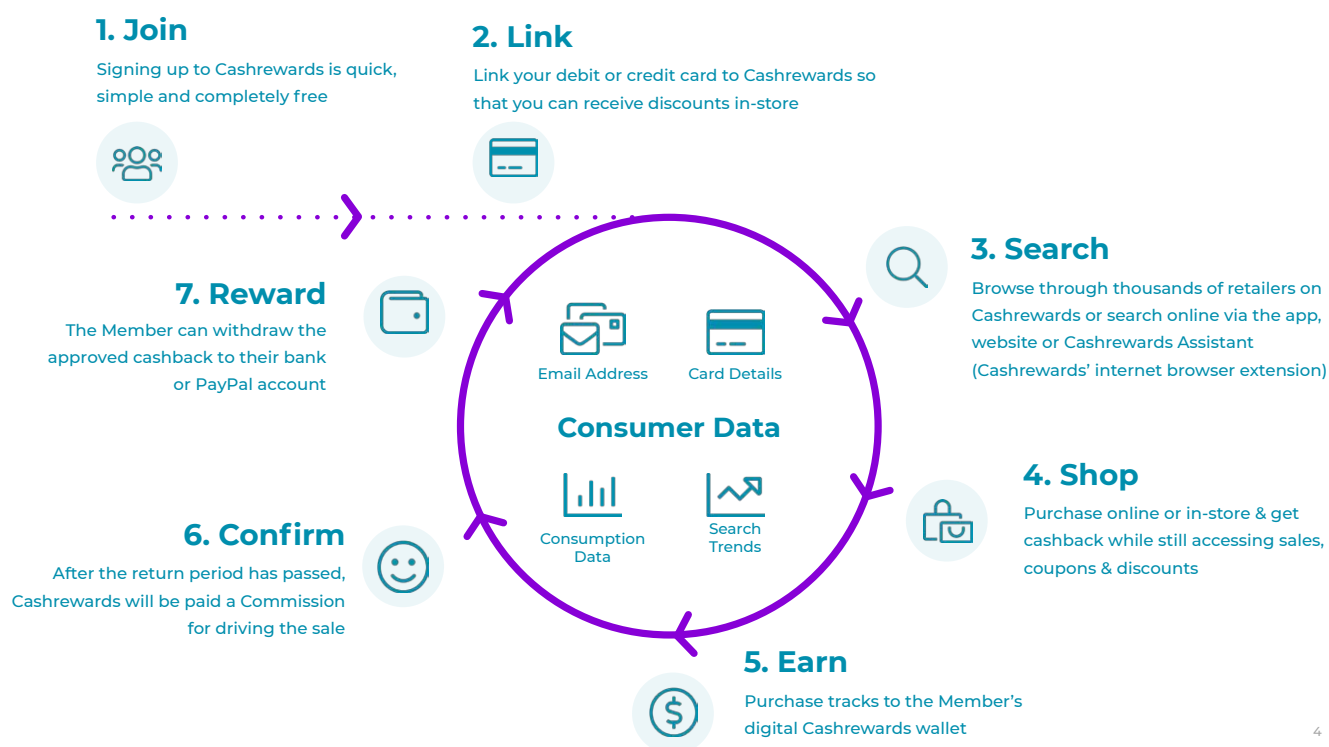
3.3 How the Cashrewards ecosystem works

The Cashrewards ecosystem allows Members to browse brands and shop Cashback offers online or in-store with participating Merchant Partners. For online sales, Members enter the Merchant Partner's e-commerce website directly through the Cashrewards mobile app, website or Cashrewards Assistant. For in-store purchases, Members can link their Visa or Mastercard debit and/or credit cards and receive Cashback in-store at participating Merchant Partners simply by shopping with that card. As at 30 June 2020, over 125,000 debit and/or credit cards had been linked by Members to their Member Accounts.

Cashrewards' offers can be used in conjunction with other applicable Merchant Partner discounts and loyalty programs and/or credit card program benefits. The Cashrewards offering is agnostic to the form of payment the Member uses (with the exception of in-store purchases, which must be done via a linked Visa or Mastercard debit or credit card), given that the Merchant Partner controls the check-out experience.

Joining Cashrewards is free and can be completed in just a few seconds. Once a Member joins Cashrewards they are able to immediately shop and earn Cashback.

Figure 3.04 – The Cashrewards Member journey



- 1. Join** – the Member journey is initiated by signing up to the Cashrewards platform, which is a quick and easy process that can be undertaken on the Cashrewards website or app. The only information required on sign-up is an email address and mobile number, enabling the Member to immediately begin earning Cashback at participating Merchant Partners.
- 2. Link a debit or credit card** – Members are presented with an option to link their Visa or Mastercard debit or credit card to their Cashrewards account, which allows them to automatically earn Cashback when transacting in-store at participating Merchant Partner stores simply by shopping with that card. This is an optional step and currently, one in four Members completes this step.
- 3. Search** – Members can search the Cashrewards website or app for both online and in-store Cashback offers from over 1,500 Merchant Partners, and receive periodic communications via email and app push notifications from Cashrewards with curated Merchant Partner offers. Members can also install the Cashrewards Assistant, an internet browser extension, which notifies Members of Cashback offers when a Merchant Partner's website appears in a list of search engine results or when a Member enters a Merchant Partner's website. Further detail on the Cashrewards Assistant is provided in Section 3.4.

3. Company Overview (continued)

4. **Shop** – Online, Members can click-through Cashrewards offers (via the Cashrewards website, app or Cashrewards Assistant) to a Merchant Partner's website to shop and take advantage of online Cashback offers. Members are able to shop as normal through a Merchant Partner's e-commerce channels (including the Merchant controlling the check-out experience). In-store, Members pay with their linked card (refer step 2 above), whereupon their transaction is automatically linked to Cashback offers currently running at the transacting Merchant Partners store.
5. **Earn** – In most cases, Cashrewards notifies the Member of the successfully earned Cashback within moments of the transaction. In a smaller number of cases, Member notification occurs later as some Merchant Partners can take up to seven days to report the transaction to Cashrewards. Once notified, the Member can see their expected cash balance in their Cashrewards account with the Cashback amount shown as pending.
6. **Confirm** – Cashrewards is paid a Commission from Merchant Partner sales. The Commission is typically confirmed once the return period for the product or service has lapsed, at which time the pending cash balance is confirmed in the Member's Cashrewards account and becomes available for withdrawal. Where there is a proven low decline rate, low revenue risk or un-returnable product (such as takeaway food), Cashrewards may approve Cashback to the Member prior to Merchant Partner approval. This is to improve customer satisfaction with Cashrewards and that Merchant Partner. The Commission for travel transactions, which have a comparably higher risk of cancellation, is only approved and paid once the Merchant Partner has provided the service.
7. **Reward** – once the cash balance is confirmed in the Member's Cashrewards account the Member can withdraw the approved Cashback amount into their Australian bank account or verified PayPal account to use as they wish (as long as the cash balance is above the minimum threshold, which is currently \$10.01).

Cashrewards is present throughout the Member's shopping journey from the moment they consider purchasing, browse or proactively search for items, compare options and ultimately transact.

3.4 Cashrewards' products

Cashrewards has five core products, consisting of:

1. **Cashrewards app** – Members can identify and search for Cashback offers from Merchant Partners via the Cashrewards app. From the Cashrewards app interface, Members click-through to the Merchant Partner's website or app to make purchases from the Merchant Partner and earn Cashback without leaving the app. Once the transaction is complete, Members can view the Cashback amount (as pending) in their Cashrewards account for the majority of transactions immediately and at the latest within seven days.⁶¹

Merchant Partners may enjoy the benefit of brand awareness from placement in the app. They are able to capitalise on Member browse and search behaviour while continuing to own the Member experience whenever a shopping journey commences.

Merchant Partners that participate in Cashrewards in-store solution are also able to enjoy the benefit of increased brand awareness and traffic from the in-store functionality within the Cashrewards app, which features participating Merchant Partners and uses location-based targeting to show Members where there are relevant offers and Merchant Partners nearby.
2. **Cashrewards website** – Members can also identify and search for Merchant Partner offers via the Cashrewards website. From the Cashrewards website, Members click-through to the Merchant Partner's website to make purchases and earn Cashback. Once the transaction is complete, Members can view the Cashback amount (as pending) in their Cashrewards account, for the majority of transactions immediately and at the latest within seven days.⁶²
3. **Cashrewards Assistant** – Members browsing via internet search engines are alerted to a Cashrewards offer by the Cashrewards Assistant (internet browser extension) when entering a Merchant Partner's website or if the Merchant Partner's website appears in a search engine's organic search results. In order for a Member to use the Cashrewards Assistant extension, they will need to install it to their internet browser(s). The Cashrewards Assistant is currently compatible with Google Chrome, Firefox and Safari. The Cashrewards Assistant can support Merchant Partners in differentiating themselves against competitors in search engine results.

⁶¹ In the unlikely event transactions are not tracked within seven days, customers are covered by Cashrewards Cashback Guarantee, described in Section 9.4.1.

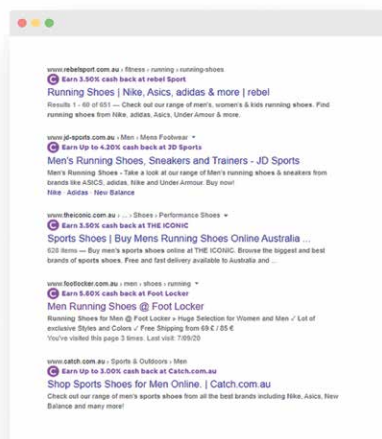
⁶² As above.

3. Company Overview (continued)

How the Cashrewards Assistant works:

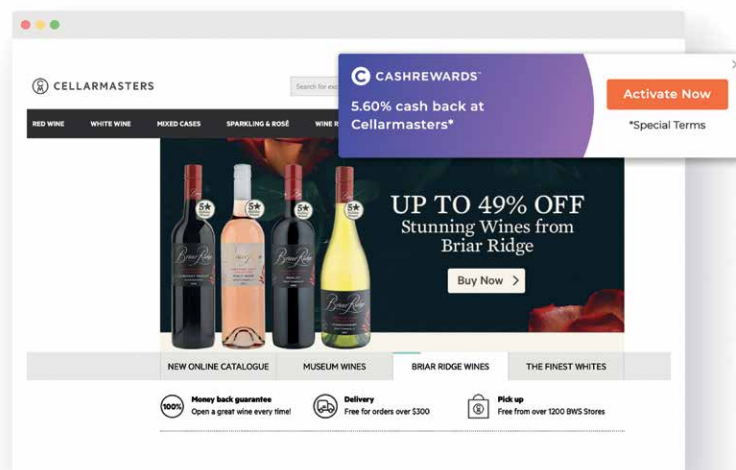
- when a Member searches for a brand or product category in a search engine, e.g. if a Member searches for 'sports shoes' in Google, the search results similar to those in Figure 3.05 will appear. This search results will display the maximum Cashback rate available for each Merchant Partner that appears.

Figure 3.05 – Organic search results in Google with Cashrewards Assistant installed in the web browser



When a Member enters a Merchant Partner's website, the Cashrewards Assistant will appear onscreen as a pop-up and display the maximum Cashback rate available for the Merchant Partner and prompt the Member to access the Cashback offer by clicking the 'Activate now' button.

Figure 3.06 – Merchant Partner webpage view



4. **Card-linked Offers** – Members who have linked their Visa or Mastercard debit or credit card to Cashrewards can earn Cashback by making in-store purchases with that card at participating Merchant Partners. Merchant Partners offering Card-linked Offers, and the specific locations, can be identified via the Cashrewards app or website.
5. **Partner Rewards Engine** – The Partner Rewards Engine, when integrated, allows partners to leverage Cashrewards' proprietary core technology platform to make Cashrewards (including its large Merchant Partner network) available to their customers.

The Partners Rewards Engine leverages the same technology that powers Cashrewards' other products, however, it will also will integrate with the systems of third-party partners to allow that partner's members/ customers to earn Cashback whenever they shop at participating Merchant Partners, both online and in-store.

3. Company Overview (continued)

3.4.1 Strategic partnerships

Cashrewards has entered its first partnership agreement with online personal lender MoneyMe, which will allow all (currently approximately 20,000) customers of MoneyMe's Freestyle Virtual Credit Account, (a revolving line of credit product), to participate in a Cashback rewards scheme facilitated by Cashrewards' Partner Rewards Engine. Under the partnership agreement, the experience for participating MoneyMe customers will be Cashrewards branded, with the scheme represented as 'in partnership with Cashrewards'. Existing Freestyle Virtual Credit Account customers will be prompted to join Cashrewards and new MoneyMe customers will automatically become Members of Cashrewards when they sign up to a MoneyMe Freestyle Virtual Credit Account.

The MoneyMe integration is expected to be in-market prior to the end of calendar year 2020 and is the first of potentially more partnerships driven by the Partner Rewards Engine.

'We're focused on offering our customers a simple and low cost fintech experience but our customers are still accustomed to being rewarded for their loyalty. Our partnership with Cashrewards enables us to reward our loyal customers without the cost of an elaborate wholly owned and operated loyalty program.'

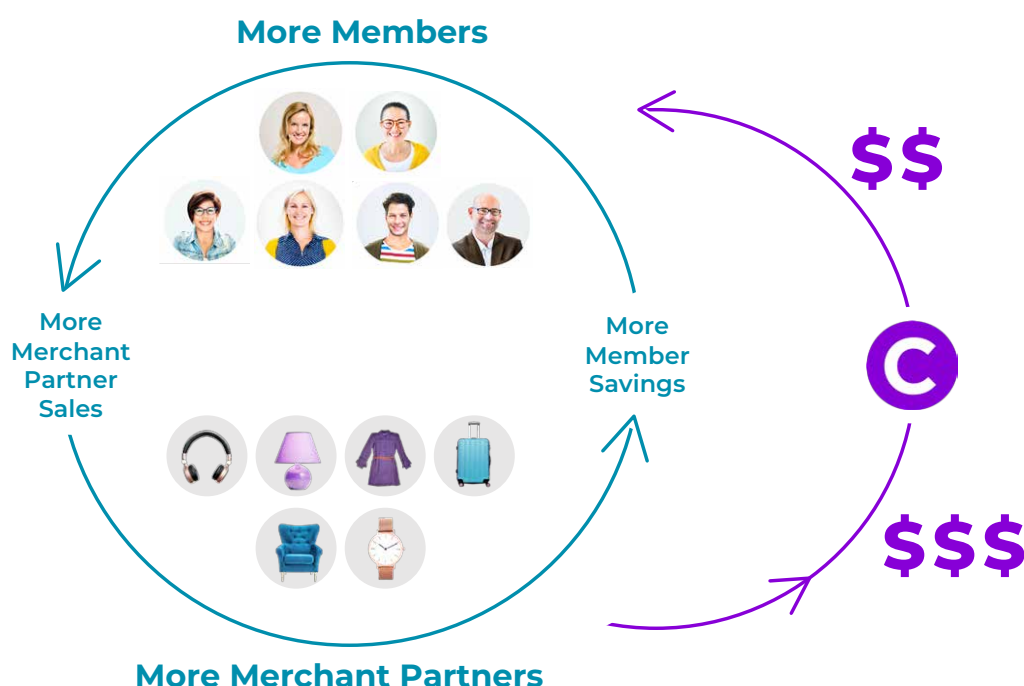
Clayton Howes, CEO of MoneyMe

Australia and New Zealand Banking Corporation Limited (**ANZ**), one of Australia's largest banks, has agreed to make an equity investment into Cashrewards by subscribing for Shares under the Institutional Offer which will give ANZ or a related entity a 19.0% Shareholding (on an undiluted basis) at Completion. Cashrewards regards ANZ's investment as validation of Cashrewards' strategy. Cashrewards also believes that ANZ's investment provides the basis for the potential development of a strategic relationship in the future. As at the date of this Prospectus, no strategic relationship has been agreed between Cashrewards and ANZ and whether one develops in time will depend on finding a way to work collaboratively to benefit both companies and their customers.

3.5 Business model

Cashrewards' business model is based on a dual-sided value proposition that benefits both Members and Merchant Partners. This results in a network effect whereby the potential value and utility available to each group – Members and Merchant Partners – increases with the growth of the other. The growth of Members and Merchant Partners is therefore interrelated, as more Merchant Partners drive Member growth and engagement, and vice versa. This network effect is critical in scaling Cashrewards operating metrics.

Figure 3.07 – Cashrewards' dual-sided business model



The key strength of Cashrewards' business is that it delivers value for both Members and Merchant Partners, as outlined in Sections 3.1.1 and 3.1.2.

3. Company Overview (continued)

3.5.1 Revenue model

Cashrewards generates revenue through the following primary revenue streams:

Table 4 – Cashrewards' key revenue streams

Revenue stream	Explanation
Commission from Merchant Partner sales	<p>Cashrewards generates Commission on transactions that are undertaken by Members at any one of Cashrewards' 1,500+ Merchant Partners.</p> <p>The nature of Commission revenue is purely performance-based (there is no Commission unless a Member transacts).</p> <p>Cashrewards books the Commission as revenue. The Cashback to Members is a cost of doing business and reflected in Gross Profit Margin.</p> <p>The rate of Commission and Cashback paid to Members differs from category to category and from Merchant Partner to Merchant Partner. However, on average, Cashrewards earned a Commission of 5.4% in FY20 from Merchant Partners.</p> <p>Commission from Merchant Partner sales represented 97% of revenue in FY20.</p>
Commission from gift cards	<p>Historically, Cashrewards generated revenue through selling gift cards for one of its Merchant Partners (Woolworths). From November 2020, Cashrewards will cease selling gift cards for Woolworths.</p> <p>In FY20, Commissions from gift cards contributed approximately 3% of revenue.</p> <p>On 16 October 2020, Cashrewards entered into an agreement with True Rewards, a digital gift card platform, to support a new Cashrewards' offering under which Members will have the ability to purchase digital gift cards via True Rewards and earn Cashback on those purchases. Cashrewards expects to launch this new product with over 50 leading brands including household names such as Myer, Rebel Sport, eBay, Uber, Microsoft Xbox, Supercheap Auto, Hoyts, Dymocks and Sony.</p> <p>Cashrewards will derive revenue under this new model by earning a Commission on each purchase of a gift card by its Members from True Rewards.</p> <p>Under Cashrewards' existing model, Woolworths gift cards are sold at an immediate discount to face value, where Cashrewards earns a rebate of approximately 0.2% on the face value of the gift cards sold. This differs to the core Cashback model where Cashrewards earns a sales commission, from which it pays Cashback to Members. The alignment with Cashrewards' core Cashback mechanic will enable Members to accumulate more Cashback and enhance Cashrewards' core value proposition for both Members and Merchant Partners.</p> <p>Cashrewards assumes no additional credit or fraud risk as the purchase and supply of gift cards will be managed by True Rewards. True Rewards' order and fulfillment technology will be integrated via API into Cashrewards core digital assets, including initially the Cashrewards' website and over time the Cashrewards app.</p>

The majority of revenue is derived from Commission from Merchant Partner sales. As demonstrated below, key revenue drivers include the ability of Cashrewards to:

- attract new Members;
- increase the proportion of new Members and Active Members;
- increase the frequency with which Active Members transact via Cashrewards;
- increase average order value of Active Members;
- increase cross-shopping among Active Members resulting in significantly greater category penetration than currently exists;

3. Company Overview (continued)

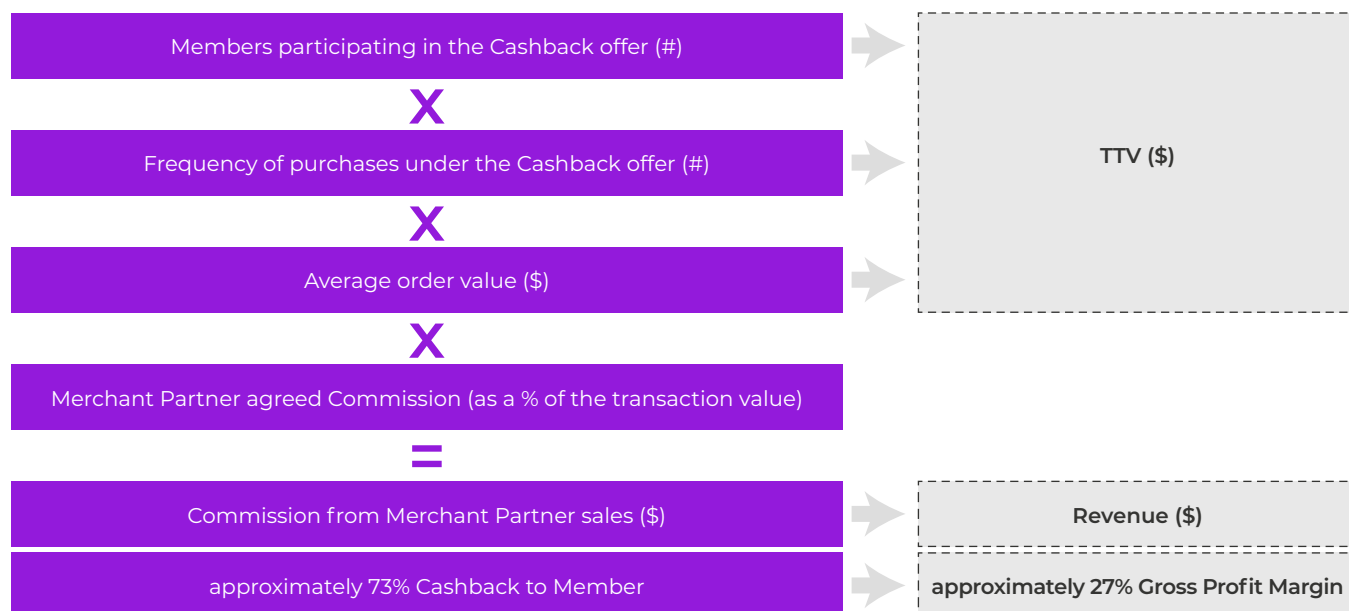
- grow the number of Merchant Partners, and (resultantly) increase the number of Cashback offers available to Members, which supports the above drivers; and
- negotiate favourable Commission terms with Merchant Partners.

In alignment with the dual-sided value proposition and network effects inherent in the business model, many of the above drivers are interdependent, influencing the performance of one another.

Of the Commission from Merchant Partner sales derived by Cashrewards in FY20, 73% was paid to transacting Members as Cashback. The remaining 27% contributed to Cashrewards' Gross Profit Margin.⁶³ Cashrewards expects this Gross Profit Margin to decline as it increases its Cashback as a percentage of Commissions from Merchant Partner sales to drive Member acquisition. Refer to Section 3.12 for further information.

For the period between Cashrewards approving the transaction and the Member subsequently withdrawing the value of their Cashback from their Cashrewards account, Cashrewards recognises a liability on Cashrewards' statement of financial position.

Figure 3.08 – Cashrewards' earnings model: Commission^{64,65}



3.6 Commission rate

Cashrewards has exhibited increasing Commission from Merchant Partner sales (as a percentage of Total Transaction Value) since FY18.

Cashrewards believes that this is a function of:

- growing its Member base and the proportion of Active Members;
- continuing recognition of the value of Cashrewards' proposition for their sales by Merchant Partners; and
- the continuing relative outperformance of Cashrewards relative to other marketing platforms.

It is the opinion of Cashrewards that the return on both advertising and promotional spend delivered by Cashrewards continues to remain compelling to these Merchant Partners, both in absolute terms and relative to other potential marketing channels, increasing Cashrewards' relevance.

Commission from Merchant Partner sales also tends to vary according to the category in which the Merchant Partner operates. However, on average, Cashrewards earned a Commission of 5.4% in FY20 from Merchant Partners.

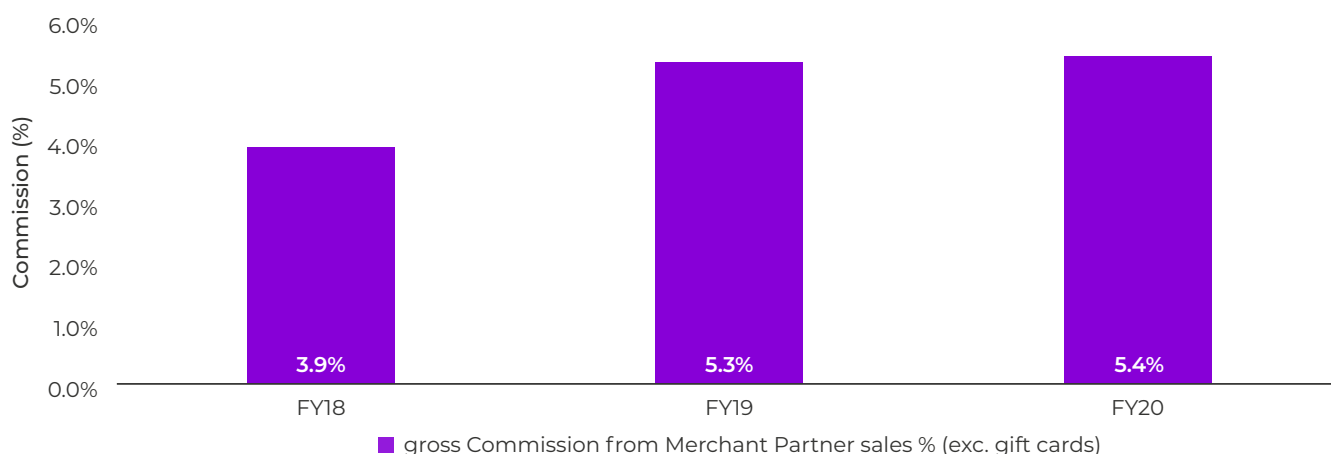
⁶³ Note that this only reflects the Gross Profit Margin on Commission from Merchant Partner sales, excluding gift cards.

⁶⁴ Represents TTV, Merchant Partner agreed Commission (%), revenue and Gross Profit Margins excluding cancelled and declined sales.

⁶⁵ The 73% Cashback to Members and 27% Gross Profit Margin amounts are based on FY20.

3. Company Overview (continued)

Figure 3.09 – Commission from Merchant Partner sales⁶⁶ as a percentage of Total Transaction Value

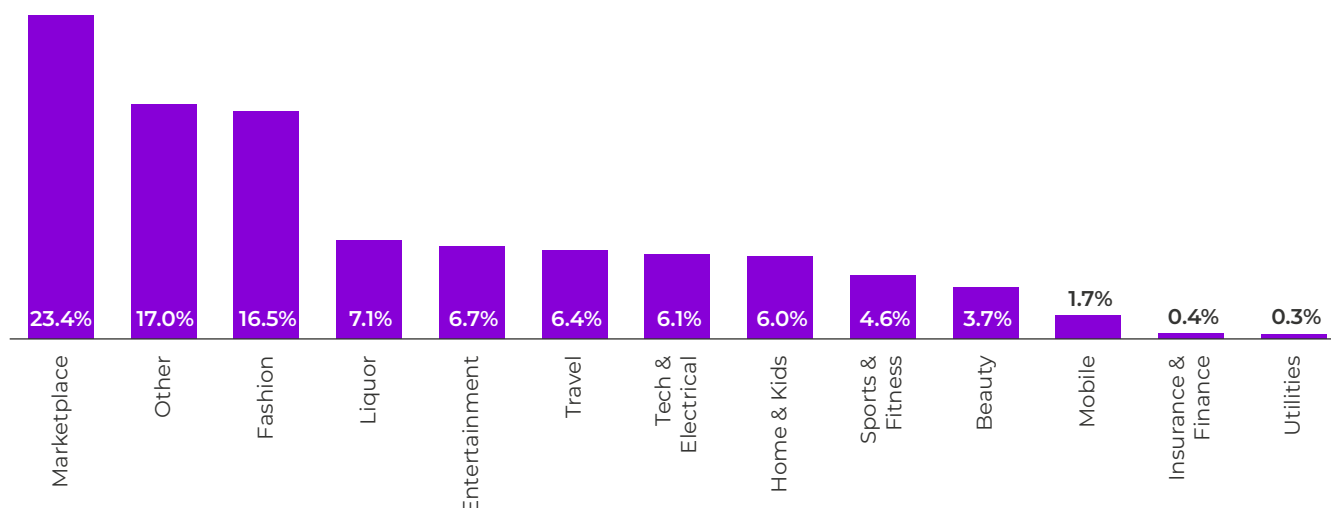


3.7 Cashrewards' Members

Cashrewards' over 800,000 Members (as at September 2020) constitute a diverse Member base across Australia. Cashrewards has been able to collect substantial data across key consumer demographics, pertaining to geographic location, average order values, shopping frequency, spend (retailer and in many cases SKU (Stock Keeping Unit)-level data) and categories of interest. Cashrewards collects and uses Member data to demonstrate the marketing performance of Cashrewards to Merchant Partners. The data is also used to enhance Member experience by increasingly powering the curation of targeted offerings and recommendations to ensure greater content relevance for Members, which aims to increase Member engagement and increase repeat purchasing via Cashrewards. It also enables Cashrewards to share insights with Merchant Partners.

As discussed in Section 3.5.1, and evidenced by Figure 3.10, Cashrewards has a significant opportunity to cross-sell across lower penetrated categories to Members it believes will support increased frequency of purchase. In addition, it is the view of Cashrewards that even higher penetrated categories, such as marketplace and fashion, are expected to grow in absolute terms.

Figure 3.10 – Percentage of online Monthly Active Members by category in FY20



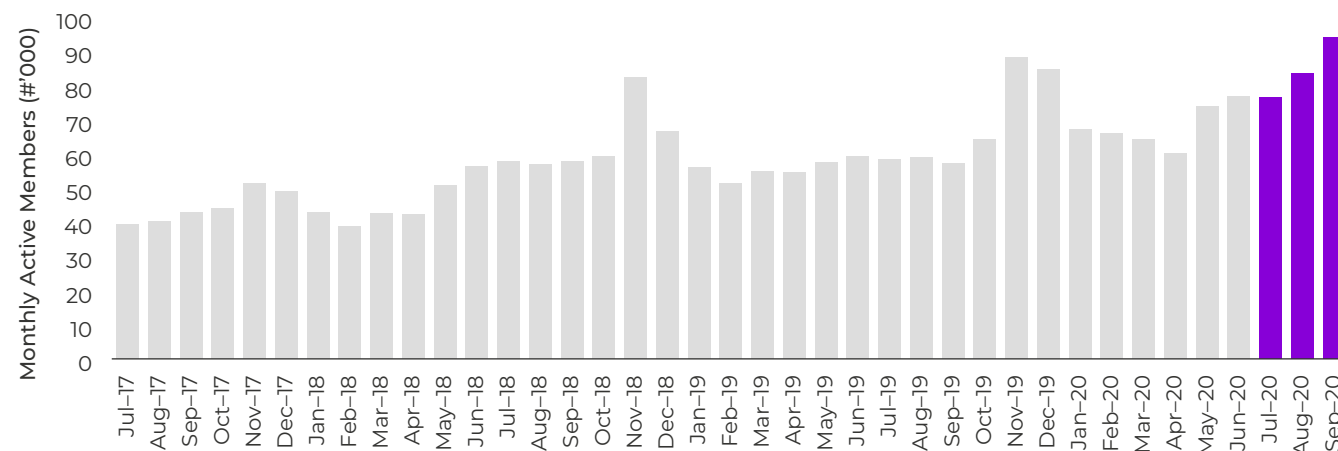
3.7.1 Growth in Members

Cashrewards has consistently increased its Members base since inception, despite the business historically having limited resources and budget to promote itself and its Merchant Partner offers to new Members. In 2019 Cashrewards was able to increase its advertising spend following an injection of new equity capital, driving Member and Active Member growth. Cashrewards expects to drive continued growth in Members through the execution of key growth initiatives discussed in Section 3.12.

⁶⁶ Commissions before declined sales.

3. Company Overview (continued)

Figure 3.11 – Monthly Active Members



Cashrewards has consistently grown Monthly Active Members relative to the pcip, demonstrating the resilience of the Cashrewards business as well as its disciplined marketing and Member acquisition strategies.

Cashrewards averaged approximately 22% growth on pcip for the period January 2020 to June 2020. For the period from July to September 2020, Cashrewards has delivered average Monthly Active Member growth of 46% on pcip. In addition, Active Members, which represents Members that have transacted with Cashrewards in the last 12 months, grew 11% post FY20 year end from 196,996 in June 2020 to 218,178 in September 2020.

This recent outperformance has been driven by management's renewed focus on acquisition of new Members, while the August and September 2020 pcip growth was further supported by the proceeds from the Pre-IPO Equity Raising⁶⁷ undertaken in August 2020 to fund a higher marketing spend. This funding was received in the second week of August 2020, and Monthly Active Members in August increased 42% on pcip. In September, Monthly Active Members grew 64% on pcip to deliver the highest result in Cashrewards' history.

FY20 marketing spend supported the acquisition of 201,487 new Members at a Cost Per Acquisition (CPA)⁶⁸ of \$6 on media spend or \$14 on total marketing spend. Of these acquired Members, 66,836 became Active Members.

Active Members (FY15–FY19)⁶⁹ have a weighted Average Revenue Per User (ARPU) of \$88, equating to a gross profit payback on CPA being achieved after 22 months. Active Members currently remain active (on average) for 5.1 years and have a lifetime ARPU of \$448.

Cashrewards believes that increasing the absolute number of Active Members and the proportion of Active Members relative to Members, represents a significant opportunity for Cashrewards. For example, at an industry level, penetration of cashback schemes in Australia is markedly lower than comparable markets, such as the United States of America and the United Kingdom.⁷⁰

3.8 Merchant Partner relationships

Cashrewards has built a large, diversified network of more than 1,500 Merchant Partners, providing Members with access to a range of online and in-store Cashback offers.

Relationships with Merchant Partners are generally in two forms:

- **Direct relationships:** Cashrewards manages direct relationships with many of its larger Merchant Partners. Direct relationships allow for a more transparent relationship and a clearer understanding of Merchant Partner objectives and targets. Increased communication allows Merchant Partners to frequently share marketing plans and efficiently optimise campaigns in real time.

⁶⁷ The Pre-IPO Equity Raising refers to the issue of \$5.65 million of Shares by Cashrewards to certain Existing Shareholders in August 2020.

⁶⁸ CPA – Marketing expenses over the relevant period divided by the total number of new customer registrations in the same relevant period.

⁶⁹ FY19 used as customers that joined in FY20 have not had a full year's experience.

⁷⁰ Frost & Sullivan, 2020.

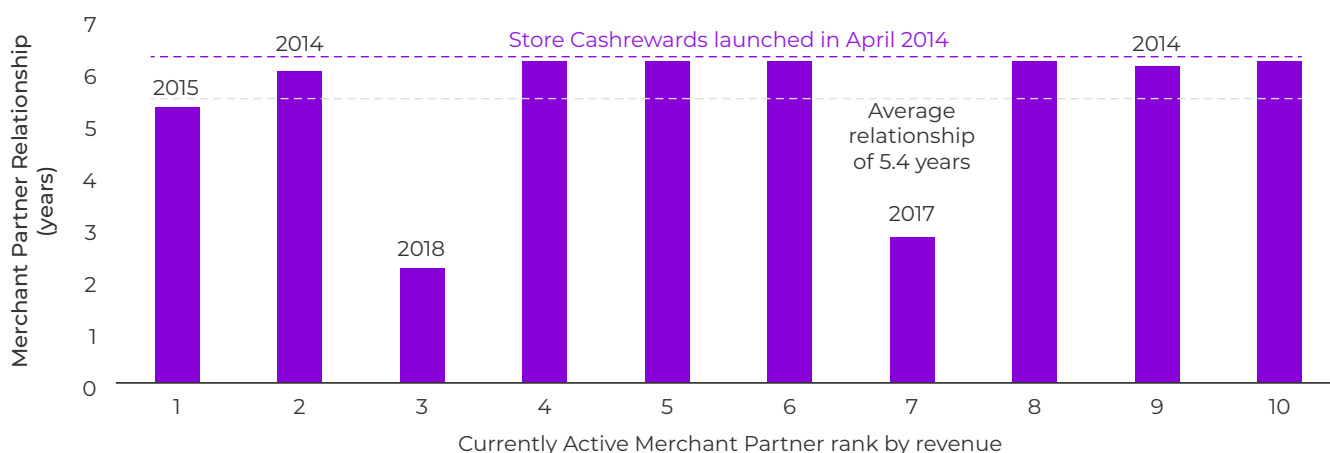
3. Company Overview (continued)

- **Affiliate relationships:** Merchant Partners are often onboarded via Affiliate networks. Many retailers have Affiliate programs in place, which has allowed Cashrewards to efficiently integrate with Merchant Partners at scale, where the expense to Cashrewards of individually procuring and managing a direct relationship has not been historically feasible given limited funding. Merchant Partners often work with Affiliate networks as it allows for a streamlined process with account management support. Even when the Merchant Partner is part of an Affiliate relationship, Cashrewards may still maintain a relationship with the Merchant Partner and ensure that Cashrewards and the Merchant Partner are able to drive mutually optimal outcomes.

Cashrewards is of the view that the proportion of revenue contributed from Affiliate relationships will decline in the future as Cashrewards invests in its sales force which, over time, will mean that it is less reliant on Affiliates to deliver relationships with new high-value Merchant Partners. However, the number of Merchant Partners with which Cashrewards holds Affiliate relationships may increase relative to direct relationships as Cashrewards continues to scale in the most cost-effective manner, particularly with smaller potential Merchant Partners.

The strength of Cashrewards' relationships with its Merchant Partners is demonstrated in Figure 3.12, which shows the number of years the top 10 Merchant Partners by revenue (excluding gift cards) have used the Cashrewards' ecosystem. Five of the top 10 Merchant Partners have used the Cashrewards ecosystem since Cashrewards was launched in April 2014. The top 10 Merchant Partners have used Cashrewards for between 2.2 and 6.2 years, with an average relationship of 5.4 years. Cashrewards believes that the tenure of its relationships with its largest Merchant Partners (by revenue) demonstrates the value proposition that Cashrewards offers its Merchant Partners and is critical in providing continuity to Members.

Figure 3.12 – Top 10 Active Merchant Partners Relationships by revenue⁷¹



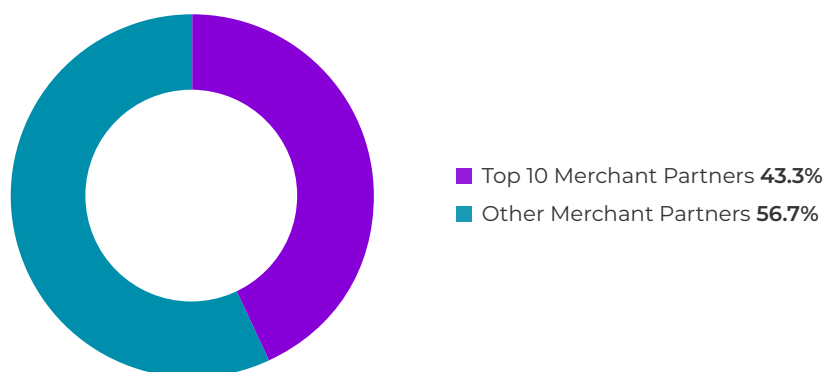
3.8.1 Merchant Partner concentration

The ability of Cashrewards to engage with a significant number of Australia's largest brands is an important consideration for consumers contemplating joining the Cashrewards' ecosystem. Forty-three per cent of Cashrewards' FY20 revenue was contributed by the 10 largest Merchant Partners. Additionally, no single Merchant Partner contributed more than 9.1% to Cashrewards' FY20 revenue, which reflects the limited revenue reliance on any single Merchant Partner.

⁷¹ Includes direct and Affiliate relationships.

3. Company Overview (continued)

Figure 3.13 – Merchant Partner concentration by revenue

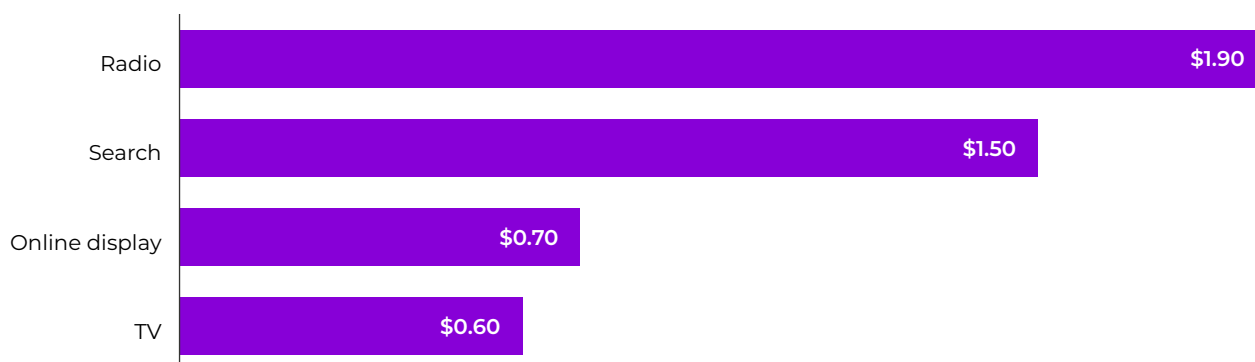


3.8.2 Key considerations for Merchant Partners engaging with Cashrewards

In addition to delivering sales and strategic outcomes through the means described in Section 3.1.2, under Cashrewards' business model, Merchant Partners do not bear the risk and uncertainty of return on advertising spend associated with traditional marketing approaches. As Cashrewards' Commissions are completely performance-based, Merchant Partners only incur a cost once a sale is delivered via the Cashrewards' channel, ensuring zero wastage and greater efficiency of marketing investment.

Figure 3.14 illustrates that Australian e-commerce companies generate \$0.70 of sales for every \$1.00 of online media spend. In comparison, Cashrewards' Merchant Partners have the potential to generate more than \$15 of sales per \$1.00 of spend (assuming Cashrewards' average Commission rate of 5.4%). It should be noted that these results are not necessarily representative of those achieved for all Merchant Partners, but are consistent with Cashrewards' view that Cashrewards' performance-based proposition can deliver attractive returns on advertising, in both absolute terms and relative to alternative channels.

Figure 3.14 – E-commerce merchants return on every \$1.00 of advertising spend by channel⁷²



3.8.3 Growth in Merchant Partners

Cashrewards has a strong track record of growing the number of Merchant Partners in the Cashrewards ecosystem. Cashrewards has grown its Merchant Partner base at a CAGR of 19.3% from December 2016 to August 2020. As of August 2020, Cashrewards had 1,529 Merchant Partners.

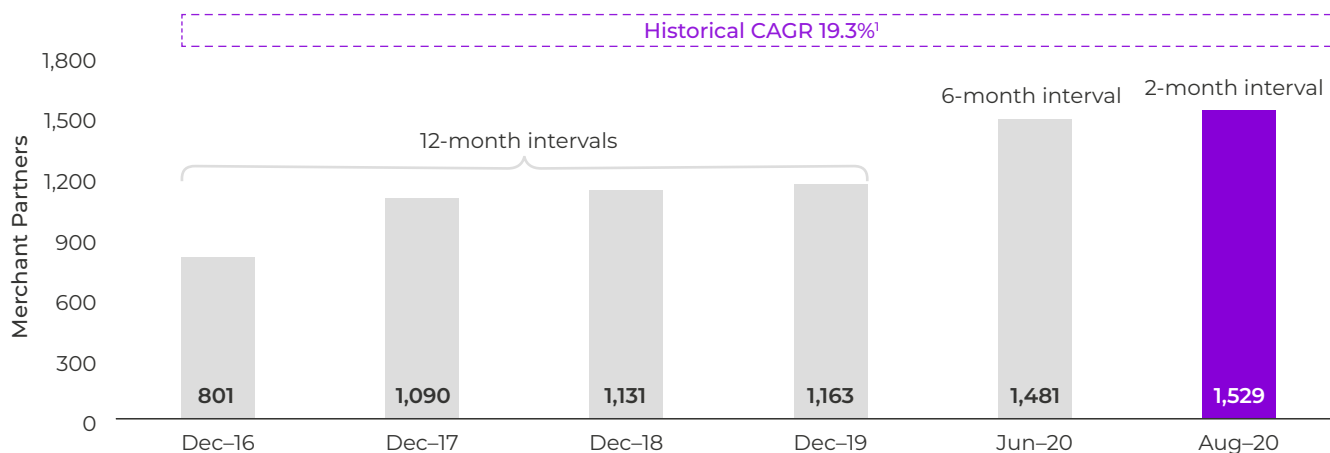
There are no ongoing costs associated with remaining on the Cashrewards platform. Merchant Partners may transition between an always on offer, actively increased offers or having no current offers. Once a Merchant Partner is integrated with Cashrewards there is no cost to transition between the various levels of Cashback activity.

Of Cashrewards' 1,529 Merchant Partners, as of August 2020, 296 Merchant Partners have enacted in-store offers to Cashrewards' Members, supporting Cashrewards' omni-channel Cashback proposition. Further penetration of the in-store offering across Cashrewards' Merchant Partners, of which many have a physical presence, represents an attractive growth opportunity in the view of Cashrewards.

⁷² Payback Australia, ThinkTV, 2017. This chart only covers traditional advertising channels and does not consider alternative forms of advertising such as paid social media and other affiliate marketing channels.

3. Company Overview (continued)

Figure 3.15 – Merchant Partner growth



1 CAGR represents the compounded annual growth rate over the period December 2016 to August 2020.

3.9 Growth in operational metrics

3.9.1 Total Transaction Value

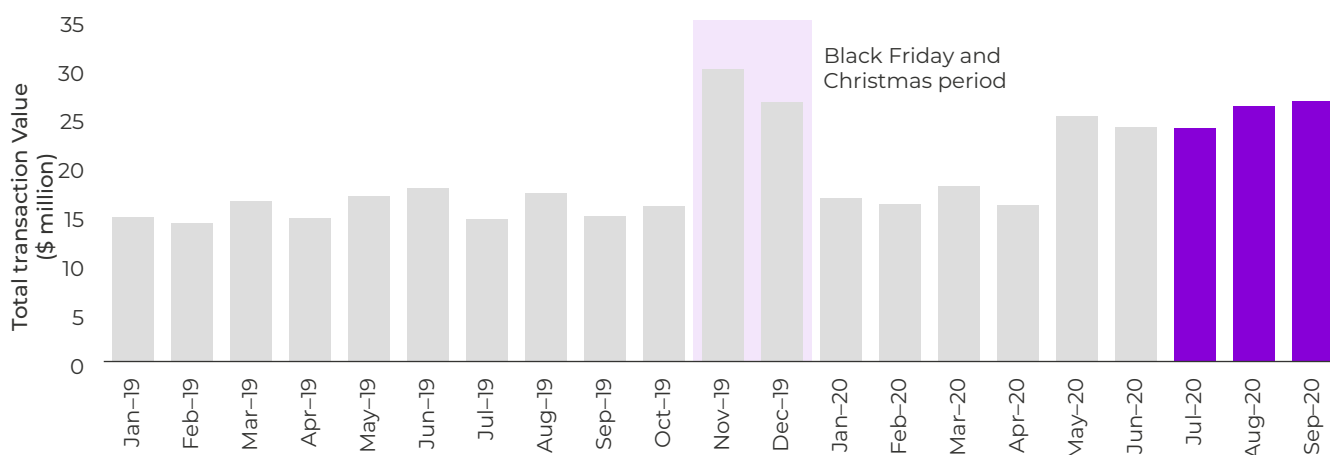
Total Transaction Value refers to the face value of goods, services and gift cards purchased via the Cashrewards platform. Cashrewards closely monitors Total Transaction Value as a lead indicator of Commissions. Total Transaction Value may not convert to revenue as some transactions could subsequently be declined for a variety of reasons, mainly being the return of goods, services or gift cards, or in the case of travel, cancellation of bookings.

In respect to travel, Total Transaction Value is typically recorded well in advance of travel revenue being recognised, as the revenue is only recognised once the Merchant Partner provides the Member with the travel service.

Total Transaction Value (including gift cards and travel) has increased from \$467.7 million in FY18 to \$631.1 million in FY20. This growth is primarily supported by robust Active Member and Merchant Partner acquisition (including the network effect from the dual-sided value proposition) and new and improved product development. Total Transaction Value exhibits some seasonality aligned with annual events such as Click Frenzy in May, Black Friday and Cyber Monday in November, and the holiday period including Christmas and Boxing day in December.

Total Transaction Value has grown over this period despite the impact of COVID-19, which led to both a reduction and cancellation of travel bookings via the Cashrewards platform from the beginning of March 2020 to the end of June 2020. Travel contributed approximately 30% of Total Transaction Value (excluding gift cards) on average over the period July 2017 to February 2020. Cashrewards' ability to grow Total Transaction Value despite the impact of COVID-19, which is discussed in more detail in Section 3.10, demonstrates the resilience of the business model.

Figure 3.16 –Total Transaction Value excluding travel and gift cards



3. Company Overview (continued)

3.9.2 Gift card contribution to Total Transaction Value

Historically, Cashrewards generated revenue through selling gift cards for one of its Merchant Partners (Woolworths). From November 2020, Cashrewards will cease selling gift cards for this Woolworths.

From FY18 to FY20, gift cards contributed approximately 39% to Total Transaction Value. Although this represents a material proportion of Total Transaction Value, the revenue contribution is immaterial, contributing approximately 3% to revenue, due to a revenue margin of 0.2% on Total Transaction Value. This compares to the 5.4% average Commission in FY20 on Total Transaction Value, excluding gift cards.

Gift cards contributed 9.3% of gross profit in FY20. The Gross Profit Margin contribution is higher than revenue contribution due to the accounting treatment of gift cards, resulting in no Cost of Sales (i.e. all Commission from gift cards contributes to gross profit).

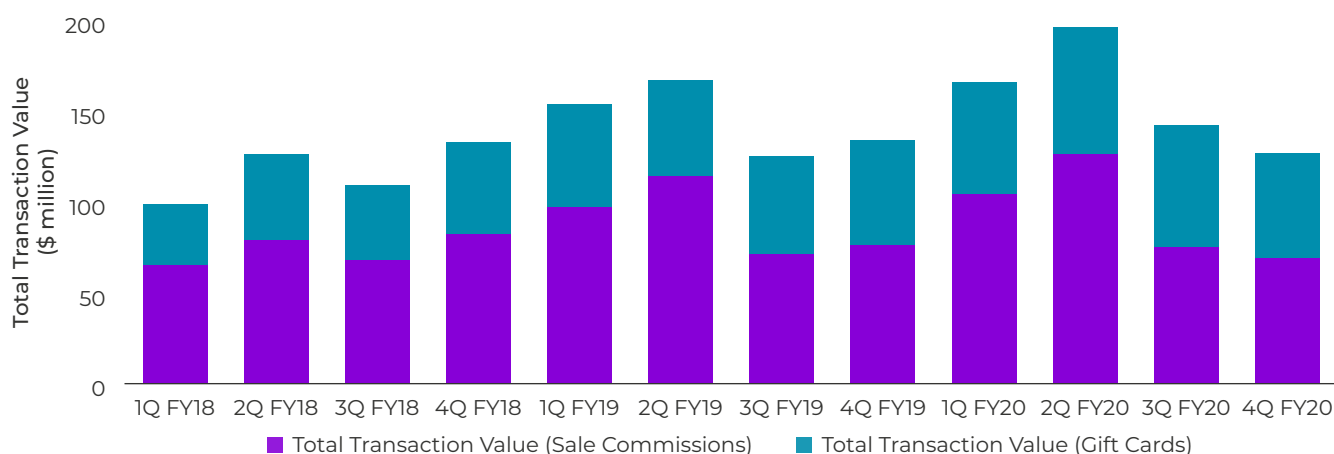
On 16 October 2020, Cashrewards entered into an agreement with True Rewards, a digital gift card platform, to support a new Cashrewards' offering under which Members will have the ability to purchase digital gift cards via True Rewards and earn Cashback on those purchases. Cashrewards expects to launch this new product with over 50 leading brands including household names such as Myer, Rebel Sport, eBay, Uber, Microsoft Xbox, Supercheap Auto, Hoyts, Dymocks and Sony.

The new marketplace, which Cashrewards expects to be able to offer this marketplace to Members from November 2020, will replace Cashrewards' current strategy of selling Woolworths' gift cards via a partnership that is expected to end on 18 November 2020.

Cashrewards will derive revenue under this new model by earning a sales commission on each purchase of a gift card by its Members from True Rewards. Under Cashrewards' existing model, Woolworths gift cards are sold at an immediate discount to face value, where Cashrewards earns a rebate of approximately 0.2% on the face value of the gift cards sold. This differs to the core Cashback model where Cashrewards earns a Commission, from which it pays Cashback to Members. The alignment with Cashrewards' core Cashback mechanic will enable Members to accumulate more Cashback and enhance Cashrewards' core value proposition for both Members and Merchant Partners.

Cashrewards assumes no additional credit or fraud risk as the purchase and supply of gift cards will be managed by True Rewards. True Rewards' order and fulfillment technology will be integrated via API into Cashrewards core digital assets, including initially the Cashrewards' website and over time the Cashrewards app.

Figure 3.17 – Quarterly FY18 to FY20 Total Transaction Value



As mentioned above, Cashrewards' TTV in Q3 and Q4 2020 was impacted by COVID-19. See Section 4.10.8.4 (Impact of COVID-19 on FY20) for a more detailed discussion of the impact.

3. Company Overview (continued)

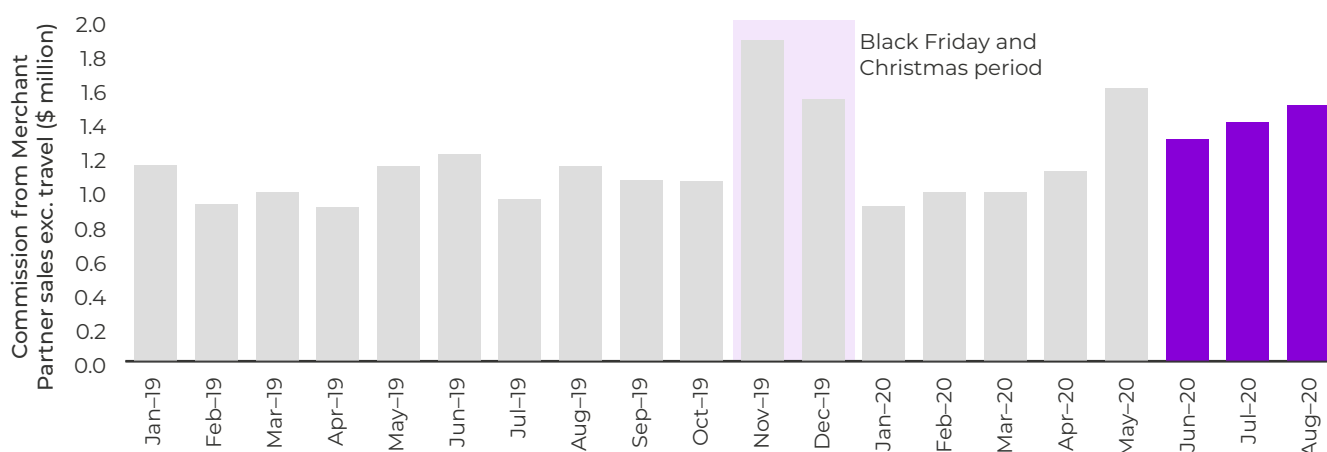
3.9.3 Commissions

Cashrewards' Commission from Merchant Partner sales is directly linked to the Total Transaction Value of sales processed via the Cashrewards ecosystem. Figure 3.18 represents monthly Commission from Merchant Partner sales, excluding travel.

Travel has historically contributed a higher margin compared to other categories and has been materially impacted due to the prolonged state-based lockdowns, and closure of international and domestic borders.

As shown in Figure 3.18, Cashrewards' Commission from Merchant Partner sales have broadly trended higher throughout the January 2019 to September 2020 period as a result of the growth in Monthly Active Members.

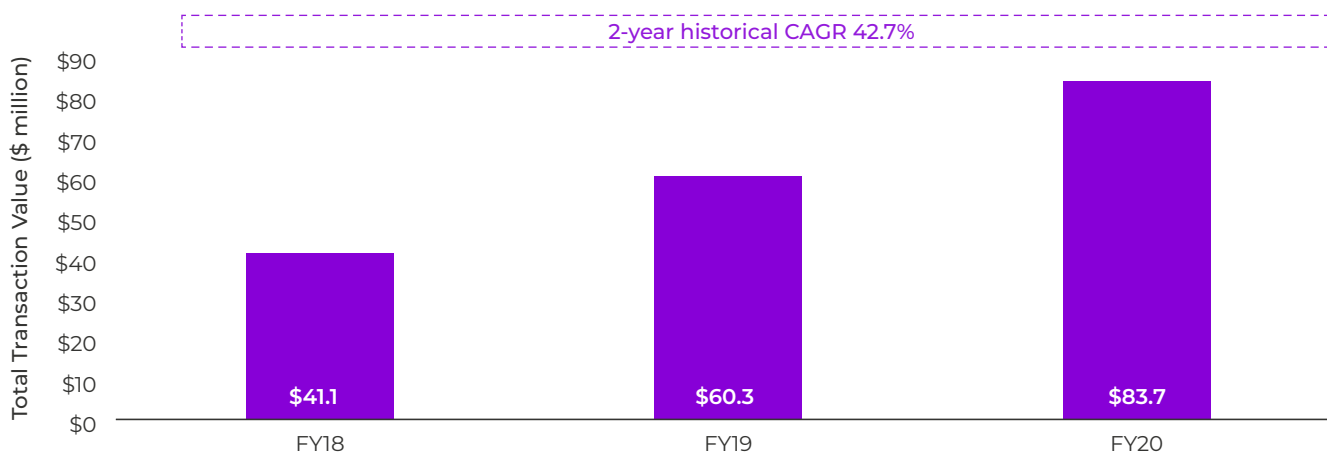
Figure 3.18 – Monthly Commission from Merchant Partner sales excluding travel⁷³



3.9.4 Member spend

The revenue generated from respective Active Member cohorts in their first year of transacting has consistently expanded over time, rising at a CAGR of 42.7% between FY18 and FY20. It is the opinion of Cashrewards that the increased spend of Active Members is a result of Cashrewards bringing new Merchant Partners into the Cashrewards ecosystem and launching new products, such as Card-linked Offers and the Cashrewards Assistant. Maximising Member spend, in combination with a growing base of Active Members, (discussed in Section 3.7.1) is fundamental to increasing the financial returns of Cashrewards over time.

Figure 3.19 –Total Transaction Value (excluding gift cards) of new Members in their first year, by cohort



The value proposition that Cashrewards offers Members is demonstrated by the strong performance of Member cohorts. As shown by Figure 3.20, revenue across each cohort generally increased over time with the exception of FY20, which was heavily impacted by COVID-19.

⁷³ Represents Commissions before cancelled and declined sales and is subject to timing differences compared to statutory revenue.

3. Company Overview (continued)

Figure 3.20 – Gross Revenue by cohort join year (excluding gift cards)

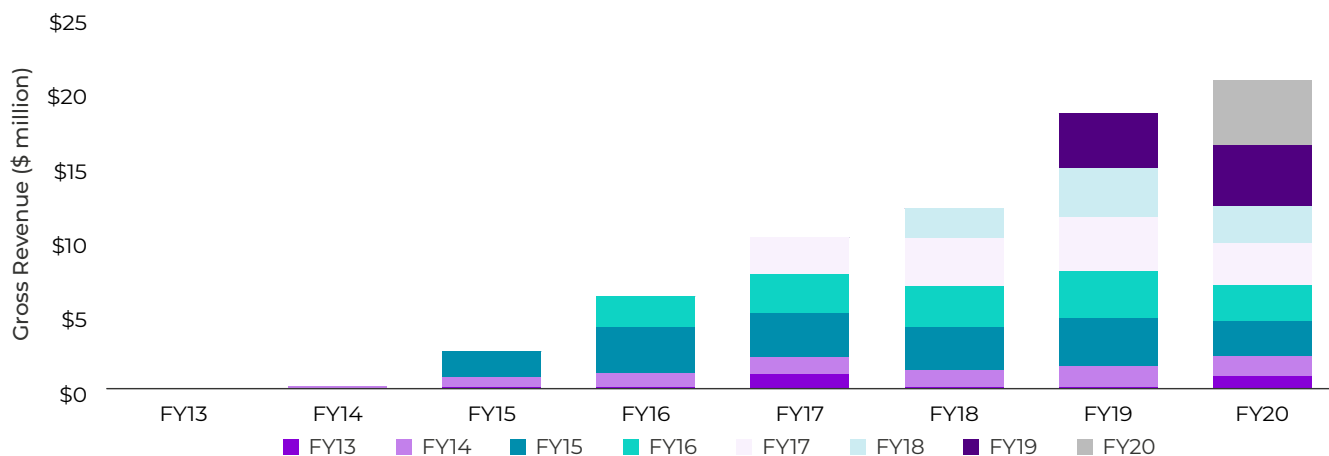
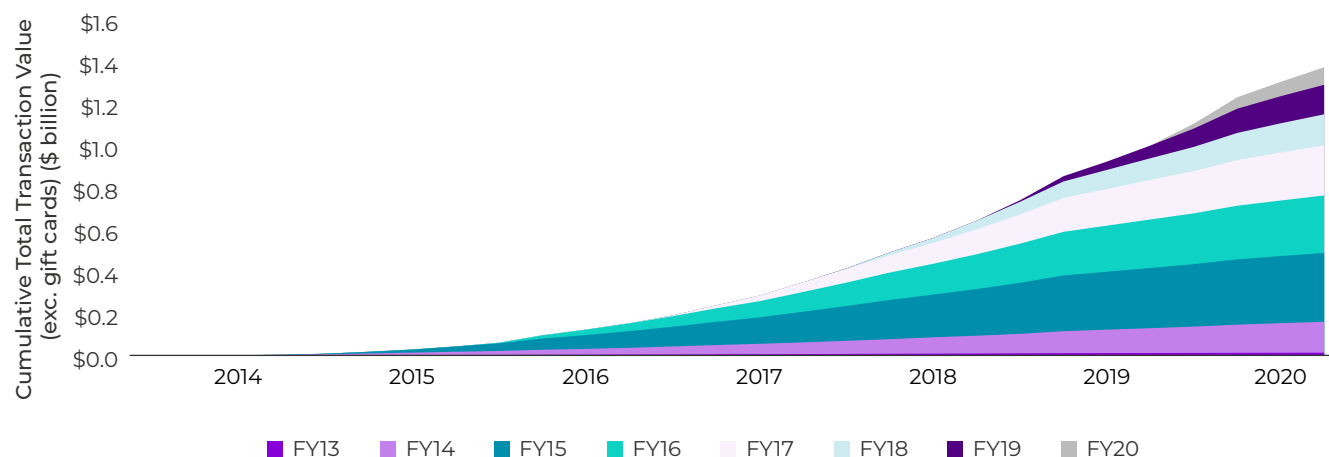


Figure 3.21 – Cumulative Total Transaction Value (excluding gift cards) by cohort join year

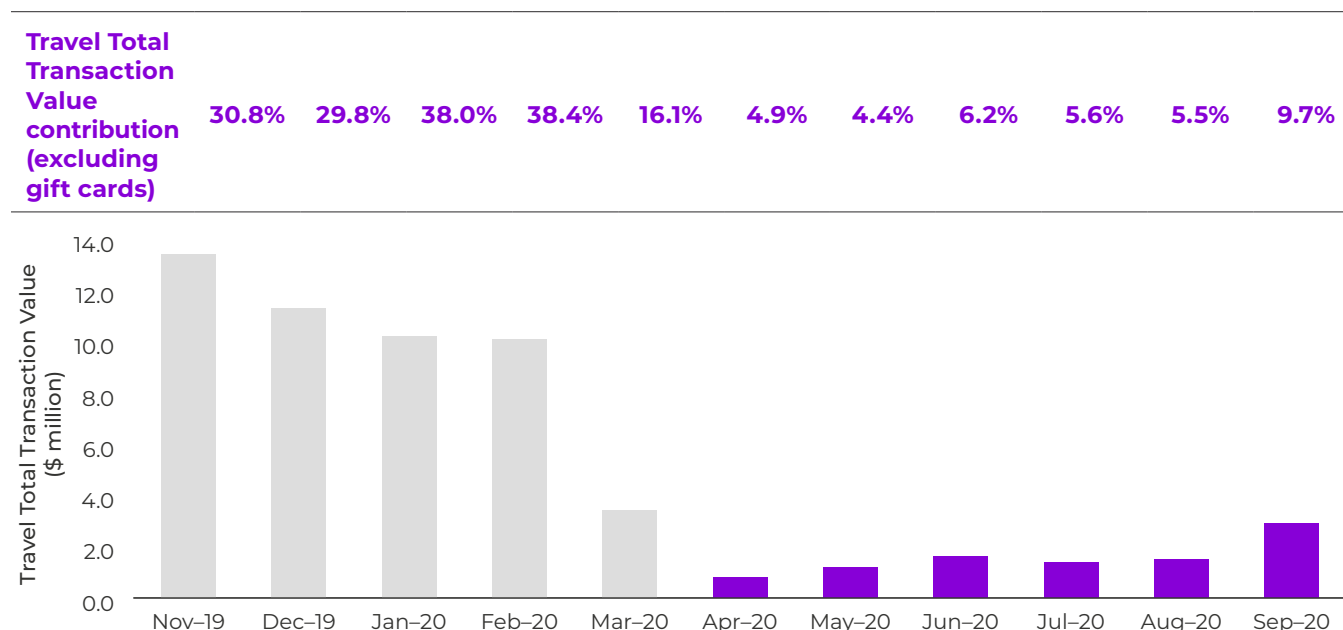


3.10 Impact of COVID-19

Historically, the travel category has been a major contributor towards Total Transaction Value. Cashrewards has experienced a significant decline in the travel category as a result of government enforced state-based lockdowns, and closure of international and domestic borders, which commenced in March 2020. As seen in Figure 3.22, prior to March 2020, Cashrewards generated \$10.1 million to \$13.4 million of Total Transaction Value per month from November 2019 to February 2020. However, the impact of COVID-19 lockdowns and restrictions led to a sudden reduction in travel bookings, resulting in monthly Total Transaction Value for travel being in the range of \$0.8 million to \$3.4 million per month. Naturally, this has (and continues to have) an adverse impact on the financial performance of Cashrewards, which is discussed in further detail in Section 4.10.8.4. Revenue from travel transactions is only recorded at the date of travel, which can be a number of months after transaction date, so travel Total Transaction Value forms a key lead indicator for future revenue of Cashrewards.

3. Company Overview (continued)

Figure 3.22 – Travel Total Transaction Value (November 2019 to September 2020)



3.11 Cashrewards' key strengths

Cashrewards has built a strong position in the Australian cashback sector, having grown both sides of the Cashrewards ecosystem (i.e. both Members and Merchant Partners) and investing significant funds and time to enhance its product offering to meet the evolving demands of both Members and Merchant Partners.

Cashrewards' key strengths include:

- A dual-sided value proposition – Both Members and Merchant Partners benefit as Total Transaction Value in the Cashrewards ecosystem increases. Members save on their everyday purchases while Merchant Partners have the potential to increase their sales and key marketing metrics, which in turn can drive business performance. This dual-sided proposition is supported by the network effects inherent in the business model in which a growing Member base supports the value proposition for Merchant Partners and vice versa. The network effect that underpins the Cashrewards' dual-sided value proposition is discussed in further detail in Sections 3.1.3 and 3.5.
- Number of Members and Merchant Partners – Cashrewards has acquired over 800,000 Members and over 1,500 Merchant Partners, which is critical in delivering its dual-sided value proposition as well as leveraging the network effects unlocked by this scale. Building a large network of Members and Merchant Partners requires substantial financial and time investment.
- Structural tailwinds – Cashrewards is favourably exposed to several structural tailwinds, including long-term growth in online retail sales. Australia continues to be under-penetrated in both e-commerce and the cashback category compared to like markets such as the UK and the US. Cashrewards has the potential to benefit from a multiplier effect as Cashrewards expects each of e-commerce, cashback and under-penetrated categories to all grow. These drivers are discussed further in Section 2.
- Consumer trends – Cashrewards believes that its value proposition is increasing in relevance alongside key consumer trends. In particular, cost-consciousness has been growing with the rise of e-commerce and search engine marketing which facilitates more transparent price comparability and has, in Cashrewards' view, increased during the post-COVID-19 economic climate. Additionally, it is the opinion of Cashrewards that customers are increasingly seeking simplicity, including seamless shopping and more curated experiences, in a world of increasing and overwhelming choice. Cashrewards' proposition enables Members to save more when shopping with the brands they love, with minimal effort and increasing personalisation. Cashrewards also believes that Australian consumers are increasingly influenced by Australian provenance, and supportive of purpose-led businesses that support the community. Cashrewards is proudly Australian owned and operated, and has had an enduring relationship with Starlight under which it has already helped more than 7,600 sick children.

3. Company Overview (continued)

- Technological platform – enables Merchant Partner integration and cost-effective membership growth. Cashrewards has built internal competencies and technology capabilities, which facilitates integration with Merchant Partners and the onboarding of new Members, allowing Cashrewards to efficiently scale its existing operations.
- The performance-based nature of Commission – Cashrewards believes that the performance-based nature of Cashback is a key attraction for Merchant Partners relative to other forms of marketing spend. This has supported the increase of the Commission rate Cashrewards receives over time, as detailed in Section 3.6.
- Customer service excellence – Cashrewards has a Net Promoter Score of 48 among Members and 38 among Merchant Partners,⁷⁴ a 4.8-star customer rating on Trustpilot,⁷⁵ a 4.2-star rating on Product Review⁷⁶ and strong customer advocacy (30% of new Members are referred by friends), all of which is reflective of both the customer-centric nature of the business and its history of strong customer service. This is key to retain and grow Members and therefore Merchant Partners.
- Australian owned and operated – Cashrewards believes that its Australian-owned-and-operated origins both resonate with Australian customers and allows Cashrewards to ensure its product optimally caters to Australian customers (for example, all of our sales and marketing team are based in Australia and focused on the Australian retail market), which Cashrewards considers is a key differentiator for merchants in the Australian market.
- Access to data – Cashrewards has access to large datasets of consumer activity from its Members. Cashrewards has the ability to use this data to personalise the shopping experience for Members and assist Merchant Partners in their goal of driving increased sales and realising improved returns on their advertising spend.
- Product development and innovation – Cashrewards has a track record of investing in innovating its product offering in order to meet evolving Merchant Partner and Member needs. Cashrewards has launched an additional three products (App, Cashrewards Assistant and Card-linked Offers) since the launch of its website in April 2014. Further, Cashrewards expects to commercially launch the Partner Rewards Engine prior to the end of calendar year 2020.
- First-mover advantage – the cashback industry in Australia is a comparatively recent offering relative to the period it has been in operation in other markets, such as the United States of America and United Kingdom.⁷⁷ It is the opinion of Cashrewards that Merchant Partners have a preference for a product that has a history of operation and draw validation from its use by other large brands, while Members are drawn to the solution with the most diverse and attractive offers. As one of the first cashback operators in the Australian market and as the largest Australian-owned-and-operated cashback operator, Cashrewards considers that it has a competitive advantage to continue acquiring Merchant Partners and Members, and capturing an increasing share of the Australian cashback sector.

3.12 Cashrewards' growth strategies and drivers

The Board and management of Cashrewards have significant growth objectives for the business. Cashrewards intends to leverage its existing proprietary technology platform, suite of products and Member and Merchant Partner base, and investment in awareness and product and technology, to continually scale its operations and increase its relevance for new Members and Merchant Partners in order to drive penetration across Australia.

The core objectives across Cashrewards' growth strategies are to grow the number of Active Members and increase the frequency of their purchases with Cashrewards' Merchant Partners. These objectives will translate into increased savings for Members, increased value for Merchant Partners and deliver additional Total Transaction Value on the Cashrewards platform and additional revenues for the business.

Cashrewards will use the majority of the primary proceeds of the Offer to support its growth strategies.

⁷⁴ NPS: Net Promoter Score, a metric used in customer experience programs to measure loyalty of customers to a Company on a scale from -100 to 100.

⁷⁵ <https://au.trustpilot.com/review/cashrewards.com.au> as at 9 October 2020.

⁷⁶ <https://www.productreview.com.au/listings/cashrewards> as at 9 October 2020.

⁷⁷ Frost & Sullivan, 2020.

3. Company Overview (continued)

1. Increasing awareness of and penetration among Australian consumers

Cashrewards believes there is a significant opportunity to acquire new Members, as well as to increase the usage of Cashrewards by its existing Members, through investing in marketing strategies to acquire more Active Members, reactivating inactive Members and increasing the frequency of purchases through Cashrewards by Members to support higher Member lifetime value. These marketing strategies may also be supplemented through the development of strategic relationships, such as the relationship with MoneyMe.

Cashrewards intends to increase penetration through driving accelerated growth in key operating metrics, being Total Transaction Value and Monthly Active Members. Cashrewards' key strategy in acquiring Members will be to intentionally increase the proportion of Commission from Merchant Partner sales that it pays to Members in the form of Cashback. Although Cashrewards' view the additional Cashback spend as a marketing item, and as such it will be funded out of the marketing budget, this cost will be recognised in Cost of Sales in the income statement. Therefore, this strategy will result in a reduction in Gross Profit Margins going forward.

Strategically, Cashrewards recognises that Total Transaction Value is a key driver of business performance and is critical in building upon Cashrewards' strong competitive position in the market. A larger Member base will support the dual-sided value proposition discussed in Section 3.11, with Merchant Partners accessing a Member base that typically has a greater motivation to spend when offered greater Cashback. Furthermore, accelerating the increase of the Member base will naturally enable Cashrewards to capitalise on the network effect which underpins the dual-sided value proposition, supporting Merchant Partner growth.

Cashrewards' intention to increase brand awareness is supported by the fact that broader participation in cashback schemes in Australia markedly trails the penetration of comparable schemes operating in other countries, such as the United States of America and United Kingdom.⁷⁸ Given a core feature of Cashrewards' Member proposition is to return a percentage of the purchase price in the form of savings, it is also relevant to note research undertaken by Catalyst Research shows 88% of Australian consumers rank 'value' as one of their top four most important factors when selecting a brand/retailer.⁷⁹ Further, research undertaken by Catalyst Research indicates that only approximately 31% of Australian consumers are aware of cashback programs, demonstrating a broader lack of awareness among Australian consumers. However, according to Catalyst Research, a similar proportion of those Australian consumers have shopped with Australia's two largest cashback providers, demonstrating the high adoption rate for those customers who are aware.⁸⁰ Given the significant market opportunity, Cashrewards intends to continue to invest in building its brand awareness and affinity with consumers, with the aim to increase both its Member base and the proportion of Active Members within that base.

Cashrewards will also invest in targeted offers across owned and paid marketing channels to drive greater engagement among existing Members, translating to increased frequency and reduced inactivity.

2. Continued product development and innovation

Cashrewards will continue to work on developing and refining its core products and undertaking new product innovation to maintain and grow the relevance and attractiveness of the Cashrewards ecosystem for Members and Merchant Partners. Cashrewards considers that areas of product innovation will include, (but not be limited to), greater automated personalisation of offers and presentation of offers curated specific to Members' needs and spending habits. Cashrewards believes that providing personalised offers will increase customer engagement, which in turn may result in increased sales and return on marketing spend for Merchant Partners, and increased Member lifetime value. It is Cashrewards' intention to continually improve the sophistication of its personalisation capabilities by using available data based on Members' engagement with previous personalised offers to further optimise recommendations.

Consistent with Cashrewards' strategy to increase its relevance and direct engagement with Merchant Partners (refer to Section 3.8), Cashrewards plans to support growth through the functionality of the products it provides Merchant Partners, including delivery of self-service capabilities around accessing and analysing performance and other insights from Cashrewards' data.

⁷⁸ Frost & Sullivan, 2020.

⁷⁹ Research by Catalyst Research of 1,287 Australian adults, balanced for age, sex and geographical factors, including over 1,000 respondents who had undertaken online shopping in the last 6 months. Fieldwork was conducted on 15-16 September 2020.

⁸⁰ Research by Catalyst Research of 1,287 Australian adults, balanced for age, sex and geographical factors, including over 1,000 respondents who had undertaken online shopping in the last 6 months. Fieldwork was conducted on 15-16 September 2020.

3. Company Overview (continued)

3. Increasing the penetration of and deepening relationships with Merchant Partners

Cashrewards has over 1,500 Merchant Partners, both via direct relationships and Affiliate networks. While Cashrewards currently has comprehensive coverage across recognised Australian retailers, Cashrewards plans to continue to expand and deepen relationships with Merchant Partners to:

- give greater coverage and share of consumer spend across all its categories as well as strategically pushing into new categories where it has currently zero or nascent penetration; and
- increasingly partnering with Merchant Partners at a strategic level to drive marketing objectives across brand awareness, increased conversion, customer acquisition, customer retention, re-engagement of lapsed customers and/or amplification of marketing campaigns.

In order to support this increased merchant penetration and deepening relationships, Cashrewards intends to expand sales and client services teams, with Cashrewards recognising it has historically underinvested in these areas due to prior funding constraints. This objective will also be supported by both increased marketing investment alongside Merchant Partners and continued product development and innovation.

4. Omni-channel integrated capability

Cashrewards intends to continue to broaden the value it provides to Merchant Partners through expanding its omni-channel approach by connecting online consumer engagement with in-store activity. Through using its Card-linked Offers capabilities and location technologies in the app, Cashrewards believes it can work with Merchant Partners to:

- drive specific objectives across a Merchant Partner's physical network, including increased foot traffic and/or conversion in-store, or supporting increased repeat frequency; and
- support execution on a Merchant Partner's omni-channel strategy, including delivering offers and promotions simultaneously across physical and digital footprints.

Cashrewards believes that this strategy can effectively increase conversion and build repeat customer purchases across a Merchant Partner's channels.

5. Partner Rewards Engine

The Partner Rewards Engine, when integrated, allows partners to leverage Cashrewards' proprietary core technology platform to make Cashrewards (including its large Merchant Partner network) available to its customers.

By partnering with various consumer facing companies, the aim of the Partner Rewards Engine is to provide Cashrewards with the potential to grow its awareness and usage at a lower cost of acquisition.

3.13 Technology

Cashrewards' proprietary technology platform is built and hosted on AWS, enabling the use of cloud-based technology for relatively seamless onboarding for Members and integration for Merchant Partners, both online and in-store. By using the AWS infrastructure, Cashrewards has the ability to ensure technological efficiencies. Cashrewards believes that these efficiencies improve its ability to deliver an improved customer experience, while increasing the number of Merchant Partners and Members on the platform.

Cashrewards has invested across research and development and technology since 2014, which includes the online offering, and integration and partnership with Visa and Mastercard to enable its in-store Cashback offering. Prior to entering the partnership with Visa and Mastercard, those parties tested the security and technical capabilities of the Cashrewards platform.

It is the opinion of management that further investment in Cashrewards' technology platform will enhance functionality and the overall user experience from both a Merchant Partner and Member perspective.

The technology platform enables Cashrewards to typically directly and quickly integrate into a Merchant Partner's ecosystem both online and in-store. The onboarding process varies depending on the Merchant Partner capabilities; however, generally takes approximately one week for the in-store offering and approximately two weeks for online. In each case, there is scope to execute the process more quickly, depending on the technical capabilities and resources of the Merchant Partner.

In addition, Members are able to sign up and start shopping through Cashrewards in minutes by either linking their Facebook account, or signing up with an email and mobile number.

3. Company Overview (continued)

Beyond the market-leading core technology offering, Cashrewards is also in a position to leverage permissible data generated by both Member and Merchant Partners, to significantly increase personalisation for customers and insights for Merchant Partners. This in turn will allow Members and Merchants Partners to increase the value they gain from the platform.

Over time, Cashrewards believes that this investment in the scalability of its technology and business model, together with the successful execution of its revenue growth strategies, will position Cashrewards to deliver significant operating leverage.

3.14 The Cashrewards culture

3.14.1 Our people

Cashrewards has been built on strong cultural and social pillars with the foundation of Cashrewards based around 'giving back'. Cashrewards considers that its culture and people are among its most valuable assets, and attracting, recruiting, developing and retaining talented employees is an ongoing focus for the business.

Cashrewards strives to ensure that the experience of its own employees serves as a model of which its founder would be proud. Cashrewards' goal is to create a strong, values-driven and high performing culture that ensures employees are engaged in delivering on their business objectives in a manner that is consistent with Cashrewards' core cultural values.

Cashrewards' key values include:

- **Customer Obsessed:** Cashrewards aims to deliver exceptional experiences to Members and Merchant Partners, with a view to adding value in everything it does.
- **Work to a Greater Cause:** Giving back is in Cashrewards' DNA. There is no need to choose between doing good and doing well.
- **Succeed Together:** Cashrewards is high performing. Cashrewards strives for growth, nurtures its potential, empowers its employees to deliver results and celebrates collective success.
- **Pioneers:** Cashrewards backs itself and is not afraid to fail. Employees have the courage to challenge the status quo, regardless of job title.
- **Open and Respectful:** Cashrewards listens, learns, supports and grows through honest, constructive communication.

Cashrewards plans to continue investing in its culture and improving the quality of its talent acquisition. As of September 2020 Cashrewards has 63 employees.

3.14.2 Awards and recognition

Figure 3.23 – Cashrewards' key awards

Cashrewards has been awarded with over 25 industry awards



3. Company Overview (continued)

3.15 Intellectual property

Cashrewards' key intellectual property includes the source code of products developed by Cashrewards and the processes and technology involved in delivering the platform via website, app, Cashrewards Assistant and the in-store offering. We protect our intellectual property through a combination of domain names, copyrights and trade secrets as well as contractual provisions and restrictions governing access to our proprietary technology. Cashrewards is in the process of applying for a trademark over the name 'Cashrewards'.

We protect our intellectual property rights by imposing contractual rights on employees and third-party contractors who develop and access our key technology. Our employees and contractors are also subject to assignment agreements whereby we obtain rights to any intellectual property that they develop for us.

3.16 Risk management

3.16.1 Risk management procedures

Our risk management framework is based on maintaining an effective system of setting risk appetite in a way that scales with complexity and growth and, in that context, of identifying, minimising, monitoring and controlling risk.

Our business model relies on the successful operation, oversight and accountability of our risk management and regulatory compliance framework. The framework includes a combination of accountabilities, controls, policies, systems, procedures, training and registers.

An objective of the framework is to ensure the Board, management and staff execute within established governance protocols, a structured direction and ongoing oversight of strategic and operational performance that is within explicit risk tolerances in accordance with appropriate and transparent risk management.

3.16.2 Data protection and cyber security

IT security and data protection are critical to building and maintaining the Cashrewards platform through the desktop, mobile and Card-linked Offering. Cashrewards has implemented appropriate security management protocols which it is monitoring and improving all of the time.

Processes that are used by Cashrewards to enhance the data protection and cyber security include:

- independent third-party cyber security testing
- internal training, processes, controls and policies to ensure the most appropriate use of IT systems, including handling and securing of data, acceptable usage of technology and incident management framework
- cyber security solutions including anti-virus, anti-malware and firewalls to protect internal systems and data
- monitoring of networks and systems to detect and actively manage security threats
- highest levels of encryption for Members and Merchant Partners as they use the service (Secure Sockets Layer) and while data is stored (encryption at rest)
- Cashrewards does not currently collect or store credit card details for Members who choose to link their Visa or Mastercard debit or credit cards. Rather, these are collected and processed directly by an authorised third party.

3.17 Regulatory overview

Cashrewards must comply with the applicable regulatory regimes. The Cashrewards business is subject to a range of legal and industry compliance requirements including consumer disclosure and protection laws, privacy laws, and data security laws. In particular, Cashrewards is subject to the following applicable laws:

- **Competition and consumer laws:** the core competition law provisions that may apply to Cashrewards are found at Part IV of the *Competition and Consumer Act 2010* (Cth) (CCA) and are aimed at preserving and promoting competition in the marketplace by prohibiting or regulating certain conduct, such as: engaging in cartel conduct, anti-competitive agreements, collective boycotts, or anti-competitive mergers.

3. Company Overview (continued)

- **Australian Consumer Law:** found at schedule 2 to the CCA and applied by state and territory-based fair-trading legislation, the Australian Consumer Law (ACL) is a single, national law containing a range of consumer protection provisions. Of particular relevance to Cashrewards, the ACL:
 - prohibits misleading or deceptive conduct, unconscionable conduct, and unfair contract terms; and
 - contains statutory consumer guarantee provisions that apply to the extent that Cashrewards supplies goods or services to a consumer as defined by the ACL.
- **Secret commission laws:** there are certain state and territory-based legislation, such as the *Crimes Act 1958* (Vic), under which Cashrewards may be required to disclose the receipt of commissions from suppliers whenever it provides any advice intended to induce or influence a customer into entering a contract with one of its suppliers.
- **Privacy Act:** with limited exceptions, the *Privacy Act 1988* (Cth) (Privacy Act) applies to any personal information handled by Cashrewards within its business. The Privacy Act imposes restrictions on the manner in which Cashrewards may collect, use and disclose personal information. In very broad terms, Cashrewards can only collect personal information that is reasonably necessary for its activities and may only use and disclose it for the purposes for which it was collected or a related secondary purpose that would be reasonably expected, or otherwise with the consent of the individual. Specific restrictions apply to the use of personal information for marketing purposes, however these do not apply where the *Spam Act 2003* (Cth) (Spam Act) (see below) does. Greater restrictions are imposed on certain types of sensitive information, however, except for limited staff-related information that is handled by all business generally, Cashrewards does not normally collect sensitive information.
- **Spam Act:** the Spam Act restricts the sending of certain types of commercial electronic messages, primarily email and SMS, on an unsolicited basis. These types of messages can, however, be sent with the consent of the individual, which may be express or implied. The Spam Act imposes a range of related obligations, including in relation to the provision of unsubscribe facilities.
- **Financial services regulation:** an entity that carries on a financial services business in Australia must hold an Australian financial services licence (AFSL) or be entitled to rely on an exemption from this requirement. Relevantly, financial services include: (1) providing financial product advice; and (2) dealing in financial products.
 - Financial product advice: financial product advice is a recommendation or statement of opinion intended to influence persons to make decisions about a financial product or could reasonably be regarded as being intended to have such an influence. Although Cashrewards lists financial service providers on its website, it limits this to factual information only and does not promote or suggest that a customer should acquire any financial products. Therefore, this is not financial product advice and Cashrewards is not required to hold an AFSL for this activity.
 - Dealing in financial products: financial products include interests in managed investment schemes (MISs) and operating such a scheme requires the operator to hold an AFSL. Although the Cashrewards platform may constitute an MIS, Cashrewards currently relies on *ASIC Instrument (Non-cash payment facilities) 2016/211* (Relief Instrument). The Relief Instrument exempts loyalty schemes from MIS registration requirements and declares that they are not financial products. As the Cashrewards platform is a loyalty scheme, Cashrewards is not required to hold an AFSL as it relies on the Relief Instrument. However, if the Relief Instrument is repealed or Cashrewards varies its services, this may trigger the requirement for Cashrewards to hold an AFSL.
- **Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF):** an entity that provides 'designated services' with a geographical connection to Australia is a 'reporting entity' under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) and must enrol with the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and comply with the AML/CTF Act and *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)*, unless an exemption applies. Relevantly, designated services include issuing or increasing the monetary value stored in connection with some stored value cards. This includes stored value cards where no part of the stored monetary value may be withdrawn in cash but where the stored value exceeds \$5,000. As Cashrewards Rewards Account balances may exceed \$5,000, Cashrewards is deemed to provide designated services and is subject to various obligations under the AML/CTF Act (including enrolling with AUSTRAC as a reporting entity and adopting and maintaining an AML/CTF program). Cashrewards is enrolled with AUSTRAC as a reporting entity.

Section 4

Financial Information

4. Financial Information

4.1 Introduction

The financial information for Cashrewards contained in this Section 4 includes:

statutory historical financial information comprising the:

- statutory historical consolidated income statements for the financial years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**), (**Statutory Historical Income Statements**);
- statutory historical consolidated cash flow statements for FY18, FY19 and FY20 (**Statutory Historical Cash Flows**); and
- statutory historical consolidated statement of financial position as at 30 June 2020 (**Statutory Historical Statement of Financial Position**);

(together, the **Statutory Historical Financial Information**);

pro forma historical financial information comprising:

- pro forma historical consolidated income statements for FY18, FY19 and FY20 (**Pro Forma Historical Income Statements**);
- pro forma historical consolidated cash flow statements for FY18, FY19 and FY20 (**Pro Forma Historical Cash Flows**); and
- pro forma historical consolidated statement of financial position as at 30 June 2020 (**Pro Forma Historical Statement of Financial Position**);

(together, the **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are together referred to herein as the **Financial Information**.

The Financial Information presented in Section 4 should be read in conjunction with the company overview set out in Section 3, key risks set out in Section 5, and other information contained in this Prospectus. Investors should note that past performance is not a guarantee of future performance.

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (see Section 4.2);
- an explanation of certain financial measures that are neither recognised by the Australian Accounting Standards Board (**AASB**) or under the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) that are used by Cashrewards and included in this Prospectus to assist investors in understanding the financial performance of the business (see Section 4.2.4) (**non-IFRS financial measures**);
- a summary of Cashrewards' key operating and financial metrics (see Section 4.3.2);
- details of Cashrewards' pro forma indebtedness and net cash at 30 June 2020 (see Section 4.6 and 4.7);
- reconciliations of Capitalised Development Costs (see Section 4.9);
- management's discussion and analysis of the Pro Forma Historical Financial Information (see Section 4.10); and
- a summary of Cashrewards' proposed dividend policy (see Section 4.11).

The Financial Information presented in this Prospectus has been reviewed by Deloitte Corporate Finance Pty Limited (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* as stated in its Investigating Accountant's Report on the Financial Information contained in Section 8. Investors should note the scope and limitations of the Investigating Accountant's Report on the Financial Information.

All amounts disclosed in the tables in this Section 4 are presented in Australian dollars and, unless otherwise noted, are in millions rounded to one decimal place (the nearest one hundred thousand). Rounding of figures provided in the Financial Information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculations.

4. Financial Information (continued)

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in interpreting and understanding Cashrewards' underlying historical financial performance, cash flows and financial position.

The Statutory Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**), issued by the AASB, which are consistent with IFRS and interpretations issued by the **IASB**.

The Significant Accounting Policies and the critical areas of accounting judgements and estimates adopted in the preparation of the Financial Information are set out in **Appendix A**, and have been consistently applied throughout the financial periods presented in this Prospectus unless stated otherwise.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus, and has been derived from the Statutory Historical Financial Information adjusted for certain transactions and pro forma adjustments as described further below.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS, other than that they include adjustments that have been prepared in a manner consistent with AAS that reflects: (i) the exclusion of certain transactions that occurred between 1 July 2017 and 30 June 2020; and (ii) the impact of certain transactions as if they occurred on or before 30 June 2017 in the Pro Forma Historical Financial Information.

The Pro Forma Historical Financial Information does not include any adjustment for AASB 16 Leases to the Pro Forma Historical Financial Information for FY18 and FY19 as the Company does not currently have, and at no point during the period of the Historical Financial Information did the Company have a lease with a term exceeding 12 months. There would have been no impact of AASB 16 had it applied to FY18 and FY19 as AASB 16 permits a lessee to continue to recognise lease payments on such leases as an expense on a straight-line basis and consequently the accounting for such leases is consistent over all periods presented. In the future, should the Company sign a lease with a term greater than 12 months then the lease would be accounted for under AASB 16, which would result in the recognition of the right-to-use asset and present value of the future lease liabilities on the balance sheet and the recording of the related amortisation and interest expense through the income statement. No other recent changes in Accounting Standards have had a material impact on the presentation of the Financial Information.

Due to its nature, the Pro Forma Historical Financial Information does not represent the current or prospective financial position, financial performance or cash flows of Cashrewards. Cashrewards believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the AAS and other mandatory professional reporting disclosures applicable to general purpose financial reports prepared in accordance with the Corporations Act.

4.2.2 Preparation of Historical Financial Information

The Statutory Historical Financial Information for FY18, FY19 and FY20 used in the preparation of the Pro Forma Historical Financial Information was extracted from the Company's General Purpose Financial Statements with reduced disclosures for FY19, (including comparatives for FY18), and the General Purpose Financial Statements for FY20. The consolidated financial statements for FY19 and FY20 were audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on each of the financial reports.

The Pro Forma Historical Income Statements and the Pro Forma Historical Cash Flows have been prepared solely for the purpose of inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information adjusted for the effects of the pro forma adjustments described in Sections 4.3.3 and 4.8.2 of this Prospectus. In particular, pro forma adjustments have been made to reflect the following (among others):

- the estimated incremental costs of being a publicly listed company, including Board and governance costs, incremental audit, tax, legal and compliance related costs, and ASX listing fees assuming Completion had occurred on 1 July 2017; and
- the income tax impact of the above adjustment.

4. Financial Information (continued)

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

The Pro Forma Historical Statement of Financial Position is adjusted to reflect the following (among others):

- the impact of the Pre-IPO Equity Raising that occurred in August 2020;
- the repayment of loans owed to Andrew Clarke;
- the repayment of a loan owed to PFG, and the exercise of the PFG Warrants, being the warrants on issue in favour of PFG pursuant to separate warrant agreements dated April 2018, August 2018 and May 2019 respectively;
- the Offer, including costs directly attributable to the Offer offset against share capital (with the remainder expensed in Retained Earnings).

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of the Group.

4.2.3 Forecast Financial Information

The Directors have considered the requirements of ASIC Regulatory Guide 170 'Prospective Financial Information' (RG170) to determine if forecast financial information should be included in this Prospectus. The Directors have determined that, as at the date of this Prospectus, Cashrewards does not have a reasonable basis to reliably forecast future earnings or cash flows and accordingly forecast financial information is not included within this Prospectus.

The Australian retail environment is subject to a number of heightened risks in the short-term, which could impact the October to December 2020 period, which is typically a strong trading quarter for Cashrewards' business, including Cyber Monday, Click Frenzy and Black Friday sales events in November, and the Christmas retail trading period.

There remains an underlying concern regarding the strength of the economy and consumer spending in the remainder of 2020 and 2021, driven by the impact of COVID-19 on business, jobs and consumer confidence. At the same time, this may have a positive impact on Cashrewards due to change in consumers' preferred shopping medium to online channels, their increased spending on certain categories of products and their seeking to save money, which could impact the business positively.

As a result of heightened volatility in the current trading environment, contrary to the potential outcomes described above, and the significant contribution to revenue and earnings that the October–December quarter typically makes to the financial performance of Cashrewards, the Directors do not believe that reasonable grounds exist to provide forecast financial information for either the half-year ending 31 December 2020 or the financial year ending 30 June 2021.

4.2.4 Explanation of certain non-IFRS and other financial measures

Cashrewards uses certain measures to manage and report on the business that are not recognised under AAS or IFRS. These measures are collectively referred to as **non-IFRS financial measures** under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information'.

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although Cashrewards believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, they should be considered as supplements to the consolidated income statement and consolidated cash flow statement measures that have been presented in accordance with the AAS and IFRS, not as a replacement for them. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

The principal non-IFRS financial measures used by Cashrewards that are referred to in this Prospectus include the following:

- **Cashback** being the amount paid to a Cashrewards Member for a purchase through the Cashrewards platform, which in the historical period was not inclusive of gift cards;⁸¹

⁸¹ Historically, Cashback did not include gift cards under the contract with Woolworths because gift cards were sold at an immediate discount to face value. On 16 October 2020, Cashrewards entered into an agreement with True Rewards to sell gift cards where Cashrewards will earn a Commission on the sale of each gift card to its Members who will receive Cashback. This approach is aligned to Cashrewards' typical transaction structure and so the Cashback amount paid to Members in the future under this new agreement will be included in Cashback.

4. Financial Information (continued)

- **Capitalised Development Costs** are related to significant enhancements to technology, platform and products that are expected to derive a future benefit to Cashrewards and are capitalised in accordance with AAS; and
- **Cost of Sales** represents the Cashback reward obligation to Members for purchases made and fees paid to debit and credit card providers for in-store card use. Additionally, the approved Cashback that remains unclaimed for inactive Members for a period greater than 12 months is deducted from the Cost of Sales;
- **EBITDA** represents net profit/(loss) before interest on corporate and other debt (including shareholder loans, income tax benefit/(expense), depreciation and amortisation including amortisation of Capitalised Development Costs);
- **EBIT** represents net profit/(loss) before interest on corporate and other debt (including shareholder loans and income tax benefit/(expense));
- **Gross Profit Margin** is gross profit divided by revenue expressed as a percentage;
- **Total Research and Development Costs (R&D)** are research and development expenses plus Capitalised Development Costs, which Cashrewards uses as a measure of its total R&D investment;
- **Working Capital** means the sum of current trade and other receivables and accrued income less the sum of trade and other payables (including the liability owed to Members for undrawn Cashback), current provisions (including the provision for the estimate of Cashback for Members where total Cashback is less than the minimum withdrawable amount, which is currently \$10.01), accrued expense and other current creditors; and
- **Inactive Rate** is the rate, measured as a proportion of Members who have not transacted through the Cashrewards ecosystem in the last 12 months over Members.

4.2.5 Foreign currency

Cashrewards primarily transacts in its reporting currency, the Australian dollar (A\$). A small volume of annual transactions are denominated in currencies other than the Australian dollar, usually related to offshore Merchant Partners with the most prevalent currencies being Euro (EUR) and US dollar (USD) and are not material to the overall operations.

4.3 Historical Income Statements

4.3.1 Pro Forma Historical Income Statements

Table 5 – Pro Forma Income Statements

		Pro Forma Historical		
\$ million	Notes	FY18	FY19	FY20
Revenue		11.1	18.0	17.1
Cost of sales		(7.4)	(11.9)	(11.7)
Gross profit		3.8	6.1	5.4
Marketing	1	(0.6)	(2.3)	(2.9)
Salaries and wages	2	(4.2)	(4.7)	(5.0)
General and administration	3	(1.8)	(2.2)	(2.7)
Operating expenses		(6.6)	(9.1)	(10.6)
Other income	4	–	–	0.4
EBITDA		(2.9)	(3.0)	(4.8)
Depreciation and amortisation	5	(1.2)	(1.6)	(1.8)
EBIT		(4.1)	(4.6)	(6.6)
Finance costs	6	–	–	–
Loss before tax		(4.1)	(4.6)	(6.6)
Income tax benefit/(expense)	7	1.3	1.1	0.9
Loss after tax		(2.8)	(3.4)	(5.7)

4. Financial Information (continued)

Notes:

- 1 Marketing expenses include both direct and indirect marketing expenses. Direct marketing expenses relate to digital marketing (including search ads, social media and email campaigns), TV, outdoor and radio advertising, competitions and activation campaigns. Indirect marketing expenses include agency fees, production and design costs, merchandise and events.
- 2 Salaries and wages expense includes salaries and wages paid to Cashrewards' Directors and staff plus on-costs, including costs related to the Company's 2017 ESOP.
- 3 General and administration expenses include contractor payments and overheads including office rent, professional fees, subscriptions, technology costs, utilities, training and travel expenses. It also includes incremental costs of being a publicly listed company.
- 4 Other income represents receipt of government stimulus payments in FY20 (including JobKeeper).
- 5 Depreciation expense relates to computer and office equipment. Amortisation expense primarily relates to Capitalised Development Costs. See Section 4.9 for a reconciliation of Capitalised Development Costs.
- 6 Finance costs in the Statutory Historical Income Statement relates to interest paid on borrowings net of interest income and a fair-value adjustment to the PFG Warrants. As these borrowings are proposed to be fully repaid from the proceeds of the Offer, with the PFG Warrants were exchanged into Shares before the Prospectus Date, interest expense from these borrowings and the fair value adjustment to the PFG Warrants have been excluded from the Pro Forma Income Statements.
- 7 See note 4 to pro forma adjustments in Section 4.3.3.

4.3.2 Key operational metrics and business drivers

Cashrewards monitors a number of key operating metrics with a particular focus on Active Members and TTV, as they are the key drivers of revenue.

Cashrewards experienced TTV growth of \$80 million (CAGR of 12.8%) from FY18 to FY20 excluding gift cards, and TTV growth of \$84 million (CAGR of 21.9%) on gift cards across the same period. Cashrewards achieved a TTV CAGR growth of 16.1% from \$468 million in FY18 to \$631 million in FY20, driven by the interaction of the continued growth in Active Members and an increase in the number of Merchant Partners.

The use of funds from previous capital raisings has enabled Cashrewards to grow Active Members, build brand awareness and increase Member engagement.

The growth in Merchant Partners has been achieved through the successful implementation of Cashrewards' Merchant Partner acquisition strategy.

Set out in Table 6 below is a summary of Cashrewards' key operational metrics for FY18, FY19 and FY20, derived from the Pro Forma Historical Income Statements and other operational metrics that Cashrewards uses for those periods.

4. Financial Information (continued)

Table 6 – Key operating and financial metrics for FY18 to FY20

Pro Forma Historical				
	Notes	FY18	FY19	FY20
Key operating metrics				
Total Transaction Value exc. gift cards (\$m)	1	294	358	374
Total Transaction Value – gift cards (\$m)	1	173	221	257
Total Transaction Value (\$m)	1	468	579	631
Total Transaction Value growth (% increase YoY)			24%	9%
Total Number of Transactions exc. gift cards ('000)		1,938	2,349	2,269
Total Number of Transactions – gift cards ('000)		244	295	377
Average Order Value exc. gift card (\$)	2	152	152	165
Average Order Value – gift cards (\$)	2	711	750	684
Average Order Value – travel (\$)	2	508	529	514
Total Members ('000) period end		393	555	756
Total Members – growth (% increase YoY)			41%	36%
Active Members ('000)		120	161	197
Active Members – growth (% increase YoY)			34%	23%
Average commission exc. gift cards (% of TTV)	3	3.9%	5.3%	5.4%
Average commission – travel (% of TTV)	3	4.9%	5.2%	5.4%
Average Revenue Per User (\$)	4	87	109	84
Average Cost Per Acquisition (\$)	5	5	14	14
Total Headcount (period end)	6	51	36	49
Key financial metrics				
Revenue contribution from commission exc. gift cards (\$m)		10.0	17.1	16.1
Revenue contribution from gift cards (\$m)		0.4	0.5	0.5
Revenue growth			61%	-5%
Gross margin		34%	34%	32%
Gross profit growth (% increase YoY)			62%	-11%
Marketing expense (as % of Revenue)		6%	13%	17%

4. Financial Information (continued)

Notes:

- 1 Total Transaction Value before sale returns, ineligible transactions and cancelled bookings.
- 2 Average Order Value is calculated as the Total Transaction Value over a specified time-period divided by the total number of transactions in the time period
- 3 Commission rates are calculated with reference to Total Transaction Value excluding sale returns, ineligible transactions and cancelled bookings. The average Commission rate is derived from the Commission approved by the Merchant Partner over the Total Transaction Value associated with the approved transaction. Due to timing in revenue recognition differences this Commission rate will not reconcile to Commission revenue over Total Transaction Value.
- 4 Average revenue per user is the average revenue generated by a unique Active Member over a specified period.
- 5 CPA – Marketing expenses over the relevant period divided by the total number of new Member registrations in the same relevant period.
- 6 Headcount excludes contractors.

4.3.3 Pro forma adjustments to the Statutory Historical Income Statements

Table 7 – Pro forma adjustments to the Statutory Historical Income Statements for FY18, FY19 and FY20

Pro Forma Historical				
\$ million	Notes	FY18	FY19	FY20
Statutory EBITDA		(2.0)	(2.2)	(3.9)
Incremental listed company costs	1	(0.8)	(0.8)	(0.8)
Pro forma EBITDA		(2.9)	(3.0)	(4.8)

Pro Forma Historical				
\$ million	Notes	FY18	FY19	FY20
Statutory NPAT		(2.3)	(3.3)	(6.6)
Incremental public company costs	1	(0.8)	(0.8)	(0.8)
Finance costs	2	0.1	0.7	2.2
Net income tax (benefit)/expense	3	0.2	0.0	(0.4)
Pro forma NPAT		(2.8)	(3.4)	(5.7)

Notes:

- 1 Reflects an estimate of the incremental annual costs that Cashrewards will incur as a result of being a listed public company. These costs include listing fees, share registry costs, incremental audit and legal fees, Directors' and officers' insurance premiums, company secretary/investor relations costs, annual general meetings costs, annual report costs and other public company costs. From their respective dates of appointment, certain Non-Executive Directors are entitled to Directors' fees totalling \$350,000 per annum (including the fees expected to be payable to the Non-Executive Director nominated to be nominated by ANZ). The pro forma adjustment made reflects the Directors' fees that would have been paid for those periods.
- 2 Interest expense associated with borrowings that have been repaid or will be repaid from proceeds of the Offer (being the PFG Loan and the Andrew Clarke Loan). Cashrewards had issued PFG Warrants, were exchanged prior to the Prospectus Date and resulting in PFG being issued Shares, (the PFG Warrants were exchanged by PFG using its right to fund the exercise price via the reduction in the number of Shares to be granted on exercise). In the Statutory Historical Income Statement for FY20, a charge of \$1.5 million was included as finance costs, to reflect the increase in value of the PFG Warrants. As these expenses will not recur, they have been adjusted through this pro forma adjustment.
- 3 Income tax benefit/(expense) has been adjusted for the impact of the pro forma adjustments. An effective pro forma corporate income tax rate of 27.5% has been applied to each of the pro forma adjustments for each period.

4. Financial Information (continued)

4.4 Statutory Historical Income Statements

Table 8 – Statutory Historical Income Statements for FY18, FY19 and FY20

		Statutory Historical		
\$ million	Notes	FY18	FY19	FY20
Revenue		11.1	18.0	17.1
Cost of sales		(7.4)	(11.9)	(11.7)
Gross profit		3.8	6.1	5.4
Marketing	1	(0.6)	(2.3)	(2.9)
Salaries and wages	2	(3.9)	(4.4)	(4.7)
General and administration	3	(1.3)	(1.6)	(2.1)
Operating expenses		(5.8)	(8.3)	(9.7)
Other income	4	–	–	0.4
EBITDA		(2.0)	(2.2)	(3.9)
Depreciation and amortisation	5	(1.2)	(1.6)	(1.8)
EBIT		(3.2)	(3.7)	(5.7)
Finance costs	6	(0.1)	(0.7)	(2.2)
Loss before tax		(3.4)	(4.4)	(7.9)
Income tax benefit/(expense)	7	1.1	1.1	1.3
Loss after tax		(2.3)	(3.3)	(6.6)

Notes: Please refer to the Notes to Table 5.

4.5 Statutory Historical Balance Sheet and Pro Forma Historical Balance Sheet Statutory and Pro Forma Historical Statement of Financial Position

Table 9 below sets out the following pro forma adjustments that have been made to the Statutory Historical Statement of Financial Position of Cashrewards as at 30 June 2020, to present a Pro Forma Historical Statement of Financial Position for Cashrewards as at 30 June 2020:

- the \$5.65 million attributable to the Pre-IPO Equity Raising;
- the repayment of the PFG Loan of \$1.0 million at Completion;
- the repayment of the Andrew Clarke Loan of \$1.3 million at Completion;
- the exercise of employee Options, with \$0.2 million being paid to the Company on the exercise of these Options; and
- Completion of the Offer by Cashrewards, including proceeds raised from the Offer and costs incurred in relation to the Offer.

4. Financial Information (continued)

Table 9 – Statutory and Pro Forma Historical Statements of Financial Position as at 30 June 2020

\$ million	Notes	Statutory 30-Jun-20	Pre-IPO equity raising	PFG Loan repayment and Warrant exercise	Repayment of Andrew Clarke Loan	Exercise of Employee options	Impact of the Offer	Pro Forma 30-Jun-20
Current assets								
Cash and cash equivalents	1	2.7	5.7	(1.0)	(1.3)	0.2	39.5	45.7
Trade and other receivables	2	2.3					0.2	2.4
Contract assets		2.6						2.6
Other		0.0						0.0
Total current assets		7.6	5.7	(1.0)	(1.3)	0.2	39.7	50.8
Non-current assets								
Property, plant and equipment		0.1						0.1
Intangibles		3.2						3.2
Deferred tax	3	1.0					1.3	2.3
Other		0.0						0.0
Total non-current assets		4.3	–	–	–	–	1.3	5.6
Total assets		11.9	5.7	(1.0)	(1.3)	0.2	41.0	56.4
Current liabilities								
Trade and other payables		6.9						6.9
Contract liabilities		2.7						2.7
Borrowings	3	2.3		(1.0)	(1.3)		–	–
Employee benefits		0.2						0.2
Other	5	2.0		(2.0)				–
Total current liabilities		14.2	–	(3.0)	(1.3)	–	–	9.9
Non-current liabilities								
Borrowings		–						–
Lease liabilities		–						–
Deferred tax		–						–
Total non-current liabilities		–	–	–	–	–	–	–
Total liabilities		14.2	–	(3.0)	(1.3)	–	–	9.9
Net assets		(2.3)	5.7	2.0	–	0.2	41.0	46.5
Equity								
Issued equity	6	9.7	5.7	2.4		0.2	42.3	60.2
Reserves		1.9				0.2		2.1
Accumulated losses	7	(13.8)		(0.5)		(0.2)	(1.3)	(15.8)
Total equity		(2.3)	5.7	2.0	–	0.2	41.0	46.5

4. Financial Information (continued)

Notes:

- 1 Cashrewards issued 19.8 million Shares to new and Existing Shareholders in August 2020 in the Pre-IPO Equity Raising, with \$5.65 million of cash being received by the Company. As at Completion of the Offer, the PFG Loan and the Andrew Clarke Loan will be repaid in full. Cash raised from the Offer (\$45.0 million) will be reduced by payment of the costs of the Offer (\$5.5 million) and repayment of the loan owed to Andrew Clarke (\$1.3 million).
- 2 GST receivable for GST incurred on certain costs of the Offer.
- 3 Deferred tax asset adjustment represents the recognition of deferred tax assets that arise as a result of the payment of IPO costs by the Company on Completion of the Offer at a tax rate of 27.5%.
- 4 Amounts owed under the PFG Loan and Andrew Clarke Loan will be repaid in full at Completion of the Offer.
- 5 Removal of liability for PFG Warrants on exchange into Shares prior to the Prospectus Date.
- 6 Issued equity is impacted by the issue of Shares from the Pre-IPO Equity Raising, Shares issued to PFG on exchange of the PFG Warrants, the exercise of Options held by participants under the 2017 ESOP, and the primary equity raised through proceeds of the Offer (\$45.0 million) net of the costs of the Offer which are offset against equity (\$2.7 million). Shares to be issued under the Starlight Offer were accounted for at the date the Pledge 1% was entered into.
- 7 Accumulated losses are adjusted for the increment in the fair value adjustment for the PFG Warrants to reflect the Offer Price of \$1.73 per Share, and the costs of the Offer, which are expensed through the income statement net of 27.5% effective corporate tax rate.

4.6 Cash and cash equivalents

The cash and cash equivalents position of Cashrewards as at 30 June 2020 on a statutory basis (prior to Completion) was \$2.7 million and is expected to be \$45.7 million on a pro forma basis. The pro forma balance of net cash and cash equivalents is derived from:

- Cash and cash equivalents as at 30 June 2020 of \$2.7 million; plus
- \$5.65 million attributable to the Pre-IPO Equity Raising; less
- the repayment of the PFG Loan of \$1.0 million at Completion; less
- the repayment of the Andrew Clarke Loan of \$1.3 million at Completion; plus
- the exercise of employee Options, with \$0.2 million being paid to the Company on the exercise of these Options; and
- the net impact of proceeds from the Offer (\$45.0 million) less the costs of the Offer of \$5.5 million (net \$39.5 million).

The pro forma balance of net cash and cash equivalents as at 30 June 2020 does not reflect the change in cash position between 30 June 2020 and Completion, which will occur as a result of various anticipated cash requirements of Cashrewards over this period. Given the continued investment in the business (which will be supported by the funds raised through the Offer) ahead of the expected realisation of benefits, the Company expects to generate net operating cash outflows in the foreseeable future until the expected benefits of the investments are realised.

4.7 Net debt, contractual commitments and liquidity

4.7.1 Net debt

Cashrewards' pro forma net cash following the Completion of the Offer is estimated to be \$45.7 million as set out below and Cashrewards will have no net debt as at 30 June 2020 on a pro forma basis.

Table 10 – Pro Forma Indebtedness

\$ million	Notes	Statutory 30-Jun-20	Pro Forma 30-Jun-20
Net cash/(debt)			
Cash and Cash Equivalents	1	2.7	45.7
Current borrowings	4	(2.3)	–
Non-current borrowings		–	–
Net Cash/(Debt)		0.4	45.7

Refer to notes to Table 5.

4. Financial Information (continued)

4.7.2 Summary of existing banking facilities and contractual obligations

As at the date of this Prospectus, Cashrewards has no existing bank debt financing facilities and its only borrowings (apart from amounts owing on corporate credit cards) as at 30 June 2020 were amounts owing to PFG under the PFG Loan (\$1.0 million) and amounts under the Andrew Clarke Loan (\$1.3 million), which will be repaid in full on Completion of the Offer.

The Company's office premises in Chatswood, Sydney, is leased on a month-to-month basis. The Company has no other material contractual commitments at the date of this Prospectus.

4.7.3 Liquidity

Following Completion of the Offer, Cashrewards' principal sources of funds will be cash flow from operations and cash held at Completion of the Offer. The Board expects that Cashrewards will have sufficient cash flow from operations to meet its business needs and, together with the net proceeds of the Offer, will have sufficient Working Capital to carry out its stated objectives.

4.7.4 Net asset deficiency as at 30 June 2020

Cashrewards had a net asset deficiency of \$2.3 million on a statutory basis as at 30 June 2020, primarily due to the accumulated cashback liability associated with cashback amounts that Members have not withdrawn from their accounts. This cashback liability totals \$8.3 million, of which \$5.6 million is recorded within trade and other payables (**Members Financial Liabilities**), and \$2.7 million is recorded within Provisions (**Provision for Members Redemption**), which Cashrewards is not contractually obligated to pay Members yet. After the net proceeds of the Offer are received, the Company will have surplus net assets.

Following Completion, in the unlikely event that all Members requested to withdraw their accrued Cashback (Members Financial Liabilities and Provision for Members Redemption) at the same time, Cashrewards would have sufficient cash on hand to fund the repayment of this balance. In addition, the Board believes that the growth of the business over time will enable the business to self-fund the increase in the Members Financial Liability balance given part of the funds raised under the Offer will be applied to increase the Company's Working Capital position, which will allow Cashrewards to maintain a sufficient level of cash reserves to ensure this liability is managed appropriately.

4.8 Historical Statutory and Pro Forma Cash Flows

Table 11 – Pro Forma Cash Flow Statements

Pro Forma Historical				
\$ million	Notes	FY18	FY19	FY20
EBITDA		(2.9)	(3.0)	(4.8)
Changes in Working Capital	1	0.9	1.6	1.2
Non-cash items	2	0.3	0.4	0.3
Cash flow from operating activities		(1.6)	(1.1)	(3.2)
Payments for property, plant and equipment		(0.1)	(0.0)	(0.1)
Payments for intangibles	3	(1.6)	(1.8)	(1.6)
Net cash flow before interest and tax		(3.4)	(2.9)	(4.9)

Notes:

- 1 Working Capital means the sum of current trade and other receivables, accrued income and prepayments, less the sum of trade and other payables (including Members Financial Liabilities), current provisions (including Provision for Members Redemption), accrued expense and other current creditors.
- 2 Non-cash items in FY18, FY19 and FY20 primarily related to employee share scheme expenses.
- 3 Reflects the capitalisation of the technology, platform and product development expenses. These expenses are capitalised in accordance with the capitalisation criteria in AASB 138 Intangible Assets. The expenditure capitalised comprises direct labour and associated on-costs.

4. Financial Information (continued)

4.8.1 Statutory Historical Cash Flows for FY18, FY19 and FY20

Table 12 – Statutory Historical Cash Flows for FY18, FY19 and FY20

		Statutory Historical		
\$ million	Notes	FY18	FY19	FY20
EBITDA		(2.0)	(2.2)	(3.9)
Changes in Working Capital		0.9	1.6	1.2
Non-cash items	1	0.3	0.4	0.3
Cash flow from operating activities		(0.8)	(0.2)	(2.4)
Payments for property, plant and equipment		(0.1)	(0.0)	(0.1)
Payments for intangibles		(1.6)	(1.8)	(1.6)
Proceeds/(payments) for investments		0.0	(0.0)	0.0
Net cash flow before interest and tax		(2.5)	(2.1)	(4.0)
Proceeds from issue of shares		–	2.3	7.4
Proceeds from/(repayment of) borrowings	2	2.1	0.9	(1.4)
Interest payments	3	(0.1)	(0.7)	(0.7)
Tax refunded/(paid)	4	0.6	0.9	–
Net cash flow		0.0	1.3	1.3

Notes:

- 1 Non-cash items in FY18, FY19 and FY20 primarily related to employee share scheme expenses.
- 2 This includes drawdowns on, and scheduled repayment of, the PFG Loan and the Andrew Clarke Loan.
- 3 Finance costs relate to interest paid on borrowings net of interest income.
- 4 Tax refunded relating to Research and development claims.

4. Financial Information (continued)

4.8.2 Statutory forma Adjustment to the Statutory Historical Cash Flows

Table 13 – Pro Forma Adjustments to the Statutory Historical Cash Flows

\$ million	Notes	Historical		
		FY18	FY19	FY20
Statutory net cash flow before interest and tax		(2.5)	(2.1)	(4.0)
Incremental listed company costs	1	(0.8)	(0.8)	(0.8)
Pro forma net cash flow before interest and tax		(3.4)	(2.9)	(4.9)

Notes:

- 1 Independent Non-Executive Directors of Cashrewards are entitled to receive fees totalling \$200,000 for acting as Directors and have received those fees from their date of appointment. The Non-Executive Directors are entitled to fees totalling \$150,000 per annum from Completion (taking into account the Non-Executive Director to be nominated by ANZ and assuming that appointment is made shortly after Completion). The pro forma adjustment includes an amount to reflect the fees that would have been paid to the Directors for these periods plus other listed company costs such as the listing fees, share registry costs, incremental audit and legal fees, officers' insurance premium, company secretary/investor relations costs, annual general meeting costs, annual report costs and other public company costs.

4.9 Reconciliation of Capitalised Development Costs

In line with AASB 138 *Intangible Assets*, Cashrewards capitalises a portion of employee salaries and wages and contractor costs relating to the development of the technology, platform and product (including software). The capitalised costs are amortised on a straight-line basis over a three-year period.

The total development costs to the income statement in a year is the proportion of costs, which are expensed (typically relating to research time and maintenance of the technology, platform and product (including software)) and the amortisation expense.

The cash outflow includes both the amount capitalised in that given year as well as the expense recognised in the income statement (ignoring amortisation and any Working Capital impacts at the start and end of the year).

Table 14 – Reconciliation of Capitalised Development Costs FY18 to FY20

\$ million	Pro Forma FY Historical		
	FY18	FY19	FY20
Research and Development cash outflow			
Research and development expensed	0.2	0.2	0.2
Research and development capitalised	1.7	1.8	1.6
Total research and development cash outflow	1.9	2.0	1.8
Research and development expensed	0.2	0.2	0.2
Research and development amortisation	1.2	1.5	1.7
Impact on NPAT	1.3	1.7	1.9

4. Financial Information (continued)

4.10 Management discussion and analysis of the Pro Forma Historical Financial Information

This section sets out a discussion of key factors that have affected Cashrewards' operations and financial performance over FY18 to FY20.

The discussion is intended to provide a brief summary only and does not detail all the factors that have had an impact on the historical operating and financial performance, nor everything which may impact Cashrewards' operating and financial performance in the future. Unless otherwise stated, all metrics and Financial Information presented in this section, and the related commentary, are on a pro forma basis only. The information in this Section 4 should be read in conjunction with the key risk factors set out in Section 5, the summary of Accounting Policies in Appendix A and the other information contained in this Prospectus.

Cashrewards generates the majority of its revenue primarily through two revenue streams – Commission from Merchant Partners sales and Commission from gift card sales.

While both contribute proportionately towards overall TTV, the largest contribution towards revenue is Commission from Merchant Partner sales that contributes 97% of Commission revenue. While gift card Commissions contributed 3% towards FY20 Commission revenue.

Given the immaterial contribution of gift cards towards revenue in the historical period, unless otherwise stated, the following management discussion and analysis relates to Commissions and Cashback transactions excluding gift cards.

4.10.1 Key operational drivers of Cashrewards

Cashrewards' performance is driven by the number of Members, their activity in terms of the frequency of transactions with Merchant Partners and Average Order Value across those transactions. These factors are influenced by

- the number of Merchant Partners with Cashback offers;
- the quality and availability of the Cashback offers;
- the investment in marketing discussed further in Section 4.10.7.1 below; and
- the quality of Cashrewards' product offering (discussed in Section 3.4).

4.10.2 Active Members

- Marketing spend in FY20 supported the acquisition of 201,487 new Members at a CPA⁸² of \$6 on media spend or \$14 on total marketing spend. Of these acquired Members, 66,836 became Active Members.
- Active Members (FY15-FY19)⁸³ have a weighted annual ARPU of \$88, equating to a Gross Profit Margin payback on CPA being achieved after 22 months. Active Members currently remain active (on average) for 5.1 years and have a lifetime ARPU of \$448.

It is management's intentions to use a portion of the IPO proceeds to be able to enhance the above operating metrics, primarily targeting a reduction in the Inactive Rate and an increase in average transactions per Member.

4.10.3 Monthly Active Members

Monthly Active Members are a subset of Cashrewards' Active Member base and drive Total Transaction Value, revenue and therefore business performance in any given month.

In FY19, average Monthly Active Members (across the year) was 59,516. This represented growth of 32% compared to FY18, primarily driven by the additional funds available from the capital raised in early 2019, which supported growth and marketing initiatives.

In FY20, the average Monthly Active Members (across the year) was 68,315. This represented growth of 15% compared to FY19. The slower year on year growth was primarily driven by the impact of COVID-19 in the final quarter.

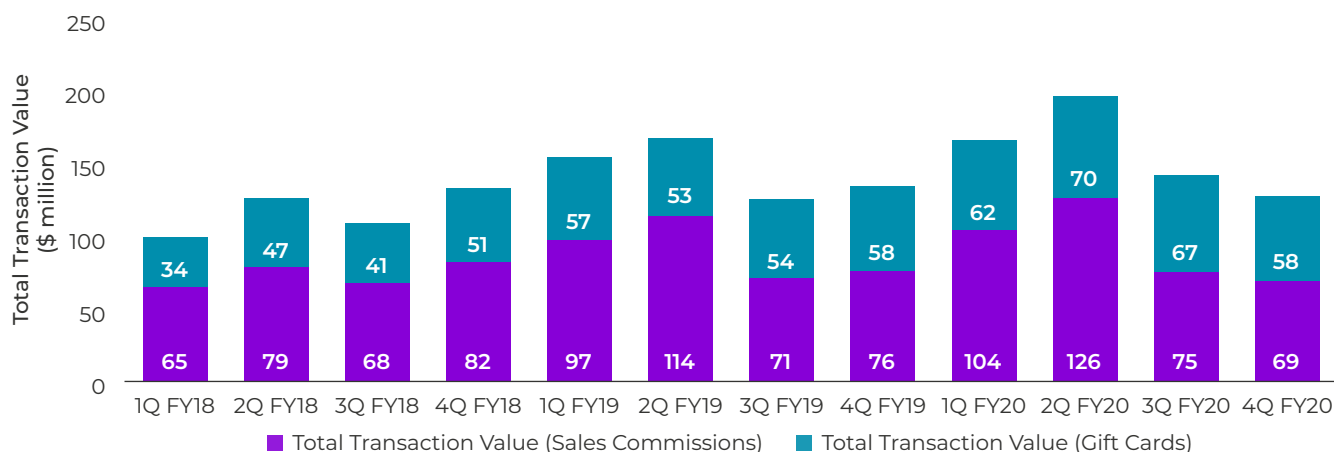
82 CPA – Marketing expenses over the relevant period divided by the total number of new customer registrations in the same relevant period.

83 FY19 used as customers that joined in FY20 have not had a full years' experience.

4. Financial Information (continued)

4.10.4 Total Transaction Value

Figure 4.01 – Quarterly Total Transaction Value from FY18 to FY20



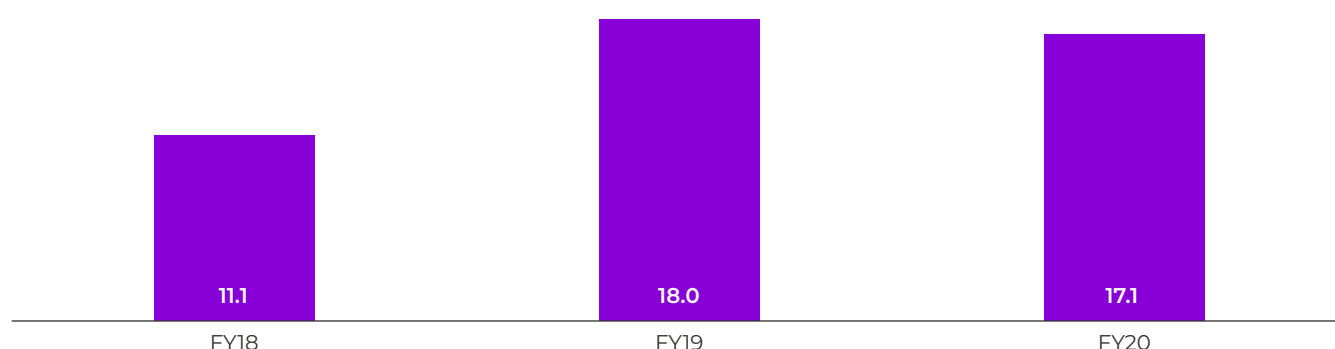
- TTV is built up through the sum of the Monthly Active Members multiplied by Average Order Value multiplied by average transactions per Member (for the period under review). The number of average transactions per Monthly Active Member is influenced by the same factors as Active Members, including the increase in Cashrewards' marketing spend, through increased targeting and refined campaigns to assist the business in building brand awareness and customer engagement.
- Cashrewards considers TTV to be a leading indicator of future revenue performance, with a timing delay in recognising travel revenue. When assessing the performance of the business, Cashrewards reviews TTV through multiple lenses being, Commission from Merchant Partner sales from the travel category, Commission from Merchant Partner sales (exc. travel) and Commission from gift cards.
- Revenue recognition differs from a timing perspective for Commission excluding travel and travel-related Commissions. Travel-related Commissions refer to the Merchant Partner sales attributed towards the travel category. Commission excluding travel is recognised as revenue on the date of the Member purchase, including an estimate of expected returns based on historical trends.
- Travel-related Commissions is recognised as revenue only when the Merchant Partners have provided the service, this is after the Member travel has occurred, generally being the date of travel for flights or the date of check-in for hotel bookings. Cashrewards uses TTV as a key leading indicator for future travel revenue performance as revenue from travel is only recognised only when the travel has been undertaken. Although the time lag between TTV and revenue recognition varies significantly between international and domestic travel and is also based on seasonal trends, the average lag across all bookings has historically been approximately four months before COVID-19.
- Commission from gift cards in the historical period is recognised as revenue on the date of the Member purchase. Members did not receive Cashback, rather they received a discount on the overall transaction amount with the discount being netted off the purchase price. Commission from gift cards has historically been at a rate of approximately 0.2%.
- Figure 4.01 above, details the proportion of TTV contributed by Merchant Partner sales and the sale of gift cards. Across FY18 to FY20, Woolworths has been the sole Merchant Partner that contributed towards gift card sales, contributing approximately 39% of Total Transaction Value, however only approximately 3% of revenue. In September 2020 Cashrewards was notified by Woolworths that they will terminate the Master Goods and Services Agreement with effect from November 2020. Due to the immaterial contribution towards total revenue this does not have a material impact on Cashrewards' future revenue performance going forward.
- On 16 October 2020, Cashrewards entered into an agreement with True Rewards, which will operate in the same way as the other activities from which Cashrewards earns Commission. As a result, future sales of gift cards under this arrangement will be included in Total Transaction Value. Please refer to Section 3.5.1 for more details on this agreement.

4. Financial Information (continued)

4.10.5 Revenue

- Figure 4.02 below illustrates the historical revenue of Cashrewards from FY18 to FY20. In FY20, Commissions from Merchant Partner sales contributed 94% towards revenue.
- In FY20, Commissions from gift cards contributed approximately 3% of revenue.
- Commissions accounted for approximately 97% of revenue in FY20, which is in line with the average across the FY18 to FY20 period. The remaining revenue consists of advertising fees and other income, contributing approximately 3% in FY20 which is in line with the historical average.
- Total revenue increased from \$11.1 million in FY18 to \$17.1 million in FY20, representing a CAGR of 24% primarily driven from the factors that have been detailed in TTV above.

Figure 4.02 – Historical revenue FY18 – FY20 (\$ million)



Cashrewards reported an increase in total revenue of \$6.8 million (62%) from \$11.1 million in FY18 to \$18 million in FY19, driven by:

- the acquisition of 161,535 new Members (41%), from 393,380 in FY18 to 554,915 in FY19, which was driven by the increase in marketing spend (funded by the \$2.3 million capital raised during FY19);
- the increase in the average Monthly Active Members of 14,434 (32%) from 45,081 in FY18 to 59,516 in FY19;
- growth in TTV of \$111 million (24%) from \$468 million in FY18 to \$579 million in FY19;
- the average Commission per Active Member in FY19 was \$109, representing growth of 26% versus FY18;
- the Average Order Value (excluding gift cards) remained consistent year on year at \$152; and
- the number of transactions (excluding gift card sales) grew by 411,138 (21%) to 2.3 million transaction in FY19.

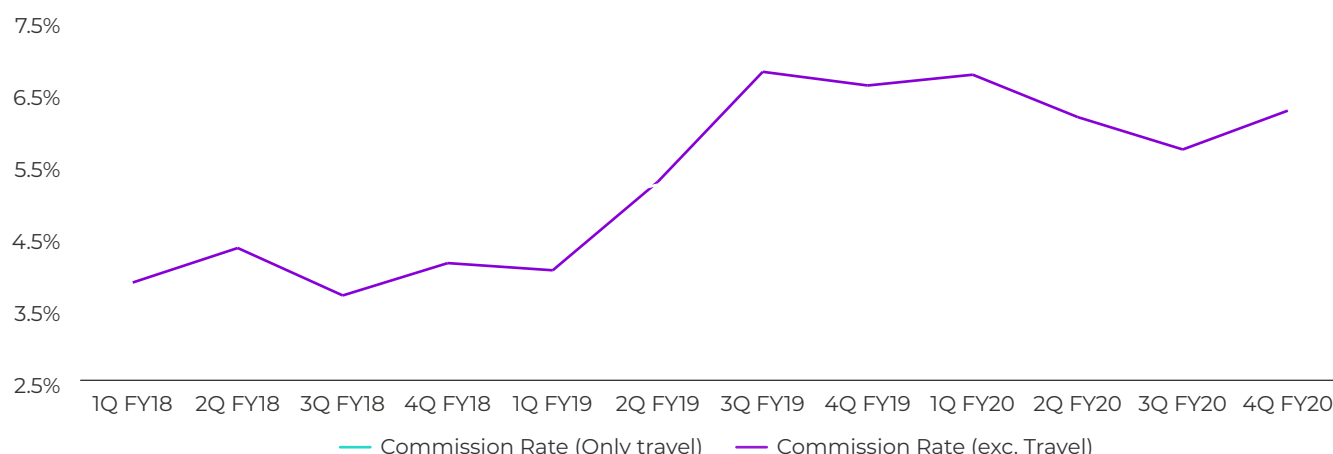
Cashrewards reported a decrease in revenue of \$0.9 million (5%), from \$18 million in FY19 to \$17.1 million in FY20, driven by the combination of the following factors:

- the acquisition of 201,487 new Members (37%), from 554,915 in FY19 to 756,402 in FY20, which was driven by an increase in marketing initiatives including targeted campaigns to drive increased brand recognition and awareness;
- the overall increase in the average number of Monthly Active Members by 8,799 (15%) from 59,516 in FY19 to 68,315 in FY20. This increase in Monthly Active Members was driven by Cashrewards increased focus on driving Member activation and retention through a number of activation and retention campaigns undertaken throughout FY20;
- the Average Order Value (excluding gift cards) increased by \$12 to \$165 in FY20 from \$152 in FY19;
- the average Commission per Active Member in FY20 was \$84, this represented a decline of 23% from \$109 in FY19. This decline was driven by the decline in Commissions contributed from the travel category, which has historically been at a higher rate;

4. Financial Information (continued)

- growth in TTV of \$52.4 million (9.0%) from \$578.7 million in FY19 to \$631.1 million in FY20. This growth was primarily driven by the continued growth in Active Members and an increase in the number of onboarded Merchant Partners. Additionally, sales contributed from gift cards, whereby Woolworths is the sole Merchant Partner, significantly contributed to the FY20 TTV figure. The growth in TTV was partially offset by the accelerated cancellations of previously booked travel and a decline in overall new travel due to the restrictions detailed above; and
- the number of transactions excluding gift card sales remained stable in FY20 at 2.2 million, with the decline in travel sales having been offset by the increase in the marketplace and fashion sales, despite the impact of COVID-19.

Figure 4.03 – Quarterly commission rates FY18 – FY20 (%)⁸⁴

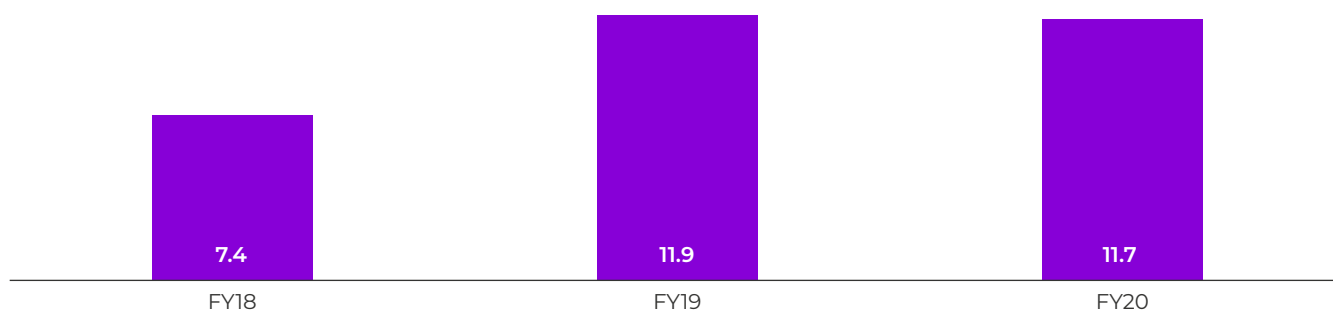


Travel commission rates were relatively stable throughout the historical period, with fluctuations primarily driven by Merchant Partner promotions.

Commission rates for categories excluding travel remained relatively stable in FY18, however, increased from Q2 FY19, when a leading marketplace Merchant Partner paused its Affiliate channel to all Affiliates due to a technical error in its own internal systems. This Merchant Partner resumed its Affiliate operations in Q2 FY20, however, this did not have a significant impact on commission rates as their proportion of total Cashrewards' volume decreased materially from previously historical volumes and was also offset by the volume from other Merchant Partners with higher commission rates.

4.10.6 Cost of Sales, gross profit and Gross Profit Margin

Figure 4.04 – Cost of Sales from FY18 to FY20 (\$ million)



⁸⁴ This reflects the average commission rates on all transactions occurring during the relevant period and results in a different average commission from that shown in Table 6 as transactions that are subsequently cancelled or declined are still included. This is shown to illustrate the trend in fees paid by Merchant Partners over time.

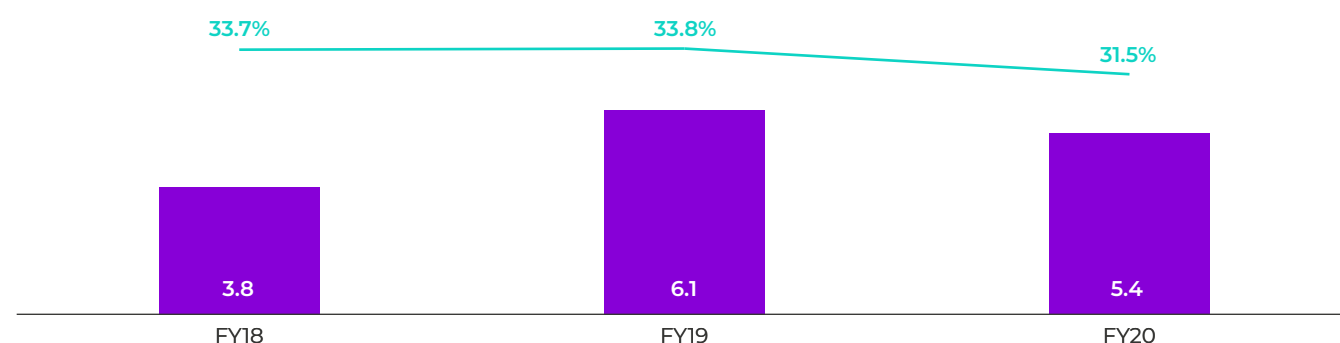
4. Financial Information (continued)

Cashrewards' Cost of Sales primarily represents the Cashback obligation to Members for purchases plus the fees paid to debit and credit card providers for in-store card use. Cost of Sales is primarily driven by the level of Cashback, which is directly correlated to TTV – Commission from Merchant Partner sales, and changes based on the product mix of Member purchases.

Cost of Sales increased by \$4.5 million (61%), from \$7.4 million in FY18 to \$11.9 million in FY19. The increase is correlated to the increase in Cashrewards' revenue for FY19.

Cost of Sales decreased by \$0.2 million (-1%), from \$11.9 million in FY19 to \$11.7 million in FY20, despite the increase in TTV (excluding gift cards) being driven by the change in category mix, primarily the loss of travel revenue, which is a higher margin category, and the surge in marketplace, which is a lower margin category.

Figure 4.05 – Cashrewards' gross profit and Gross Profit Margin for FY18 to FY20 (\$ million)



Gross Profit Margin remained stable from FY18 to FY19, followed by a marginal decline from 33.8% in FY19 to 31.5% in FY20 due to the decrease in travel as a proportion of revenue, which is a higher margin category.

4.10.7 Operating expenses

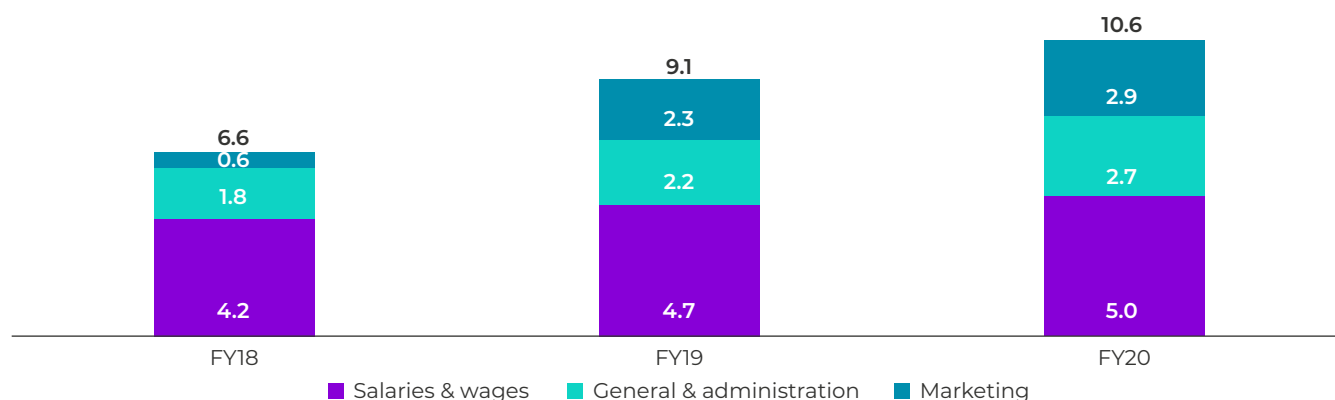
In this Prospectus, Cashrewards presents expense categories within Historical Pro Forma and Statutory Income Statements on a mix of nature and functional basis. The categories used are outlined in Table 15 below.

Table 15 – Operating expense categories

Operating expenses	Description
Marketing	Marketing costs are a combination of direct advertising fees, such as TV, radio, outdoor, online search ads, social media, media spend and indirect marketing costs such as agency fees and production costs.
Salaries and wages	Employee-related expenses such as salaries, payroll taxes and benefits.
General and administration	These expenses include professional fees for legal, accounting, tax, consulting and other services, occupancy, administration as well as foreign exchange gains and losses.

4. Financial Information (continued)

Figure 4.06 – Total operating expenses from FY18 to FY20 (\$ million)



Total operating expenses increased by \$2.5 million from \$6.6 million in FY18 to \$9.1 million in FY19 driven by:

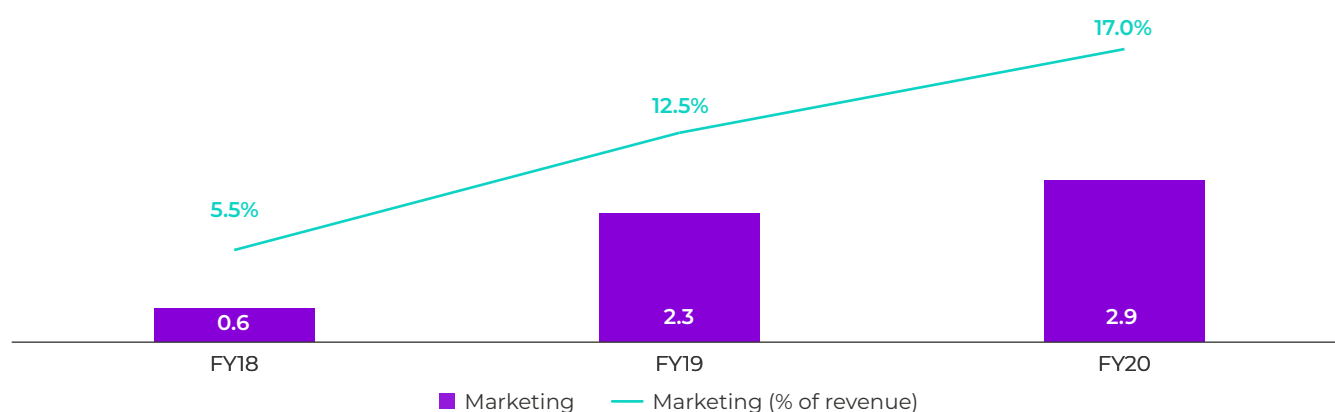
- an increase in marketing spend of \$1.7 million in order to drive Member acquisition and growth; and
- salaries and wages and general and administration expenses increased by \$0.4 million and \$0.5 million respectively in order to support the growth in the business.

Total operating expenses increased by \$1.5 million from \$9.1 million in FY19 to \$10.6 million in FY20 driven by:

- an increase in marketing spend of \$0.7 million with a higher amount spent in the first half in order to drive Member acquisition and growth, but a decrease in the second half due to uncertainty in the market related to the impact of COVID-19; and
- an increase in general and administration expenses in line with the growth of the business and an increase in consulting fees for temporary contract staff.

4.10.7.1 Marketing

Figure 4.07 – Marketing expenses from FY18 to FY20 (\$ million)



Marketing spend has increased by \$2.3 million from \$0.6 million in FY18 to \$2.9 million in FY20 due to increased investment in Member acquisition, which was funded through capital raised in FY19 and FY20. The increase in spend is in line with the Cashrewards' strategy to increase brand awareness and market presence, leading to increased Member acquisition and engagement, culminating in increased Active Members and transactions per user and resulting in increased marketing spend as a proportion of revenue, by approximately 11 percentage points from 5.5% in FY18 to 17% in FY20.

The strongest months of Member growth have historically been in line with periods of higher marketing spend and also in the months from October to December, which align with various retail promotional events such as Black Friday sales, Cyber Monday, Click Frenzy and Christmas.

4. Financial Information (continued)

Cashrewards increased marketing spend by \$1.7 million, from \$0.7 million in FY18 to \$2.3 million in FY19, in order to drive acquisition of Members. The incremental spend in this period translated to an increase of 161,535 new Members at a CPA of approximately \$14. The majority of marketing spend was on social media and Google AdWords with a small proportion on TV and radio.

Cashrewards increased marketing spend by \$0.6 million (29%), from \$2.3 million in FY19 to \$2.9 million in FY20. The marketing spend in FY20 supported the acquisition of 201,487 new Members at a CPA of \$6 on media spend or \$14 on marketing spend. Of these acquired Members, 66,836 became Active Members. This implies a cost per Active Member of \$19 on media spend or \$43 on total marketing spend.

The spend in FY20 involved:

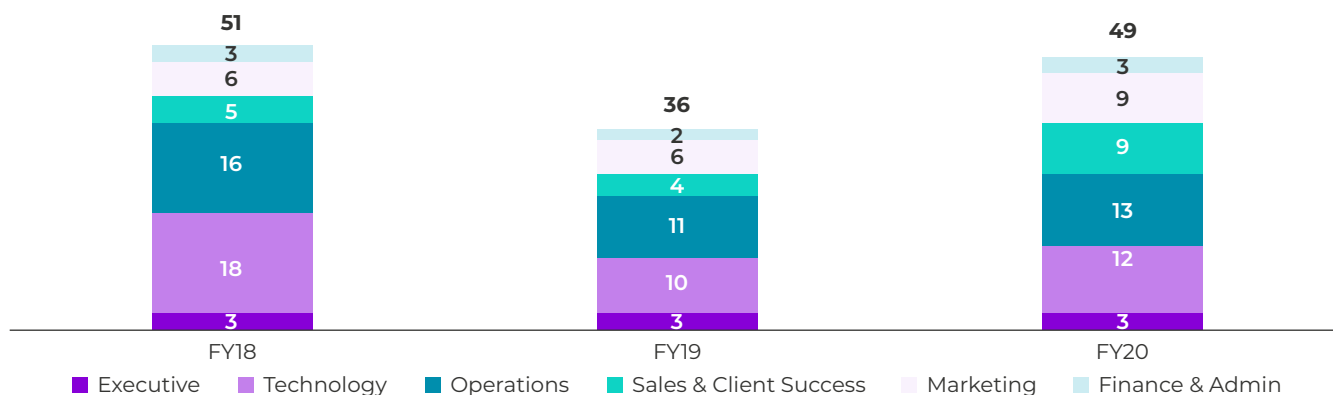
- increased marketing spend in 1H FY20 (\$2.1 million) in order to drive Member growth, primarily allocated towards TV, search, social and outdoor signage to build awareness and drive Member acquisition during the peak trading season; offset by
- lower marketing spend of \$0.8 million in 2H FY20 in response to COVID-19 and the need to reduce cash burn due to uncertainty of the impacts of COVID-19.

As mentioned above, Active Members (FY15-FY19)⁸⁵ have a weighted annual ARPU of \$88, providing a gross profit payback on cost per Active Member being achieved after 22 months. As previously mentioned, Active Members currently have a lifetime of 5.1 years and a lifetime ARPU of \$448.

4.10.7.2 Salaries and wages

Historically, salaries and wages have comprised the largest proportion of operating expenses and have grown in FY20, reflecting the recruitment of predominantly technology, sales and operations roles, which increased headcount by 13 from FY19 to FY20 as illustrated below.

Figure 4.08 – Headcount from FY18 to FY20 (\$ million)

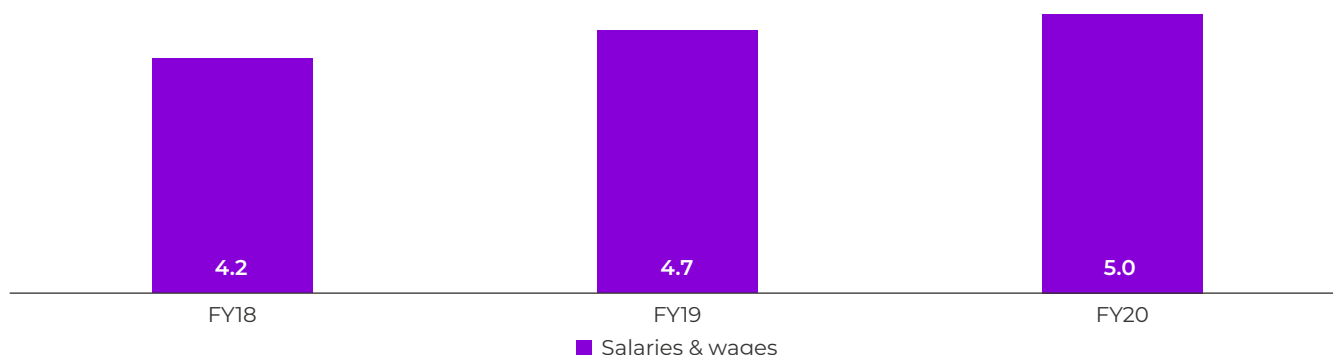


Salaries and wages expense are presented net of capitalised development expenses. In line with Section 4.9, Cashrewards capitalises a portion of employee salaries and wages (and on-costs including superannuation) and contractor costs relating to the development of software.

⁸⁵ FY19 used as Members that joined in FY20 have not had a full year worth of experience on the platform.

4. Financial Information (continued)

Figure 4.09 – Salaries and wages expense from FY18 to FY20 (\$ million)



Total salaries and wages expense increased by \$0.7 million (18%) from \$4.2 million in FY18 to \$5 million in FY20.

From FY18 to FY19, Cashrewards' salaries and wages expenses increased by \$0.4 million (12%), from \$4.2 million in FY18 to \$4.6 FY19 million, driven by the increase in headcount (most of whom were hired in 2H FY18). Although at the end of the financial year headcount decreased by 15 from 51 in FY18 to 36 in FY19, 30 new staff members were hired in 2H FY18. This significant increase was funded by the successful debt raise of \$3.25 million from PFG (the **PFG Loan**) to accelerate growth.

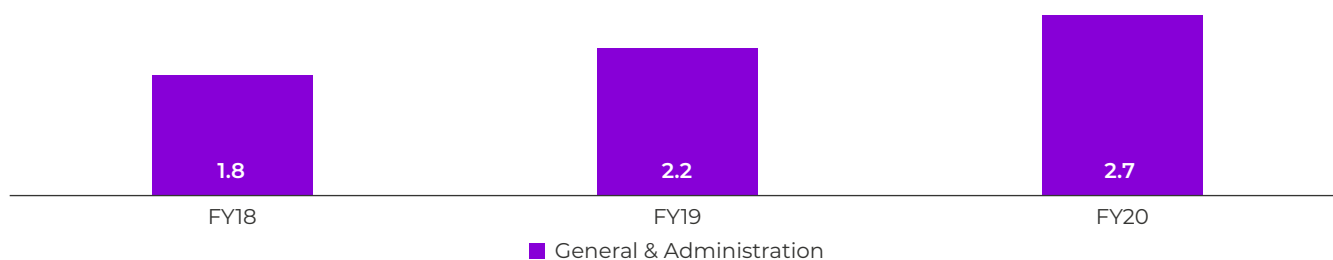
Additionally, Cashrewards relocated its offices from Warriewood to Chatswood in 2H FY17, allowing the Company to attract more staff as the remote location of the Warriewood office was previously a barrier to hiring. Due to the timing of the hires, in FY18, their associated cost had a higher impact on the FY19 period than FY18. This cost increase was partially offset by a decrease of 15 employees during FY19 as the Company sought to reduce its cost base.

From FY19 to FY20, Cashrewards' salaries and wages expenses increased by \$0.3 million, from \$4.7 million to \$5.0 million, driven by:

- the net increase in sales, technology and marketing headcount of 10 new staff members hired to accelerate growth in Member acquisition and product development; and
- a decrease in expenses following a 15% pay cut taken by some staff members over the COVID-19 period, partially offset by share options granted to them as non-cash compensation.

4.10.7.3 General and administration

Figure 4.10 – General and administration expense from FY18 to FY20 (\$ million)



Cashrewards reported an increase in general and administration expenses of \$0.4 million, from \$1.8 million in FY18 to \$2.2 million in FY19, in line with the growth in revenue and the size of the business, mainly driven by the increase in AWS hosting costs to support the growth in transaction numbers.

4. Financial Information (continued)

Cashrewards reported an increase in General and Administration expenses of \$0.5 million, from \$2.2 million in FY19 to \$2.7 million in FY20, primarily due to:

- the addition of several contractors to fill key temporary roles;
- additional software subscription costs to optimise technology development;
- partially offset by savings in AWS hosting costs due to credits received from the AWS start-up concession.

4.10.8 Discussion on Pro Forma Historical Cash Flow from FY18 – FY20

4.10.8.1 Movement in Working Capital

Cashrewards' Working Capital includes trade and other receivables, contract assets, trade and other payables (including Members Financial Liabilities), and provisions (including Provision for Members Redemption).

Cashrewards' investment in Working Capital decreased by \$1.6 million in FY19, primarily reflecting the change in Members' liabilities (included within trade and other payables). Members Financial Liabilities represent the amount owing to Cashrewards' Members and amounted to \$3.6 million at 30 June 2018 and \$5.4 million at 30 June 2019 (a movement of \$1.8 million).

The investment in Working Capital decreased further by \$1.2 million in FY20, primarily reflecting the reduction in trade and other receivables of \$0.6 million, a decrease in contract assets by \$0.4 million and a \$0.2 million increase in Members Financial Liabilities whilst provisions remained relatively consistent.

A portion of the proceeds of the Offer will assist the business in providing sufficient Working Capital for Cashrewards to fund its operations and manage Members' liabilities appropriately.

4.10.8.2 Investing cash flows

Investing cash flows primarily represents the amount of research and development that has been capitalised in FY18, FY19 and FY20. Cash flows from investing cash flows have remained relatively consistent between FY18 and FY20.

4.10.8.3 Year-to-date performance since June 2020

Trading update for the period following 30 June 2020

The impacts of COVID-19 on the business in Q4 FY20 as described above have largely continued to impact the key financial and operating metrics including the ARPU and Average Order Value, and consequently, the TTV in the trading period subsequent to the 30 June 2020 balance date. Despite the above, Cashrewards continues to benefit from the increased amount of retail activity being conducted via the online channel.

Since the receipt of the proceeds of the Pre-IPO Equity Raising in the second week of August 2020, Cashrewards has invested significantly in driving Monthly Active Members through a combination of new Member acquisition and reactivating the current Member base. This has led to strong growth in Monthly Active Members and TTV as summarised below.

In June 2020, Cashrewards had 76,788 Monthly Active Members, that remained relatively constant through to July 2020, decreasing by 318 Monthly Active Members to 76,470. The Monthly Active Members increased by 7,203 (9%) month-on-month to 83,673 in August 2020 and increased by an additional 10,573 (13%) month-on-month to 94,246 in September 2020. Additionally, Active Members, which represents Members that have transacted with Cashrewards in the last 12 months, grew 11% post FY20 year end from 196,996 in June 2020 to 218,178 in September 2020. Total Transaction Value (excluding gift cards) remained relatively constant from June 2020 through to July 2020, declining by \$0.3 million (1%) month-on-month from \$25.6 million in June 2020 to \$25.3 million in July 2020. The Total Transaction Value (excluding gift cards) increased by \$2.0 million (8%) to \$27.3 million in August 2020 and a further \$2.2 million (9%) to \$29.5 million in September 2020.

Monthly prior comparative period performance (July, August, September FY2021)

Whilst COVID-19 continues to have a negative impact on the volume of travel bookings being made on the platform, the increased level of retail activity being conducted via the online channels translated into a strong performance for Cashrewards in the year-to-date trading period of July, August and September of the financial year ending 30 June 2021 (**FY21**) (excluding gift cards and travel), on the prior comparative periods in FY20.

July 2020 experienced an increase in TTV (excluding gift cards and travel) of 64% from \$14.6 million in July 2019 to \$23.9 million in July 2020, and an increase in Monthly Active Members of 18,045 (31%) to 76,470 in July 2020 from 58,425 in July 2019. The increase in Monthly Active Members primarily drove an increase in the number of transactions (excluding gift cards and travel) of 80,842 (55%), from 146,806 in July 2019 to 227,648 in July 2020.

4. Financial Information (continued)

The increased number of transactions benefited from the increased marketing spend allocated towards social media, increased co-branded campaigns with leading marketplace Merchant Partners, and the launch of liquor sales on Amazon. The Average Order Value (excluding gift cards and travel) was approximately \$105 at July 2020.

August 2020 experienced a 49% increase in TTV (excluding gift cards and travel) from \$17.3 million in August 2019 to \$25.8 million in August 2020 and an increase of 24,813 (42%) of Monthly Active Members to 83,673 in August 2020 from 58,860 in August 2019. This is primarily driven by the increased marketing spend in social media in targeting new Member acquisition as well as driving brand awareness. In addition, the number of transactions (excluding gift cards and travel) increased by 103,649 (78%) to 237,314 in August 2020 from 133,665 in August 2019, attributable to the increased marketing spend. The Average Order Value (excluding gift cards and travel) had minimal movement across this period, closing at \$110 at August 2020.

September 2020 experienced a 79% increase in TTV (excluding gift cards and travel) from \$14.9 million in September 2019 to \$26.7 million in September 2020 and an increase of 36,774 (64%) Monthly Active Members to 94,246 in September 2020 from 57,304 in September 2019. This growth has primarily been driven by an increase in marketing campaigns through radio and social media to drive Member acquisition as well as a significant number of higher cashback campaigns. In addition to this, Cashrewards pursued a campaign targeting the reactivation of Members not active in the month. Attributable to these initiatives, the number of transactions (excluding gift cards and travel) increased by 119,447 (95%) to 244,542 in September 2020 from 125,095 in September 2019, with an Average Order Value (excluding gift cards and travel) of \$109 in September 2020.

In the period subsequent to 30 June 2020, Cashrewards has been notified that Woolworths will cancel the gift card offering from November 2020 on the Cashrewards website. Commission from gift cards in the historical period was recognised as revenue on the date of the Member purchase. Members did not receive Cashback, rather they received a discount on the overall transaction amount with the discount being netted off the purchase price. Commission from gift cards has historically been at a rate of approximately 0.2%. Due to the immaterial contribution towards total revenue this does not have a material impact on Cashrewards' future revenue performance going forward.

On 16 October 2020, Cashrewards entered into an agreement with True Rewards, a digital gift card platform, to support a new Cashrewards' offering under which Members will have the ability to purchase digital gift cards via True Rewards and earn Cashback on those purchases. Cashrewards expects to launch this new product with over 50 leading brands including household names such as Myer, Rebel Sport, eBay, Uber, Microsoft Xbox, Supercheap Auto, Hoyts, Dymocks and Sony. Cashrewards expects to be able to offer this marketplace to Members from November 2020.

Looking forward, Cashrewards intends to grow the number of Active Members and increase the frequency of their purchases with Cashrewards' Merchant Partners which will translate into increased value for Merchant Partners, deliver additional Total Transaction Value on the Cashrewards platform and additional revenues for the business. As part of that strategy, in addition to other marketing initiatives Cashrewards intends to use some of the primary proceeds of the offer to invest to increase the percentage of cashback received by Members in the form of cashback. Whilst Cashrewards view is that the additional cashback spent is a form of marketing, and as such it will be funded out of the marketing budget, this cost will be recognised in Cost of Sales in the income statement. Therefore, this strategy will result in a reduction in Gross Profit Margins going forward as part of a longer term strategy to acquire more Active Members, reactivate inactive Members and increase the frequency of purchases through Cashrewards by Members to support higher Member lifetime value.

Strategically, Cashrewards recognises that Total Transaction Value is a key driver of business performance and is critical in building upon Cashrewards strong competitive position in the market. A larger and more engaged Member base will support the dual-sided value proposition discussed in Section 3.11 and increase overall transaction volumes to achieve economies of scale.

4.10.8.4 Impact of COVID-19 on FY20

During FY20 the infectious disease COVID-19 rapidly spread throughout the world, including in Australia. It was declared a global pandemic in March 2020 by the World Health Organization. There have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19, with government actions focused on reducing the speed of spread of the virus. The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian federal, state and territory governments as well as the travel and trade restrictions imposed by Australia and other countries in 2020 have caused disruption to businesses and economic activity.

These disruptions have had both a negative and positive impact on the financial performance of Cashrewards in the final quarter of FY20 and the trading period after 30 June 2020.

4. Financial Information (continued)

The negative impacts on Cashrewards' financial performance in FY20 were as follows:

- In March 2020, the federal government imposed a ban on all international travel and in addition to this, each state and territory government imposed bans on regional and domestic travel, which affected Members' ability to travel. This resulted in approximately an 84% decrease in TTV from travel in Q4 FY20 compared to Q4 FY19. Travel as a standalone category represented approximately 35% of TTV excluding gift cards in Q4 FY19 compared to 5% in Q4 FY20. Cashrewards uses TTV as an indicator of current sales activity due to the timing of revenue recognition for travel.
- At the height of the COVID-19 pandemic in Australia, when lockdowns were announced across the country, several Merchant Partners in the groceries and liquor categories temporarily paused Affiliate marketing channels, including Cashrewards, due to unprecedented demand and a severe strain on their distribution capabilities. While most Merchant Partners have resumed activity on Cashrewards' platform, several remain offline as they continue to experience difficulty in fulfilment of online orders. This caused an associated decrease in revenue from these categories in Q4 FY20.

As of the date of this prospectus COVID-19 continues to have a negative impact on the volume of travel bookings being made on the platform.

The beneficial impacts on Cashrewards' financial performance in FY20 were as follows:

- state and territory governments' mandatory lockdowns and the imposition of other mandatory social distancing measures, such as the closure of shopping centres and other retail stores, resulted in a significant shift towards online shopping, leading to higher transaction volume and revenue in categories such as beauty, health, sports and outdoor.
- The closure of offices and shift to working from home resulted in increased demand for goods to support the adoption of improvements to home offices, leading to higher transaction volume and revenue recorded in the technology, home and utilities categories.
- Cashrewards received \$0.4 million in government subsidies in the form of JobKeeper.

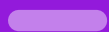
The impact of COVID-19 continues to be felt by Cashrewards and the current trading environment is described in more detail later in this section.

4.11 Dividend policy

The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors (many of which may be outside the control of the Company and its Directors and management, and are not reliably predictable), including the general business environment, operating results, cash flows and financial condition of Cashrewards, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

While it is the aim of the Company that, in the longer term, its financial performance and position will enable the payment of dividends, at the Prospectus Date, the Company, does not intend, nor expect, to declare nor pay any dividends in the immediately foreseeable future, given that Cashrewards' focus will be on long-term growth and it is the Directors' intention to reinvest future cash flows to further grow the business.

Section 5



Risk Factors

5. Risk Factors

5.1 Introduction

This section describes some of the potential risks associated with Cashrewards' business, the industry and markets in which Cashrewards operates, and risks associated with an investment in Shares. Cashrewards is subject to a number of risks both specific to Cashrewards' business activities and of a general nature, which may, either individually or in combination, adversely impact Cashrewards' future operating and financial performance and the value of its Shares. This section does not purport to list every risk faced by Cashrewards now or in the future. Many of these risks, or the consequences of such risks, are outside the control of Cashrewards, the Directors and management. If one or more of these risks eventuates, then the future operating and financial performance of Cashrewards and the value of your investment in Shares may be adversely affected.

The selection of risks outlined in this section is based on an assessment of the probability of the risk occurring, the impact of the risk on Cashrewards should the risk materialise and Cashrewards' ability to mitigate the risk. This assessment is based on the knowledge of Directors and management as at the Prospectus Date. There is no guarantee or assurance that the importance of the risks will not change or other risks that may adversely impact Cashrewards will not emerge.

There can be no guarantee that Cashrewards will achieve its stated objectives, successfully implement its business strategy, or that the forecast financial information or any forward-looking statement contained in this Prospectus will be achieved or eventuate. You should note that past performance may not be a reliable indicator of future performance.

An investment in Cashrewards is not risk free. Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in Cashrewards and whether the Shares are a suitable investment for you having regard to your investment objectives, financial circumstances and taxation position. Before deciding whether to apply for Shares, you should read this Prospectus in its entirety and seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Risks specific to an investment in Cashrewards

5.2.1 Disruption to technology systems

Cashrewards relies on the constant real-time performance, reliability and availability of its technology system, including in relation to its website, mobile app and Cashrewards Assistant. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of Cashrewards' control. This includes data losses, computer system faults, internet and telecommunications or data network failures, fire, natural disasters, computer viruses and external malicious interventions such as hacking or denial-of-service attacks. This may cause part or all of Cashrewards' technology system and/or the communication networks to become unavailable. There is a risk that repeated failures to Cashrewards technology system may result in a decline in Members using Cashrewards' platform or Merchant Partners ceasing to use Cashrewards. This may materially and adversely impact Cashrewards' business, financial performance, as well as negatively impact Cashrewards' reputation.

5.2.2 Exposure to potential security breaches and data protection issues

Through the ordinary course of business, Cashrewards collects, maintains, transmits and stores a wide range of confidential or personal information, including in respect of its Members and Merchant Partners. Cashrewards also outsources the collection, storage and processing of credit card details for Members to an authorised third party. Although Cashrewards has cyber security policies and procedures in place (including systems testing through both internal and external parties), cyber attacks may compromise or breach technology systems used by Cashrewards to protect confidential or personal information. There is a risk that the measures taken by Cashrewards may not be sufficient to detect or prevent unauthorised access to, or unauthorised disclosure of, such information.

Any data security breaches or Cashrewards' failure to protect confidential or personal information could cause significant disruption to Cashrewards' business and trigger mandatory data breach notification obligations. They may also result in the loss of information integrity, breaches of Cashrewards' obligations under applicable laws or agreements, legal complaints and claims by Members and Merchant Partners, and regulatory scrutiny and fines. Any of these could cause significant damage to Cashrewards' reputation, which may affect Cashrewards' ability to retain or attract new Merchant Partners and Members as well, as have a material adverse impact on the financial position and performance of Cashrewards.

5. Risk Factors (continued)

5.2.3 Unknown impact of COVID-19 on Cashrewards' business

Events related to the COVID-19 pandemic (including government-imposed lockdown measures and travel restrictions) have resulted in significant and unpredictable changes to consumer expenditure and behaviour. COVID-19 resulted in a decrease to overall revenue of Cashrewards during FY20.

In particular, the temporary closure of physical retail stores and lockdown measures in various Australian states and territories and the introduction of government stimulus payments have resulted in a significant increase in retail e-commerce activity over the past few months. For example, Member transactions in certain retail categories (such as technology, fashion and beauty, and sporting goods) have experienced significant growth in recent months. There is, however, no guarantee this growth will continue in the future at the same rate, or at all.

Conversely, there has been a sharp decline in Member transactions in the travel and leisure categories, as well as an increase in cancellations of previously booked travel, as a result of the various travel restrictions imposed by governments within Australia and globally. There is substantial uncertainty as to the length of time that the current travel restrictions will remain in place or whether there will be an escalation in restrictions in the future. There is also substantial uncertainty as to the rate that travel-related bookings will return to pre-COVID-19 levels following the lifting of current travel restrictions. Even when travel bookings return, these will only contribute to revenue when the travel is taken (which can be as long as 12 months after booking) and so there will be a time lag before travel Commission revenue recovers after the reduction and removal of government-imposed restrictions.

While Cashrewards has been monitoring the ongoing impact of COVID-19 on its business and operations, the future impact on consumer expenditure and behaviour is difficult to predict due to factors beyond Cashrewards' control, such as the ongoing and future response of governments to COVID-19 and the likelihood of an Australian economic downturn of unknown duration or severity. Any change in consumer spending (including overall retail expenditure as well as the composition and timing of that expenditure) could have a material adverse impact on Cashrewards' business and financial performance.

5.2.4 Inability to successfully implement its growth strategies

Cashrewards has developed a number of growth strategies and drivers for the business, which are set out in Section 3.12 and include attracting new Members and Merchant Partners, expanding its in-store offering, increasing its brand awareness, refining its technology for expansion into new geographies, entering partnerships with Merchant Partners in new industries and categories, and increasing Member engagement through personalisation of offers. As part of that strategy, Cashrewards intends to use some of the primary proceeds of the Offer to invest to increase the percentage of cashback received by Members in the form of Cashback. While Cashrewards' view is that the additional cashback spent is a form of marketing, and as such it will be funded out of the marketing budget, this cost will be recognised in Cost of Sales in the income statement. Therefore, this strategy will result in a reduction in Gross Profit Margins going forward as part of a longer-term strategy to acquire more Active Members, reactivate inactive Members and increase the frequency of Members' purchases made through Cashrewards to support higher Member lifetime value.

There is no guarantee that all or any of Cashrewards' growth strategies will be successfully implemented, deliver the expected returns or ultimately be profitable. There is also a risk that the growth strategies may be subjected to unexpected delays and additional implementation costs.

5.2.5 Success of marketing strategy

Cashrewards' future success is partly dependent on the realisation of benefits from investment on marketing campaigns and initiatives. Cashrewards is focused on promoting awareness of its brand and platform to both consumers (in order to acquire new Members and to encourage spending by existing Members) and merchants (which should attract new Merchant Partners). Specifically, if Cashrewards is unable to encourage spending by its Members, Cashrewards will not be able to generate revenue.

Cashrewards intends to use part of the proceeds of the Offer to further its marketing strategy and expects that marketing investment will continue to increase as the business grows. Cashrewards may not, however, receive benefits from these investments for several years or may not receive benefits from these investments at all. Failure to realise intended benefits from marketing investment could adversely impact Cashrewards' business, operations and financial performance.

5. Risk Factors (continued)

5.2.6 Inability to retain and increase Merchant Partners and Member numbers

In order for Cashrewards to receive a Commission for a transaction made by a consumer with a retailer, the consumer must be a registered Member of Cashrewards and the retailer must be a Merchant Partner of Cashrewards. Cashrewards' business model is therefore dependent on its ability to continue to grow its dual-sided network of Merchant Partners and Members. An increase in the number of Merchant Partners attracts more Members to Cashrewards' platform and an increase in Members attracts more Merchant Partners.

It is critical for Cashrewards to grow both its Merchant Partner and Member bases in order to increase overall transaction volumes and to achieve economies of scale, including that of Member acquisition costs. However, this dual-sided network takes time to build and may grow more slowly than Cashrewards expects or than it has grown in the past.

The ability of Cashrewards to retain and increase Merchant Partners and Members depends on a number of factors, including:

- the adequacy of Cashrewards' platform, including its functionality, reliability and customer support
- the ability of Cashrewards to successfully promote its brand through its marketing strategy
- the ability of Cashrewards to keep pace with changes in technology and merchant and consumer preferences
- the effectiveness of Cashrewards' model in driving brand awareness and increasing sales and customer loyalty for Merchant Partners
- the prevailing macroeconomic and consumer spending trends, and the impact of legal and regulatory changes.

If Cashrewards is unable to retain existing Members or Merchant Partners or attract new Members or Merchant Partners, it may adversely impact Cashrewards' ability to achieve economies of scale, which may adversely impact Cashrewards' prospects and ability to improve its future financial performance.

5.2.7 Loss of key Merchant Partners and Affiliate network relationships and limited contractual comfort

Cashrewards generates a large percentage of its revenue and transaction value from its largest Merchant Partners (in FY20, approximately 43% of revenue was generated from Cashrewards top 10 largest Merchant Partners). With limited exceptions, Cashrewards' Merchant Partners are not required to commit to long-term contracts and may choose to terminate their arrangements on short notice or otherwise to 'turn off' their use of Cashrewards by not making available Cashback offers to Cashrewards Members. Further, certain contracts with Merchant Partners contain change of control provisions that may be triggered by the Offer and give rise to a termination right.

Given Cashrewards' level of Merchant Partner concentration, the loss of one or more top Merchant Partners may adversely impact Cashrewards' business, operations and financial performance. For example, Woolworths, who is Cashrewards' Merchant Partner and made its gift cards available for sale to Cashrewards' Members, has changed its commercial and marketing strategy in relation to gift cards and as a consequence from November 2020, Cashrewards will no longer be able to offer those gift cards to its Members, which will result in a loss of Commissions received by Cashrewards from such sales. Such a change could have a material adverse impact on Cashrewards' future Total Transaction Value (including Total Transaction Value composition) and also reduce gross profit as described in Section 4.10.

In addition, Cashrewards relies on Affiliate networks in relation to a number of Merchant Partners as described in Section 3.8. Many of these agreements with Affiliates may be terminated on short notice and there is a risk the loss of one or more of these Affiliate networks may result in a loss of a large number of Merchant Partners if Cashrewards is unable to establish a direct relationship with Merchant Partners. There is no guarantee that Cashrewards would be able to establish a direct relationship with these Merchant Partners and even if Cashrewards was successful, it is likely this would cause disruption to its business and increase costs.

5. Risk Factors (continued)

5.2.8 Activities of fraudulent parties

Cashrewards processes a high volume of transactions, which means it is not practicable to undertake manual fraud checks of all transactions. There is a risk that Members may seek to undertake fraudulent transactions that are not picked up by automated fraud controls, or that controls are circumvented, such as seeking Cashback on cancelled or reversed transactions with Merchant Partners. Cashrewards may be exposed to financial loss where it has approved Cashback to a Member for a fraudulent transaction prior to Cashrewards receiving confirmation from the Merchant Partner. Failure of Cashrewards' internal controls to detect or prevent fraudulent transactions may result in damage to Cashrewards' reputation and standing with Merchant Partners and have a material adverse impact on Cashrewards' business and financial performance.

5.2.9 Reliance on third-party systems and platforms

Cashrewards uses and relies on integration with third-party systems and platforms, particularly websites and other Merchant Partner systems. The success of Cashrewards' service, and its ability to attract new Members and Merchant Partners, as well as its ability to use its Partner Rewards Engine to generate future growth opportunities, depends on the ability of its technology and systems to integrate into and operate with third-party platforms, including Merchant Partner websites. In addition, Cashrewards currently relies on third-party cookies to enable web tracking of its Members in order to collect customer data (including for the purposes of targeted advertising). Any changes to the use and regulation of cookies by internet browsers (including those already announced) may materially restrict Cashrewards' ability to collect and use its Members' data. This would require Cashrewards to change its current technology and processes, which may disrupt the provision of services and adversely affect Cashrewards' business, operations and financial performance.

5.2.10 Cashrewards' technology may be superseded by other technology and its technology and product development may not be effective

Cashrewards' success will in part depend on its ability to offer services and systems that remain current with the continuing changes in technology, evolving industry standards and changing merchant and consumer preferences. There is a risk that Cashrewards may not be successful in addressing these developments in a timely manner. In addition, new products or technologies (or alternative systems) developed by third parties may supersede Cashrewards' technology platform. Any of these factors may result in a loss of existing, or inability to attract new, Merchant Partners and Members, and damage to Cashrewards' reputation.

Cashrewards' future growth also depends on its ability to develop its technology platform, products and processes in order to support increased numbers of, and activity by, Members and Merchant Partners. Increased use of Cashrewards' current platform may exceed its infrastructure capability, which in turn could result in a service outage, loss of data or the inability for Members and Merchant Partners to effectively use Cashrewards' products. In order to address this, Cashrewards intends to use part of the proceeds of the Offer to develop its technology platform and products. However, the development and implementation of technology is expensive and often involves an extended period of time to achieve a return on investment. Cashrewards may not receive benefits from these investments for several years, or at all. The failure of Cashrewards to successfully develop and implement technology upgrades may materially and adversely impact Cashrewards' business, operation and financial performance and prospects.

5.2.11 Open source software

Software code that is freely shared in the software development community is referred to as 'open source code' and software applications built from open source code are referred to as 'open source software'. Cashrewards' platform and products (including its front-end website, mobile app and the backend systems of Cashrewards) incorporate such open source software. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. If Cashrewards combines its proprietary software with open source software in a certain manner, it could, under certain open source licences, be required to release the source code of its proprietary software to the public. This would allow the competitors of Cashrewards to create similar services and platforms with lower development effort and time, and ultimately could reduce or eliminate the ability of Cashrewards to commercialise or profit from its technology.

5. Risk Factors (continued)

5.2.12 Protection of intellectual property

The successful operation and growth of Cashrewards' business depends partly on its ability to protect its intellectual property, as well as Cashrewards' confidential information.

Cashrewards has historically used a variety of legal measures (for example, intellectual property assignment and confidentiality agreements) and technological measures (for example, software development, data encryption, access controls, and staff training and awareness) to protect our intellectual property. However, there is a risk that these measures may not be adequate to prevent unauthorised use of, or access to, Cashrewards' technology, software, data and confidential information. There is also a risk that the validity, ownership or authorised use of Cashrewards' intellectual property may be successfully challenged by third parties. Cashrewards has lodged a trademark application for the mark 'CASHREWARDS' but as at the date of this Prospectus has not received confirmation of its registration.

A breach of Cashrewards' intellectual property may result in the need to commence legal action, including infringement proceedings, which could be costly and time consuming. A failure or inability by Cashrewards to protect its intellectual property rights could have an adverse impact on its business, operations and financial performance.

5.2.13 Infringement of third-party intellectual property rights

There is a risk that third parties may allege that Cashrewards' products use their intellectual property without their consent or permission. These third parties could potentially include former employees and contractors of Cashrewards who have been involved in the development of the Cashrewards platform, or unrelated third parties who have developed products and services that are substantially similar to those offered by Cashrewards. In such circumstances, Cashrewards may be the subject of claims, disputes or litigation, which could require it to incur significant expenses, even if Cashrewards was able to successfully defend or settle such claims. If Cashrewards was found to have infringed the third party's intellectual property rights, this may result in Cashrewards being required to pay monetary compensation to the third party or take other actions that may cause disruption to its business and increase costs. This in turn could have an adverse impact on Cashrewards' operations, reputation and financial performance.

5.2.14 Loss of referrals from third-party community platforms

Cashrewards receives a sizeable proportion of web visits through independent third-party platforms that refer their Member base to offers available on Cashrewards. These third-party platforms are important in publicising Cashrewards' Cashback offers, which in turn drives the acquisition of new Members and greater number of transactions.

Cashrewards does not have formal contractual relationships with all of these third-party platforms or their Members, nor do all such platforms receive Commissions or fees from Cashrewards for their referrals. There is a risk that any loss of or decline in referrals from third-party community platforms could adversely affect Cashrewards' operations and financial performance.

5.2.15 Competitors and new market entrants

Cashrewards faces competition from other online and offline advertising operators for a share of Merchant Partners' overall marketing spend. These competitors may include other Cashback platforms or Affiliate marketing companies, as well as search and display marketing channels including social media sites, search engine advertisers, television, radio, newspapers and magazines.

Cashrewards' business model is based on earning Commissions from Merchant Partners for transactions made by Members through Cashrewards' platform. For Merchant Partners, Cashrewards offers a purely performance-based marketing solution and does not have long-term contractual arrangements with all its Merchant Partners. There is a risk that some Merchant Partners could pause or cease their partnership with Cashrewards on short notice in favour of other marketing channels, which could have the effect of reducing Cashrewards' revenue.

There is also a risk that new rewards-based entrants or existing competitors may offer a superior solution to Merchant Partners and Members (including lower Commissions and greater rewards offerings), or, subject to competition law constraints, combine with other providers to deliver enhanced scale benefits with which Cashrewards is unable to compete effectively. If Cashrewards is unable to compete successfully against existing or new competitors, its business and financial performance could be harmed.

5. Risk Factors (continued)

5.2.16 Failure to adequately manage cash flow to meet withdrawal requests

Cashrewards monitors its short-term liabilities and cash flow and retains cash on hand to meet a sudden increase in Member withdrawal requests. There is a risk that due to factors outside of its control, the rate of withdrawals experienced at a given time significantly exceeds Cashrewards' expectations, leading to a rapid decrease in the Company's cash reserves. Any failure by Cashrewards to adequately manage its cash flow could adversely impact its ability to effectively operate, develop and fund its business and execute its growth strategies, which may adversely impact Cashrewards' financial performance or financial position.

5.2.17 Compliance with laws and regulatory framework

Cashrewards is subject to a range of laws, regulations and legal compliance requirements that are constantly changing. This includes privacy and data protection laws, laws which prohibit the unauthorised distribution of marketing materials and other advertising, advertising and consumer protection laws, secret commission laws, contractual conditions and anti-money laundering and counterterrorism financing laws. There is a risk that Cashrewards will not always be in full compliance with all applicable laws and regulations, which may result in significantly increased compliance costs, penalties, cessation of certain business activities or the ability to conduct business, litigation or regulatory enquiry or investigation and significant reputational damage.

5.2.18 Changes in laws and regulatory framework

There is a risk that Cashrewards may become subject to additional legal or regulatory requirements in the future. This may be as a result of the implementation of new laws to regulate the industry in which Cashrewards operates, or an expansion in Cashrewards' business, operations, strategy or geographic reach.

Cashrewards currently relies on *ASIC Instrument (Non-cash payment facilities) 2016/211* for loyalty schemes so that it is not regulated as a managed investment scheme under the Corporations Act. By relying on this Relief Instrument, Cashrewards is not required to hold an AFSL or hold funds owing to Members on trust (which comprises a substantial proportion of Cashrewards' current cash on hand as at the Prospectus Date). In addition, the Australian Competition and Consumer Commission recently conducted a market review into customer loyalty schemes. Any changes to the class order or legal or regulatory changes resulting from the market review could result in increased compliance costs and impact Cashrewards' operations and business model. In particular, any requirement by Cashrewards to hold Members' funds on trust may have an adverse impact on Cashrewards' Working Capital.

In addition, data privacy and security laws (which directly affect Cashrewards' business) are currently under review in Australia and may undergo significant change. Evolving laws in foreign jurisdictions relating to data protection and privacy (including their application to Australian businesses) could also impact Cashrewards. In particular, the EU General Data Protection Regulation (EU) 2016/679 and similar regulatory requirements in different states in the United States, impose new and stricter conditions and limitations on the processing, use and transmission of personal data. Compliance with evolving data privacy and security laws in Australia and foreign jurisdictions may increase costs, require management attention and require changes to the way that Cashrewards' products function. There is a risk that recent or future changes to such laws could also have an ongoing impact on the way that Cashrewards currently collects and stores Members' data and provides Member data to Merchant Partners. In addition, if Cashrewards expands its operations into new or adjacent industries and categories or geographies, its obligations under privacy and data protection laws may become increasingly complex and potentially conflicting.

Cashrewards also operates under many other laws, including laws relating to intellectual property rights, taxation and governance. Any change in legal and regulatory requirements may require Cashrewards to adopt new systems and procedures to satisfy those requirements or increase the general costs of doing business, which may adversely impact Cashrewards' operating and financial performance.

5.2.19 Loss of Key Management Personnel and inability to attract and retain skilled personnel

The successful operation of Cashrewards depends on the performance and expertise of its Key Management Personnel and high-performing employees with specialist skills (including technology and marketing). The loss of certain key personnel, and the inability to attract and retain replacements or new key personnel, may adversely impact Cashrewards' business, operations and financial performance.

The successful operation of Cashrewards is also dependent upon its ability to attract and retain experienced and high-performing employees with specialist skills, including software development engineers and marketing specialists. Competition for such personnel is intense and there is a risk Cashrewards may incur increasing costs to attract, develop and motivate them. If Cashrewards is unable to attract skilled personnel, it may be unable to effectively execute its business plan or maintain or expand its operations, which, in turn, could have a material adverse impact on Cashrewards' business, operations and financial performance.

5. Risk Factors (continued)

5.2.20 Litigation, claims and disputes

Cashrewards may be subject to litigation and other claims and disputes in the course of its business, including disputes involving Members and Merchant Partners, employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. There is a risk that any such litigation, claims and disputes could materially and adversely affect Cashrewards' business, operations and financial performance, including the costs of settling such claims and the effect on Cashrewards' reputation.

5.2.21 Reliance on key operations and technology staff

Cashrewards is a developing business and is therefore reliant on the capabilities of a number of its key employees who have experience in, and knowledge of, Cashrewards' technology platform and operational processes. The loss of one or more of its key employees could lead to a potential loss of business process knowledge and have a materially adverse impact on management's ability to operate the business and achieve its growth strategies and prospects, including through the development and commercialisation of new solutions or products.

As the business grows and the size of Cashrewards' operations grow, there is an increased need to document and standardise processes and improve operating and compliance systems. Failure to adequately manage these developments in an efficient manner or at all, may result in one or more of the risks noted in this Section 5 eventuating, which individually or in aggregate could have a material adverse effect on Cashrewards' reputation, operations and financial performance. A lack of process maturity increases the risk of inconsistent outcomes, manual errors, inefficiencies and knowledge retention, which may lead to operational risk losses. These factors may diminish Cashrewards' brand and reputation, and lead to an adverse perception on the part of investors, Members and Merchant Partners. This may limit Cashrewards' ability to execute its growth strategy (including attracting new Members and Merchant Partners) and could have a materially adverse impact on Cashrewards' business, operations and financial performance.

5.2.22 Banking and payment-processing performance

Cashrewards relies on online payment gateways, banking and financial and other institutions, and point-of-sale devices for the validation of payment methods (such as credit and debit cards), processing and settlement of payments. Any failures or disruptions to such platforms and technology may adversely affect Cashrewards' business.

5.2.23 Loss-making operations to date and negative net assets

Since Cashrewards was launched in 2014, Cashrewards has incurred net losses. Further, as at 30 June 2020, Cashrewards had a negative net asset position of approximately \$2.26 million. Refer to Section 4.7.4 for more details. Accordingly, there is a risk that Cashrewards may continue to experience losses in the future.

5.2.24 Concentration of Shareholding

After the Offer is completed, the major Shareholders in Cashrewards (namely ANZ, Andrew Clarke and to a lesser extent, Alium Capital and its controllers) will together hold approximately 51.1% of the total Shares on issue in Cashrewards (undiluted), and will be able to exert significant influence over Cashrewards, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of Shareholders or which relate to transactions affecting the control of Cashrewards.

There is a risk that the interests of the major Shareholders may be different from the interests of other investors who acquire Shares under the Offer. There is also a risk that the continued shareholding of the major Shareholders, including, but not limited to the period up until the end of the Escrow Period, may cause or contribute to a limited liquidity in the market for Shares, which could affect the market price at which other Shareholders are able to sell.

There is also a risk that a significant sale of Shares by Existing Shareholders after the end of the Escrow Period (in the case of Andrew Clarke and Alium Capital) or at any time (in the case of ANZ, who, as a participant in the Offer, is not subject to voluntary escrow), or the perception that such a sale might occur, could adversely impact the price of Shares.

The continued Shareholding of major Shareholders may also negatively impact the timing and effectiveness of any capital raising activities of Cashrewards, which could adversely impact Cashrewards' cost of capital and financial position.

5. Risk Factors (continued)

5.3 General investment risks

5.3.1 Exposure to adverse macroeconomic conditions, including the impact of COVID-19

Cashrewards' financial performance is influenced by the overall condition of retail consumer markets. Cashrewards' business depends on Members transacting with Merchant Partners, which may be affected by changes in general economic conditions. As a result of the COVID-19 pandemic, there is substantial uncertainty as to the economic outlook in Australia and globally. A prolonged decline in macroeconomic conditions (such as increased and sustained unemployment, subdued consumer confidence, economic recessions, downturns or extended periods of uncertainty or volatility) may adversely impact consumer spending by Members with Merchant Partners. In weaker economic environments, Members may have less disposable income to spend and may be less likely to make purchases from Merchant Partners, leading to an overall decline in total transaction volume. In particular, the federal and state governments have implemented various stimulus initiatives for business, households and individuals (including JobKeeper payments and small business grants). These initiatives are temporary, and their discontinuance could result in a quicker or greater than expected reduction in consumer spending. Falling discretionary spending may also result in reduced demand by Merchant Partners for Cashrewards' services, particularly in-store transactions in areas subject to government lockdown measures. Existing and new Merchant Partners may be less willing to participate in Cashrewards' Cashback program or pay the current Commission rates/fees. This may subsequently impact Cashrewards' ability to generate income and adversely impact Cashrewards' financial performance.

5.3.2 Exposure to general economic and financial market conditions

Once Cashrewards becomes a publicly listed company on ASX, it will be subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in the Share price that are not explained by Cashrewards fundamental operations and activities. There is no guarantee that the price of the Shares will increase following quotation on ASX or that an active trading market will develop in Shares.

Some of the factors that may adversely impact the price of the Shares include:

- general market conditions, including investor sentiment
- general economic conditions including interest rates, exchange rates, or changes to government fiscal, monetary or regulatory policies and settings
- changes in government or ASX regulation or policies
- actual or anticipated fluctuations in Cashrewards' financial performance and those of other public companies in its sector
- changes in accounting principles
- inclusion in or removal from market indices
- general operational and business risks.

Deterioration in general market conditions may adversely impact the price of the Shares after Listing as well as Cashrewards' ability to pay dividends and the consequent returns from an investment in Shares. As a result, Cashrewards is unable to forecast the market price for Shares and they may trade on ASX at a price that is below the Offer Price. In particular, the COVID-19 pandemic has and may continue to result in unprecedented challenges to global financial markets, and the economy as a whole. Capital markets have seen equity securities suffer from spikes in volatility and significant price decline.

5.3.3 Trading and liquidity in Shares

Prior to the Offer, there has been no public market in the Shares. The Shares will only be listed on ASX and will not be listed for trading on any other securities exchange in Australia or elsewhere. There can be no guarantee that an active trading market for Shares will develop or that the market price of Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. Furthermore, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in Cashrewards' securities. When trading volume is low, significant price movement can be caused by trading a relatively small number of Shares. If illiquidity arises, there is a real risk that security holders will be unable to realise their investment in Cashrewards.

5. Risk Factors (continued)

Further, following Completion, it is expected that the Existing Shareholders will hold up to 52.3% of the Shares (undiluted)⁸⁶, which may also impact liquidity. Certain Existing Shareholders will enter into voluntary escrow arrangements in relation to their retained Shares as described in Section 7.10 and Section 9.7. The absence of any sale of Shares by these Existing Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for Shares.

Following release from escrow, Shares held by the Existing Shareholders will be able to be freely traded on ASX. A significant sale of Shares by the Existing Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of the Existing Shareholders may be different from the interests of investors who acquire Shares in the Offer.

5.3.4 No dividend or other distribution in the near term

Cashrewards is not yet profitable and there is no guarantee that it will be successful in achieving its objective of achieving profitability. Further, to the extent that Cashrewards is profitable, the Directors do not in the near future intend to pay profits of Cashrewards out in the form of dividends or other distributions but will instead reinvest those amounts into development of the business and to execute Cashrewards' growth strategies. Accordingly, any investment in the Shares may not carry with it income returns in the form of dividends or other distributions, and any returns will be limited to any capital growth arising from any increase in the price of the Shares.

5.3.5 Exposure to changes in tax rules or their interpretation

Tax laws in Australia are complex and are subject to change periodically, as is their interpretation by the courts and the tax revenue authorities. Significant reforms and current proposals for further reforms to Australia's tax laws, as well as new and evolving interpretations of existing laws, give rise to uncertainty. The precise scope of many of the new and proposed tax laws is not yet known. Any change to the taxation of shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax and Cashrewards ability to claim R&D offsets) may adversely impact Shareholder returns, as may a change to the tax payable by Shareholders in general. Any other changes to Australian tax law and practice that impact Cashrewards, or Cashrewards' industry generally, could also have an adverse effect on Shareholder returns. Any past or future interpretation of the taxation laws by Cashrewards that is contrary to that of a revenue authority in Australia may give rise to additional tax payable.

5.3.6 Force majeure events

Events may occur within or outside Australia that could impact upon the global, Australian and other local economies, the operations of Cashrewards and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, water contamination, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for Cashrewards' services and its ability to conduct business. Cashrewards has only a limited ability to insure against some of these risks.

5.3.7 Accounting Standards

Australian Accounting Standards (AAS) are set by the AASB and are outside the control of Cashrewards and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables and lease obligations. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to the AAS issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the reported financial performance and position of Cashrewards.

5.3.8 Shareholder dilution

In the future, Cashrewards may elect to issue Shares to raise further funding. While Cashrewards will be subject to the constraints of ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings and Shareholders may experience a loss in value of their equity as a result of such issues of shares and fundraisings.

⁸⁶ This includes persons who held Shares and/or Options as at the Prospectus Date which were exercised in return for Shares at or prior to Completion of the Offer. A majority of these Existing Shares will be subject to voluntary escrow arrangements. See Section 9.7 for further details.




Section 6

Key Individuals, Interests and Benefits

6. Key Individuals, Interests and Benefits




6.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. Profiles of each member of the Board are set out in the table below.

Director	Experience and background
 Brett Johnson <i>Independent Non-Executive Chairman</i>	<p>Brett Johnson joined Cashrewards as the independent Non-Executive Chairman in August 2020.</p> <p>Brett has more than 14 years' experience as a director of ASX-listed companies, including at Redflow Limited (ASX: RFX), Helloworld Travel Limited (ASX: HLO) and Scott Corporation Limited (ASX: SCC). He is currently the independent Non-Executive Chairman of Redflow.</p> <p>Brett is also an experienced lawyer with more than 25 years' experience as General Counsel of listed Australian companies, including Qantas Airways Limited, where he was a member of the Qantas Executive Committee and responsible for legal risk management in the Qantas Group and management of the Qantas legal department.</p> <p>In addition to chairing the Board, Brett is the chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.</p>
 Bernard Wilson <i>Chief Executive Officer and Managing Director</i>	<p>Bernard Wilson was appointed Chief Executive Officer of Cashrewards in July 2020.</p> <p>Bernard has over seven years' experience leveraging data assets and marketing technology to drive competitive advantage for businesses through marketing and digital transformation, loyalty proposition optimisation, and data and media commercialisation.</p> <p>Prior to joining Cashrewards, Bernard was an executive at Quantum, a leading data science and artificial intelligence company, heading Quantum's Open Banking and FinTech business.</p> <p>Bernard has also held senior management positions at Myer and Woolworths. At Myer, Bernard led Australia's third most popular loyalty program,⁸⁷ Myer one, as General Manager, Loyalty, Data, Marketplace and Media. Previously, Bernard was General Manager, Customer Data, Media & Commercialisation at WooliesX where he was responsible for overseeing the commercial and partnerships division of the loyalty program, customer data and analytics, and the targeted media business units.</p> <p>Bernard was also a Vice President at Investment Bank Credit Suisse, and a lawyer at King & Wood Mallesons.</p> <p>Bernard holds a Bachelor of Arts/Law (First Class Honours) from Sydney University and is a member of the Australian Institute of Company Directors.</p>
 Andrew Clarke <i>Non-Executive Director (non-independent)</i>	<p>Andrew Clarke launched Cashrewards in 2014 and was Chief Executive Officer until February 2019. Andrew currently serves as a Non-Executive Director.</p> <p>Under Andrew's leadership, Cashrewards grew the business into the largest Australian-owned-and-operated cashback reward program, including overseeing several rounds of external funding from capital venture firms in 2018 and 2019.</p> <p>Prior to establishing Cashrewards, Andrew founded several other companies including ShowTix, a digital event ticket distribution business. Andrew was a finalist in the 2017 EY Entrepreneur of the Year Awards. He has also held senior positions in the entertainment and hospitality industries, including Chief Executive Officer of Showbiz International Pty Ltd from 1997 to 2001, and Managing Director of the Haven Glebe from 1985 to 2005.</p> <p>Andrew is a member of the Remuneration and Nomination Committee.</p>

⁸⁷ Internet Retailing, 'Most popular Australian loyalty programs revealed' (accessed from <https://internetretailing.com.au/most-popular-australian-loyalty-programs-revealed/>).

6. Key Individuals, Interests and Benefits (continued)

Director	Experience and background
 <p>Rajeev Gupta Non-Executive Director (non-independent)</p>	<p>Rajeev Gupta joined the Board of Cashrewards in May 2019 following Alium Capital's initial investment in Cashrewards' capital raising in 2019.</p> <p>Rajeev is a partner and co-founder at Alium Capital Management, which manages investment funds focused on emerging technology and innovative companies in Australia. Rajeev is a representative of Alium Capital on the Board.</p> <p>Rajeev has 20 years' experience building, analysing and investing in technology companies. Prior to founding Alium Capital, Rajeev founded GeckoLife, a personal and business communication platform. Rajeev has also held senior portfolio management positions at Merricks Capital and Tribeca Global in respect of global technology funds.</p> <p>Rajeev began his career at Goldman Sachs, where he worked for almost a decade in the investment group in Hong Kong, Singapore and New York, with a focus on listed and unlisted technology companies.</p> <p>Rajeev is a member of the Audit and Risk Committee.</p>
 <p>Lauren Williams Independent Non-Executive Director</p>	<p>Lauren Williams joined Cashrewards as an independent Non-Executive Director in August 2020.</p> <p>Lauren is currently a Non-Executive Director of Carbar (majority owned by Insurance Australia Group) and iSeekplant (Macquarie and Seven Group Holdings are shareholders). Previously, Lauren was the Chief Executive Officer of CarsGuide, a joint venture between News Corp and a consortium of automotive dealers for five years, during which time she significantly grew the business and it was majority acquired by Cox Automotive.</p> <p>Lauren has built and run digital advertising, marketplace and e-commerce businesses for over 15 years at several leading media companies in Australia and the UK including News Corp, Nine Entertainment Co, and BBC Worldwide. Prior to this, she held strategy and M&A roles at Fairfax Media and in management consulting.</p> <p>Lauren holds a BA (Honours) from Harvard University and is a graduate and member of the Australian Institute of Company Directors.</p> <p>Lauren is a member of the Remuneration and Nomination Committee.</p>
 <p>Joshua Lowcock Independent Non-Executive Director</p>	<p>Joshua Lowcock joined Cashrewards as an independent Non-Executive Director in August 2020.</p> <p>Joshua is currently Chief Digital Independent Officer and Global Brand Safety Officer of Universal McCann (UM) New York, a US Marketing and Media Agency. He is also an independent Non-Executive Director of Accent Group (ASX: AX1). Joshua is on the industry advisory board of Rutgers University and Vidcon.</p> <p>Joshua's experience includes leading teams responsible for digital, data, media, marketing, and technology across the Asia-Pacific region (China, Hong Kong, Singapore, Korea, Japan, Australia) and in the UK, and was an AdWeek 50 (2018) honouree.</p> <p>Joshua holds an MBA from the Australian Graduate School of Management (AGSM) and is a member of the Australian Institute of Company Directors.</p> <p>Joshua is the chair of the Audit and Risk Committee.</p>

In addition, Cashrewards has agreed that ANZ may nominate to the Board a Director. ANZ intends to appoint a nominee to the Board shortly after Completion.

The composition of the Board committees and a summary of its key corporate governance policies are set out in Sections 6.8 and 6.10.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a Non-Executive Director or Executive Director, as the case may be, without constraint having regard to their other commitments.

6. Key Individuals, Interests and Benefits (continued)

6.2 Director disclosure

Between October 2001 and 24 March 2014, Mr Clarke was a Non-Executive Director of Showbiz International Pty Ltd (ACN 085 982 789), which was placed into voluntary administration on 3 April 2014 and later deregistered on 19 July 2016. Mr Clarke was Chief Executive Officer of Showbiz International Pty Ltd (ACN 085 982 789) between 1997 and 2001. No legal action or claims were taken or made against Mr Clarke in relation to the liquidation of Showbiz International Pty Ltd (ACN 085 982 789).


The other Directors have considered the circumstances surrounding Mr Clarke's involvement in Showbiz International Pty Ltd (ACN 085 982 789) and are of the view that his involvement as a director of Showbiz International Pty Ltd (ACN 085 982 789) prior to the company being placed into voluntary administration in no way impacts on his duties and contribution as a Director of the Company.

Other than as described above, no Director has been:


- an officer of any company that has been put into liquidation, receivership, administration or had a controller appointed during the time the Director was an officer or within the 12-month period afterwards; or
- involved in any criminal proceedings, regulatory violations or significant litigation or charged with or convicted of any offence.

6.3 Executive management

Profiles of the key members of the Company's executive management team are set out in the table below.

Executive	Experience and background
Bernard Wilson <i>Chief Executive Officer</i>	See above.
 Iain Skelton <i>Chief Financial Officer and Deputy Chief Executive Officer</i>	<p>Iain has worked with Cashrewards since January 2016. He has since held several executive positions, including Chief Financial Officer, Chief Operating Officer and Chief Executive Officer. Iain implemented the company's debt financing facility and led the negotiation of multiple equity funding rounds. Iain is currently Chief Financial Officer and Deputy Chief Executive Officer of Cashrewards.</p> <p>Iain has 20 years' experience scaling B2B and B2C online, digital media, marketing and people-based businesses from start-up mode to highly profitable enterprises. Prior to joining Cashrewards, Iain was Chief Financial Officer at Clarius Group and HRX. Mr Skelton previously held various senior management positions within the WPP and Clemenger advertising and communication groups.</p>

6. Key Individuals, Interests and Benefits (continued)

Executive	Experience and background
 <p>Steve Cuda <i>Chief Product & Marketing Officer</i></p>	<p>Steve will commence his full-time position in December 2020. Most recently, Mr Cuda was General Manager, Digital Media & Data at WooliesX, Woolworths' digital, e-commerce, customer loyalty and customer services division, where he spearheaded the creation and commercialisation of Woolworths' digital marketing and digital media capabilities, and introduced machine learning (AI) based personalisation for Woolworths supermarkets, BWS and Big W.</p> <p>Mr Cuda also presided over the growth of Woolworths' loyalty program, Everyday Rewards, taking it from Australia's number three to Australia's largest loyalty program, with more than 12 million members. In his time at Woolworths he led product innovation to deliver personalised customer interactions at scale leading to five consecutive years of CAGR above 20%.</p> <p>Mr Cuda was previously Head of Membership and Marketing at the NRMA, taking the Membership business from seven years of negative growth prior to double-digit growth every year of his tenure. Mr Cuda also founded Zonk, a successful data-driven digital marketing automation business.</p>

6.4 Interests and benefits

This section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

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

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

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

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

6.4.1 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Ord Minnett Limited and Moelis Australia Advisory Pty Ltd have acted as Joint Lead Managers to the Offer and the fees payable to the Joint Lead Managers pursuant to the Underwriting Agreement are described in Section 9.6;
- Gilbert + Tobin has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$595,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Gilbert + Tobin in accordance with its normal time-based charges;

6. Key Individuals, Interests and Benefits (continued)

- Deloitte Corporate Finance Pty Limited has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's Reports. The Company has paid, or agreed to pay, approximately \$385,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Corporate Finance Pty Limited in accordance with its normal time-based charges;
- Deloitte Tax Services Pty Ltd has acted as the Australian taxation adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately \$237,000 (excluding disbursements and GST) for these services up and until the Prospectus Date. Further amounts may be paid to Deloitte Tax Services Pty Ltd in accordance with its normal time-based charges;
- Frost & Sullivan has acted as the Independent Market Expert to the Offer and has prepared the Independent Market Report referred to in Section 2. The Company has paid, or has agreed to pay, approximately \$26,000 (excluding disbursements and GST) for these services up and until the Prospectus Date.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

6.4.2 Directors' interests and remuneration

6.4.2.1 Chief Executive Officer

Bernard Wilson is employed as Chief Executive Officer. See Section 6.5.1 for further details.

6.4.2.2 Directors' appointment letters

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Company, confirming the terms of the appointments, their roles and responsibilities, and the Company expectations of them as Directors.

6.4.2.3 Non-Executive Directors remuneration

Under the Constitution, the Company in general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Non-Executive Directors as remuneration for their services as a Director. Further, under ASX Listing Rules, the total amount of Director's fees paid to the Directors (subject to certain exceptions) must not exceed in aggregate in any financial year the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is determined, the maximum aggregate Directors' remuneration for the purposes of ASX Listing Rules and the Constitution is \$400,000 per annum. This amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration that the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company, as well as any securities issued to Directors (or which are intended to be issued to Directors) as disclosed in this Prospectus, or which are issued to a Non-Executive Director under ASX Listing Rule 10.11 or 10.14 with the approval of Shareholders.

The following annual base fees are payable to Directors (with effect from Completion).

Director fees		\$
Chairman		\$100,000
Other Non-Executive Directors		\$50,000

There are no additional fees payable to Directors on account of them chairing or being a member of the Audit and Risk Committee or the Remuneration and Nomination Committee.

All Directors' fees include superannuation payments required by law to be made.

Bernard Wilson does not receive any fees in his capacity as a Director.

6. Key Individuals, Interests and Benefits (continued)

6.4.2.4 Deeds of access, insurance and indemnity

The Company has entered into a deed of access, indemnity and insurance with each Director. Each deed contains the Director's right of access to certain books and records of the Company or Group Company for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors, executive officers and other officers, past and present, against all liabilities incurred as an officer of the Company or Group Company to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company or Group Company, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

In this summary, 'Group Company' means the Company, a subsidiary of the Company, any companies which are 50% or more owned directly or indirectly by any other Group Company, or any partnership or unincorporated joint venture in which any Group Company or a related body corporate of the Company has an interest of 50% or more.

6.4.2.5 Directors' interests in Shares and other securities

The Directors are not required by the Constitution to hold any Shares.

The Directors' interests in Shares and other securities in the Company as at the Prospectus Date and following Completion are set out in the table below:

Director*	Interests held at the Prospectus Date		Interests held after Completion ⁸⁸	
	Shares	Options	Shares	Options
Brett Johnson	–	–	–	372,334
Bernard Wilson	–	2,900,000	–	3,500,000
Andrew Clarke ⁸⁹	25,059,200	–	18,166,983	–
Rajeev Gupta ⁹⁰	9,987,569	–	7,097,396	–
Lauren Williams	–	–	–	128,787
Joshua Lowcock ⁹¹	34,995	–	34,995	128,787

*And/or their associated entities

88 The disclosure of Options in this column includes the Options proposed to be granted to Brett Johnson, Lauren Williams, Joshua Lowcock and Bernard Wilson after Completion of the Offer. See Section 6.5 for more information. It does not include the Options proposed to be granted to Key Management Personnel (other than those granted to Bernard Wilson) under the New LTIP which are outlined in Section 6.6.5.

89 Held via two entities, Eventive Pty Limited ATF the Andrew Clarke Family Trust and Friendly Group Pty Limited. Eventive Pty Limited and Friendly Group Pty Limited will be selling down 6,892,217 Shares via SaleCo.

90 As at the Prospectus Date, Mr Gupta has an indirect interest in 9,637,615 shares (held through Dempsey Capital Pty Ltd ATF Alium Alpha Fund (Alium)) and also holds a direct interest in 349,954 Shares, which he holds through Clontarf Investments Pty Ltd ATF Yaki Family Trust. Alium will be selling down 2,890,173 Shares via SaleCo.

91 34,995 Shares held by Milner York Pty Ltd ATF Milner York Family Trust. Joshua Lowcock is a Director of Milner York Pty Ltd.

6. Key Individuals, Interests and Benefits (continued)

The Directors (and their associated entities) are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors (and their associated entities) may acquire under the Offer.

Final Shareholdings held directly or indirectly by the Directors (and their associated entities) will be notified to ASX following Listing. The Shares recorded in the above table as held by Andrew Clarke (and his associated entities), Rajeev Gupta (and his associated entities) and Mr Joshua Lowcock (and his associated entities) will be subject to voluntary escrow arrangements as outlined in Section 9.7.

6.4.2.6 Other information about Directors' interests and benefits

Directors may also be reimbursed travel and other expenses incurred in attending to company affairs, including attending and returning from general meetings or meetings of the Board or committees of the Board. A Director who performs additional or special duties for the Company at the request of the Board may be paid such additional or special remuneration (as determined by the Board).

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.5 Executive remuneration

The Key Management Personnel of the Company are Bernard Wilson (Chief Executive Offer), Iain Skelton (Chief Financial Officer and Deputy Chief Executive Officer) and Steve Cuda (Chief Product & Marketing Officer). Their employment arrangements are summarised below.

6.5.1 Chief Executive Officer – Mr Bernard Wilson

Term	Description
Employer	Cashrewards Operations Pty Ltd (ABN 72 150 888 136)
Fixed annual remuneration	If the Company achieves a successful IPO on or before 31 December 2021, \$400,000 per annum (exclusive of statutory superannuation contributions).
Short-term incentive (STI)	<p>Mr Wilson is eligible to receive a cash bonus of 75% of his fixed annual remuneration (Base STI), based on the performance of Cashrewards in the relevant financial year.</p> <p>The cash incentive is subject to a minimum eligibility threshold of Cashrewards achieving 90% of its budgeted profit before tax (or no more than 110% of any budgeted loss) in the relevant financial year (taking into account the costs of Cashrewards' cash-based incentives and long-term incentives).</p> <p>Mr Wilson's STI incentive has three components:</p> <ul style="list-style-type: none">• a 'Total Transaction Value bonus' – payable at one-third of the Base STI if Total Transaction Value reaches 100% of the budgeted target of Total Transaction Value growth;• a 'Revenue bonus' – payable at one-third of the Base STI if revenue reaches 100% of the budgeted target of revenue growth;• a 'Monthly Active Members bonus' – payable at one-third of the Base STI if the number of Monthly Active Members reaches 100% of the budgeted target of Monthly Active Members, <p>in each case, Mr Wilson is eligible to receive an uplift to the Base STI where growth in Total Transaction Value, revenue or Monthly Active Members (as applicable) outperforms the budgeted target by up to 125% of that target, with the size of the total STI cash incentive eligible to increase to a maximum of 93.75% of his fixed annual remuneration on a straight-line basis.</p> <p>If Mr Wilson is eligible for a bonus, it will be paid no later than 31 August of each year.</p>

6. Key Individuals, Interests and Benefits (continued)

Term	Description
Long-term incentive (LTI)	<p>Mr Wilson is entitled to participate in the New LTIP and also holds Options previously granted to him under the 2017 ESOP.</p> <p>Mr Wilson is entitled to a grant of Options under the New LTIP worth up to 150% of his fixed annual remuneration.</p> <p>Further details on the New LTIP and 2017 ESOP are set out in Section 6.6 below, including key terms and conditions (such as the performance period and vesting conditions).</p>
Other benefits	<p>The Board has also determined that Mr Wilson will be entitled to receive a \$130,000 cash bonus (excluding superannuation) upon the Company successfully listing on ASX on or before 31 December 2021.</p> <p>Mr Wilson receives access to a car space.</p>
Notice period, termination and termination payments	<p>Under Mr Wilson's employment contract, either he or Cashrewards Operations Pty Ltd may terminate his employment by giving the other party three months' notice (or by Cashrewards Operations Pty Limited making payment in lieu of notice of part of or all of the notice period).</p> <p>Cashrewards Operations Pty Limited may summarily terminate his employment contract in certain circumstances, including where he engages in serious misconduct, including an act of dishonesty, negligence, breach of confidentiality, or conduct that causes risk to Cashrewards' reputation or profitability.</p>
Non-solicitation/ restrictions of future activities	<p>Mr Wilson's employment contract contains post-employment restraints, including:</p> <ul style="list-style-type: none"> • non-competition restraints, which purport to operate across Australia; • restrictions against soliciting, approaching or accepting any approach from a person who is or was in the preceding 12 months prior to the termination of Mr Wilson's employment, a client or customer of, supplier or contractor to, or investor in Cashrewards; • restrictions against soliciting employees, contractors or consultants; and • restrictions on interfering with the relationship between Cashrewards and any person or organisation who was at any time in the preceding 12 months prior to the termination of Mr Wilson's employment, a client, customer, employee, contractor, consultant or supplier of Cashrewards. <p>The restrictions above purport to operate for up to 12 months post-employment.</p> <p>The enforceability of these restraints is subject to all usual legal requirements.</p>

6.5.2 Chief Financial Officer and Deputy Chief Executive Officer – Mr Iain Skelton

Term	Description
Employer	Cashrewards Operations Pty Limited (ABN 72 150 888 136)
Fixed annual remuneration	If the Company achieves a successful IPO on or before 31 December 2021, \$350,000 per annum (exclusive of statutory superannuation contributions), with effect from the date of listing on ASX.

6. Key Individuals, Interests and Benefits (continued)

Term	Description
Short-term incentive (STI)	<p>Mr Skelton is eligible to receive a cash incentive of 50% of his fixed annual remuneration ('Base STI'), based on the performance of Cashrewards in the relevant financial year.</p> <p>The terms and conditions of the STI for Mr Skelton (including the relevant targets) are the same as those for Mr Wilson described above (save that the maximum possible STI incentive is 62.5% of Mr Skelton's fixed annual remuneration for outperformance on the targets).</p> <p>If Mr Skelton is eligible for a bonus, it will be paid no later than 31 August of each year.</p>
Long-term incentive (LTI)	<p>Mr Skelton is entitled to participate in the New LTIP and also holds Options previously granted to him under the 2017 ESOP.</p> <p>Mr Skelton is entitled to a grant of Options under the New LTIP worth up to 100% of his fixed annual remuneration.</p> <p>Further details on the New LTIP and 2017 ESOP are set out in Section 6.6 below, including key terms and conditions (such as the performance period and vesting conditions).</p>
Other benefits	<p>The Board has determined that Mr Skelton will be entitled to receive a \$130,000 cash bonus (excluding superannuation) upon the Company successfully listing on ASX on or before 31 December 2021.</p> <p>Mr Skelton receives access to a car space.</p>
Notice period, termination and termination payments	<p>Under Mr Skelton's employment contract, either he or Cashrewards Operations Pty Limited may terminate his employment by giving the other party three months' notice (or by Cashrewards Operations Pty Limited making payment in lieu of notice of part of or all of the notice period).</p> <p>Cashrewards Operations Pty Limited may summarily terminate his employment contract in certain circumstances, including where he engages in serious misconduct, including an act of dishonesty, negligence, breach of confidentiality, or conduct that causes risk to Cashrewards' reputation or profitability.</p>
Non-solicitation/restrictions of future activities	<p>Mr Skelton's employment contract contains post-employment restraints, including:</p> <ul style="list-style-type: none"> • non-competition restraints, which purport to operate across Australia; • restrictions against soliciting, approaching or accepting any approach from a client or customer of, supplier or contractor to, or investor in Cashrewards, and where Mr Skelton's employment terminates, any person who fell into those categories at any time during the 12 months prior to the termination of his employment; • restrictions against soliciting employees, contractors or consultants; and • restrictions on interfering with the relationship between Cashrewards and any person or organisation is a client, customer, employee, contractor, consultant or supplier of Cashrewards, and where Mr Skelton's employment terminates, any person who fell into those categories at any time during the 12 months prior to the termination of his employment. <p>The restrictions above purport to operate for up to 12 months post-employment.</p> <p>The enforceability of these restraints is subject to all usual legal requirements.</p>

6. Key Individuals, Interests and Benefits (continued)

6.5.3 Chief Product & Marketing Officer – Mr Steve Cuda

Term	Description
Employer	Cashrewards Operations Pty Ltd (ABN 72 150 888 136)
Fixed annual remuneration	If the Company achieves a successful IPO on or before 31 December 2021, \$325,000 per annum (exclusive of statutory superannuation contributions), with effect from the date of listing on ASX.
Short-term incentive (STI)	<p>Mr Cuda is eligible to receive a cash incentive of 50% of his fixed annual remuneration ('Base STI'), based on the annual performance of Cashrewards.</p> <p>The terms and conditions of the STI for Mr Cuda (including the relevant targets) are the same as those for Mr Wilson described above (save that the maximum possible STI incentive is 62.5% of Mr Cuda's fixed annual remuneration for outperformance on the targets).</p> <p>If Mr Cuda is eligible for a bonus, it will be paid no later than 31 August of each year.</p>
Long-term incentive (LTI)	<p>Mr Cuda is entitled to participate in the New LTIP.</p> <p>Mr Cuda is entitled to a grant of Options under the New LTIP worth up to 100% of his fixed annual remuneration.</p> <p>Further details on the New LTIP are set out in Section 6.6 below, including key terms and conditions (such as the performance period and vesting conditions).</p>
Other benefits	Mr Cuda receives access to a car space.
Notice period, termination and termination payments	<p>Under Mr Cuda's employment contract, either he or Cashrewards Operations Pty Ltd may terminate his employment by giving the other party three months' notice (or by Cashrewards Operations Pty Limited making payment in lieu of notice of part of or all of the notice period).</p> <p>Cashrewards Operations Pty Limited may summarily terminate his employment contract in certain circumstances, including where he engages in serious misconduct, including an act of dishonesty, negligence, breach of confidentiality, or conduct that causes risk to Cashrewards' reputation or profitability.</p>
Non-solicitation/restrictions of future activities	<p>Mr Cuda's employment contract contains post-employment restraints, including:</p> <ul style="list-style-type: none"> • non-competition restraints, which purport to operate across Australia. • restrictions against soliciting, approaching or accepting any approach from a person who is or was in the preceding 12 months prior to the termination of Mr Cuda's employment, a client or customer of, supplier or contractor to, or investor in Cashrewards; • restrictions against soliciting employees, contractors or consultants; and • restrictions on interfering with the relationship between Cashrewards and any person or organisation who was at any time in the preceding 12 months prior to the termination of Mr Cuda's employment, a client, customer, employee, contractor, consultant or supplier of Cashrewards. <p>The restrictions above purport to operate for up to 12 months post-employment.</p> <p>The enforceability of these restraints is subject to all usual legal requirements.</p>

6. Key Individuals, Interests and Benefits (continued)

6.6 Equity-based remuneration arrangements

In 2017, the Company established an employee option plan (**2017 ESOP**) and a number of Options remain outstanding under the 2017 ESOP as at the date of this Prospectus. Details of the 2017 ESOP are set out in Sections 6.6.1 and 6.6.2.

In addition, the Company has adopted a new equity incentive plan (the **New LTIP**), which will operate post-IPO (see Section 6.6.4 for further details).

6.6.1 2017 ESOP

As at the date of this Prospectus, the Company has 10,523,951 Options on issue to various employees, issued under the 2017 ESOP (**Optionholders**). As at Completion 3,922,828 of these Options will have vested.

The majority of Options granted under the 2017 ESOP were granted as a performance incentive for employees. However, 821,170 Options were granted between March – July 2020 to certain employees who had agreed to salary reductions in response to the COVID-19 pandemic (**COVID-19 Grant**).

6.6.2 Terms of the 2017 ESOP

The rules of the 2017 ESOP (**Plan Rules**) have the following key features:

Term	Description
Eligibility	Any employee, contractor or Director (or prospective employee, contractor or Director) of one or more Group Company selected by the Board to participate (Eligible Person).
Vesting	<p>An offer to participate (2017 ESOP Offer) may specify certain vesting conditions or other vesting events, which must be satisfied before an Option vests.</p> <p>If vesting conditions or other vesting events are not specified in a 2017 ESOP Offer the following vesting conditions apply (Standard Vesting Conditions):</p> <ul style="list-style-type: none">Options only vest while the Eligible Person remains employed with a Group Company, continues to provide consulting services to a Group Company or acts as a Director of a Group Company (as applicable); andOptions cease to vest for the duration of any unpaid leave of absence. If the unpaid leave period includes part of a month, no vesting will occur in that month. <p>Options vest:</p> <ul style="list-style-type: none">in respect of 25% of the Options the subject of a 2017 ESOP Offer, on the date which is 12 months after the issue date of the Options (Year 1); andin respect of the remaining 75% of the Options the subject of the 2017 ESOP Offer, on a quarterly basis over the three-year period after the end of Year 1.
Types of securities	Options over Shares in the Company (Option Shares).
Offers under the ESOP Plan Rules	Subject to any requirements for Shareholder approval or any applicable laws, the Board or any sub-committee appointed to administer the Plan Rules may make offers at its absolute discretion under the 2017 ESOP and has the discretion to set the terms and conditions of each 2017 ESOP Offer it intends to make to Eligible Persons. The Company does not intend to make further grants under the 2017 ESOP after the Prospectus Date.

6. Key Individuals, Interests and Benefits (continued)

Term	Description
Issue Price and Exercise Price	<p>Issue Price: \$0.00</p> <p>Exercise Price: The exercise price is determined by the Board and included in the 2017 ESOP Offer giving rise to that Option.</p> <p>Depending on the date of issue, Options that will remain on issue under the 2017 ESOP at Completion have an exercise price of between \$0.70 – \$1.45.</p>
Exercise period	An Option granted under the 2017 ESOP that has vested may be exercised at any time until the Expiry Date of that Option.
Cessation of employment	<p>When an Optionholder ceases employment with a Group Company (Leaver), the Board may at its absolute discretion:</p> <ul style="list-style-type: none"> • serve a notice on the Leaver to advise that all or some of his or her unvested Options have lapsed; • serve a notice in writing on the Leaver, requiring the Leaver sell some or all of his or her vested Options to any person nominated by the Board (at a price that is fair market value); or • allow the Leaver to retain some or all of his or her Options. <p>For each of the Key Management Personnel, in the event their employment with the Company is terminated (other than for misconduct, poor performance or resignation) 100% of their unvested Options will vest on termination of their employment.</p>
Procedure on Exit Event	<p>On a sale of the Company or the Business, the Board may, in its absolute discretion:</p> <ul style="list-style-type: none"> • if the sale involves a reconstruction of the Group, provide for the grant of new Options in substitution for some or all of the Options in the new holding company or arrange for some or all of the Options to be acquired by the new holding company in exchange for their fair market value; • buy back or cancel some or all of the Options (whether vested or not) in exchange for their fair market value; or • require that all vested Options be exercised or, if they are not exercised, to lapse on a certain date.
Reorganisations, corporate actions, bonus issues, etc.	<p>The Plan Rules include specific provisions dealing with bonus issues, corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the Optionholder in respect of their Options as a result of such corporate actions.</p> <p>These are subject to the application of ASX Listing Rules.</p>
Restrictions on dealings	<p>The Plan Rules contain certain restrictions on dealings with the Options, which have been extended by the voluntary escrow arrangements described in Section 9.7.</p> <p>In addition, unless Options are disposed of under an arrangement that meets certain requirements under tax laws, Options or Option Shares may not be disposed until the earlier of:</p> <ul style="list-style-type: none"> • three years after the issue of the Option (or such earlier time as the applicable tax laws allow); or • when the Optionholder becomes a Leaver.
Expiry	Options will lapse when the Optionholder becomes a Leaver or the date that is four years and two months after the date of grant of the Option.

6. Key Individuals, Interests and Benefits (continued)

6.6.3 Participation by the Key Management Personnel in the 2017 ESOP

Each of Bernard Wilson, Iain Skelton and Steve Cuda will hold Options under the 2017 ESOP at Completion of the Offer as follows:

Participant	Number of Options under 2017 ESOP held at Completion	Exercise Price	Vesting Condition(s)	Final Vesting Date
Bernard Wilson	1,500,000	\$0.83	25% of Options will vest on 27 July 2021 (Year 1), with the remaining 75% to vest on a quarterly basis over the 3 years following Year 1.	27 July 2024
	250,000	\$0.83	As above.	27 July 2024
	1,150,000	\$1.13	The Options will only be eligible to vest if the Company completes the Offer (or other major capital raising) by 31 December 2021. 25% of the Options will then vest on Completion of the Offer, with the remaining 75% to vest on a quarterly basis over the following three years	The date that is 3 years from Completion
Iain Skelton	59,264	\$0.70	Standard Vesting Conditions	1 April 2024
	132,143	\$0.83	Standard Vesting Conditions	1 June 2024
	607,857	\$1.13	The Options will only be eligible to vest if the Company completes the Offer (or other major capital raising) by 31 December 2021. 25% of the eligible Options will then vest on Completion of the Offer, with the remaining 75% to vest on a quarterly basis over the following three years	The date that is 3 years from Completion
Steve Cuda	1,300,000	\$1.45	25% of Options will vest on 7 October 2021 (Year 1), with the remaining 75% to vest on a quarterly basis over the 3 years following Year 1.	4 years after grant date

6.6.4 Cashrewards Long-Term Incentive Plan (New LTIP)

Prior to the Prospectus Date, the Company established the New LTIP to assist in the motivation, retention and reward of certain employees and Directors engaged by the Company or any of its subsidiaries (**Participants**). The New LTIP is designed to align the interests of Participants more closely with the interests of Shareholders. All awards granted under the New LTIP to Participants initially will be Options, as they provide an inbuilt total Shareholder return metric (in that they only have value to Participants if there is share price growth in the Company).

The Company will make offers under the New LTIP of Options to certain employees and Directors after Completion, described in detail below.

6. Key Individuals, Interests and Benefits (continued)

The rules of the New LTIP (**New LTIP Plan Rules**) have the following key features:

Term	Description
Eligibility	Offers may be made at the Company's discretion to Non-Executive Directors, Key Management Personnel, and certain other key employees (including an Executive Director) and contractor, casual employee, officers or any other person the Company may determine to be eligible to receive a grant under the New LTIP Plan Rules.
Vesting	<p>Vesting of any Performance Rights, Options or Shares issued under the New LTIP Plan Rules to each Participant is subject to vesting or performance conditions specified in the Offer document for each grant and determined by the Company.</p> <p>Subject to the New LTIP Plan Rules and the terms of an offer document, an offer of Performance Rights, Options or Shares may lapse or be forfeited if such performance or vesting conditions are not satisfied.</p> <p>A Participant is required to pay any exercise price applicable on the exercise of an Option.</p>
Types of securities	<p>The Company may grant Performance Rights, Options and/or Shares as incentives, subject to the terms and conditions of each individual offer.</p> <ul style="list-style-type: none"> • A holder of a Performance Right will be entitled to receive Shares to the satisfaction of applicable performance and vesting conditions (if applicable). • A holder of an Option will be entitled to receive Shares upon satisfaction or applicable conditions and payment of an exercise price (determined at the time of being granted). • Shares offered may be subject to dealing restrictions, vesting conditions or other restrictions or conditions. <p>Unless otherwise specified in an offer document, the Company has the discretion to settle any Performance Rights or Options with cash equivalent payment.</p>
Offers under the New LTIP Plan Rules	Subject to any requirements for Shareholder approval or any applicable laws, the Company may make offers at its absolute discretion under the New LTIP Plan Rules. The Board will have the discretion to set the terms and conditions of each incentive offer it intends to make to eligible Participants.
Issue Price and Exercise Price	<p>The Board will determine the issue or exercise price for each grant of Performance Rights, Options or Shares allocated under the New LTIP Plan Rules.</p> <p>The present intention of the Company is that any future grant of Options (not including the Initial LTIP Grant) will have an exercise price equal to the 30-day volume weighted average price (VWAP) of the Company's Shares on ASX.</p>
Cessation of employment/office	Under the New LTIP Plan Rules, the Board has broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual Offer documents will provide more specific information on how the entitlements will be treated if the Participant ceases employment.
Clawback and avoiding inappropriate benefits	The New LTIP Plan Rules provide the Board with broad clawback powers if, for example, the Participant has acted fraudulently or dishonestly or there is a material financial misstatement. If exercised, this power results in Participants no longer being entitled to any incentives that have vested, or entitles Cashrewards to request repayment of previously vested incentives.

6. Key Individuals, Interests and Benefits (continued)

Term	Description
Change of control	The Board may determine that all or a specified number of a Participant's incentives will vest or cease to be subject to restrictions where there is a change of control event in accordance with the New LTIP Plan Rules (so as to facilitate participation by the Participant in that change of control).
Reconstructions, corporate actions, rights issues, bonus issues etc.	The New LTIP Plan Rules include specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the Participant in respect of their incentives as a result of such corporate actions.
Restrictions on dealings	Prior to vesting, the New LTIP Plan Rules provide that the Participant must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, Participants will be free to deal with their incentives, subject to the Company's Securities Trading Policy.
Expiry	Options will lapse if certain vesting or performance conditions specified in the Offer document are not met. Options will lapse five years after the start of the exercise period if not exercised or lapsed before this date.

6.6.5 Initial grant of Options incentives under the LTIP

The Company intends to make grants of Options under the New LTIP (the **New LTIP Grant**) post-Completion during FY21.

The New LTIP Grant is designed to align the interests of officers and senior management more closely with the interests of Shareholders by providing them an opportunity to receive the benefit of increases in the value of Shares in the Company through the granting of Options. The Options will be subject to satisfaction of certain vesting conditions.

The Company will grant 1,904,908 Options under the New LTIP Grant.

The key features of the New LTIP Grant are outlined below:

Term	Description
Participants	Offers are intended to each member of the Key Management Personnel (Bernard Wilson, Iain Skelton and Steve Cuda) as well as to each of the independent Non-Executive Directors (LTIP Participants).
Award	The Award will be a single tranche of Options that will be granted to New LTIP Participants on or around the date that is three months after the date that Cashrewards is admitted to ASX Official List (Grant Date).
Issue and exercise price	Options under the New LTIP Grant are issued for nil consideration and have no exercise price(s) shown in the table immediately following below.
Performance period	The performance period is between the Grant Date and the date that is the day following the release of the Company's annual financial results for the financial year ending 30 June 2024.
Vesting	The number of Options that vest is determined by reference to satisfaction of the performance conditions set out in the New LTIP Participant's invitation letter.

6. Key Individuals, Interests and Benefits (continued)

Term	Description
Vesting Period and Conditions	<p>New LTIP Grants to the Key Management Personnel</p> <p>Performance conditions set by the Company and tested annually over the performance period must be satisfied for an Award granted to the New LTIP Participants to vest.</p> <p>To the extent that the performance conditions are satisfied, Options will vest as follows:</p> <ul style="list-style-type: none"> • one-third of the Award will vest and may be exercised on the day following the release of the Company's annual financial results for the financial year ending 30 June 2022; and • one-third of the Award will vest and may be exercised on the day following the release of the Company's annual financial results for the financial year ending 30 June 2023; and • one-third of the Award will vest and may be exercised on the day following the release of the Company's annual financial results for the financial year ending 30 June 2024. <p>If the performance conditions are not met by New LTIP Participants by the annual testing date, then the Options that are the subject of the relevant third of the Award will automatically lapse. There is no re-testing of performance targets.</p> <p>New LTIP Grants to the independent Non-Executive Directors</p> <p>Subject to time-based vesting conditions.</p> <p>Options that are granted under the New LTIP to the independent Non-Executive Directors will vest:</p> <ul style="list-style-type: none"> • in respect of 25% of the Options the subject of a New LTIP Offer, on the date that is 12 months after the issue date of the Options (Year 1); and • in respect of the remaining 75% of the Options the subject of the New LTIP Offer, on a quarterly basis over the three-year period after the end of Year 1.
Performance conditions	<p>With respect to the Options to be granted to the Key Management Personnel, performance conditions set by the Company and tested annually over the performance period must be satisfied for an Award granted to those New LTIP Participants to vest.</p> <p>The vesting of Awards under the New LTIP Grant will be subject to the following performance conditions tested annually over the performance period at the end of FY22, FY23 and FY24 (Testing Dates), a third of which will vest (in accordance with the vesting schedule above) subject to those performance conditions being met:</p> <ul style="list-style-type: none"> • one-third of the New LTIP Grant will vest based on retention as an employee of the Company (with this tranche to be broken down into three further tranches and testing to occur at the Testing Dates); • one-third of the New LTIP Grant will vest based on achievement of a target of 50% compound annual growth in the number of Monthly Active Members on the prior financial year (with FY21 being the base period for this purpose for the first testing in FY22); and • one-third of the New LTIP Grant will vest based on achievement of a target of 40% compound annual growth in revenue on the prior financial year (with FY21 being the base period for this purpose for the first testing in FY22).

6. Key Individuals, Interests and Benefits (continued)

Term	Description
Cessation of employment/office	<p>The default treatment in the New LTIP Plan Rules applies.</p> <p>If a New LTIP Participant ceases to be an employee due to (i) resignation (other than due to Special Circumstance (as defined below)), (ii) dismissal for cause or poor performance, or (iii) any other circumstances determined by the Board to constitute a Bad Leaver (Bad Leaver) then, subject to compliance with ASX Listing Rules and the Corporations Act:</p> <ul style="list-style-type: none"> • any unvested Options held by the New LTIP Participant will immediately lapse; and • any vested Options that have not been exercised will lapse on the date the New LTIP Participant ceases to be an employee of Cashrewards. <p>If a New LTIP Participant ceases to be an employee of Cashrewards due to permanent disablement or terminal illness, mental illness, redundancy or death (each a Special Circumstance) or otherwise for reasons other than as a Bad Leaver (Good Leaver):</p> <ul style="list-style-type: none"> • unvested Options will remain in place (other than to the extent that the Board determines that they will lapse in accordance with the New LTIP Plan Rules); and • vested Options that have not been exercised will remain in force and exercisable until they expire in accordance with the New LTIP Plan Rules. <p>Notwithstanding the above, the Board may, subject to compliance with ASX Listing Rules and the Corporations Act, determine to treat any unvested Options held by the relevant Participant in any way other than in the manner set out above.</p>
Change of control	<p>The default treatment in the New LTIP Plan Rules applies where a change of control applies and New LTIP Participants hold unvested Performance Rights.</p>
Clawback and preventing inappropriate benefits	<p>The default treatment in the LTIP Plan Rules applies.</p>
Reconstructions, corporate actions, rights issues, bonus issues etc.	<p>The default treatment in the New LTIP Plan Rules applies.</p>
Restrictions on dealings	<p>The default treatment in the New LTIP Plan Rules applies.</p>
Expiry	<p>The Options granted under the New LTIP Grant will lapse if certain vesting or performance conditions specified in the Offer document are not met. Options will also lapse five years after the end of each exercise period if not exercised or lapsed before this date.</p>

6. Key Individuals, Interests and Benefits (continued)

The following grants of Options have are intended to be made to the following Key Management Personnel and independent Directors of the Company under the LTIP Grant:

Participant	Number of Options to be granted 3 months following Completion	Exercise price	Final date of vesting periods
Brett Johnson	372,334	\$1.73	10.00am on the next trading day after the date on which the Company's annual financial results for the financial year ending 30 June 2024 are released.
Lauren Williams	128,787	\$1.73	As above.
Joshua Lowcock	128,787	\$1.73	As above.
Bernard Wilson	600,000	\$1.73	As above.
Iain Skelton	350,000	\$1.73	As above.
Steve Cuda	325,000	\$1.73	As above.

6.6.6 Summary of outstanding Options (after taking into account the New LTIP Grants)

Following Completion of the Offer (after taking into account the New LTIP Grants), the following Options will be on issue under the 2017 ESOP or the New LTIP:

6.6.6.1 Directors and Key Management Personnel

Name of Optionholder	Number of Options to be held	Exercise Price	Number of Shares that may be issued upon exercise of the Options ⁹²	Date of grant	Number of Options that have vested	Plan that the Options are (or will be) issued under
Andrew Clarke	Nil	N/A	Nil	N/A	N/A	N/A
Rajeev Gupta	Nil	N/A	Nil	N/A	N/A	N/A
Brett Johnson	372,334	\$1.73	372,334	3 months after Completion	Nil	New LTIP
Lauren Williams	128,787	\$1.73	128,787	3 months after Completion	Nil	New LTIP
Joshua Lowcock	128,787	\$1.73	128,787	3 months after Completion	Nil	New LTIP
Bernard Wilson	1,500,000	\$0.85	1,500,000	27 July 2020	–	2017 ESOP
	250,000	\$0.85	250,000	27 July 2020	–	2017 ESOP
	1,150,000	\$1.15	1,150,000	27 July 2020	287,500 ⁹³	2017 ESOP
	600,000	\$1.73	600,000	3 months after Completion	–	New LTIP
Total: 3,500,000		Total: 3,500,000				

92 Assuming no reconstruction of capital or other adjustment as permitted by the terms of issue of the Options.

93 This assumes Completion of the Offer occurs.

6. Key Individuals, Interests and Benefits (continued)

Name of Optionholder	Number of Options to be held	Exercise Price	Number of Shares that may be issued upon exercise of the Options ⁹²	Date of grant	Number of Options that have vested	Plan that the Options are (or will be) issued under
Iain Skelton	59,264	\$0.70	59,264	1 April 2020	–	2017 ESOP
	132,143	\$0.85	132,143	1 June 2020	–	2017 ESOP
	607,857	\$1.15	607,857	1 June 2020	151,964 ⁹⁴	2017 ESOP
	350,000	\$1.73	350,000	3 months after Completion	–	New LTIP
Total: 1,149,264		Total: 1,149,264				
Steven Cuda	1,300,000	\$1.45	1,300,000	10 November 2020		2017 ESOP
	325,000	\$1.73	325,000	3 months after Completion	–	New LTIP
Total: 1,625,000		Total: 1,625,000				
Combined total:	6,904,172	6,904,172				

6.6.6.2 Aggregated holdings

Exercise Price	Number of Options on issue as at Completion	Number of Shares that may be issued upon exercise of the Options
2017 ESOP		
\$0.05 ⁹⁵	3,483,364	3,483,364
\$0.70	605,580	605,580
\$0.83	1,882,143	1,882,143
\$0.95	1,271,000	1,271,000
\$1.13	1,757,857	1,757,857
\$1.45	1,524,000	1,524,000
Total: 10,523,951		Total: 10,523,951
New LTIP		
\$1.73	1,904,908	1,904,908
Total: 1,904,908		Total: 1,904,908
Combined total:	12,429,411	12,429,411

⁹⁴ This assumes Completion of the Offer occurs.

⁹⁵ All Options issued under the 2017 ESOP with a \$0.05 Exercise Price will vest and be exercised at the time of Completion of the IPO.

6. Key Individuals, Interests and Benefits (continued)

6.7 Related party agreements

An unsecured loan has been provided to the Company by Eventive Pty Limited (ACN 086 967 259) as trustee for the Andrew Clarke Family Trust in the amount of \$1,287,389. The outstanding loan amount will be repaid out of the Offer proceeds. See Section 7.1.2 for more information on the use of proceeds under the Offer.

Other than as disclosed in this Prospectus, Cashrewards is not party to any material related party arrangements.

6.8 Corporate governance

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

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

The Company is seeking a listing on ASX. ASX Corporate Governance Council has developed and released its fourth edition of the Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. ASX Recommendations are not prescriptions, but guidelines. However, under ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it and must also disclose what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Copies of the Company's key policies and practices and the charters for the Board and each of its committees will be available from Listing.

6.9 The Board of Directors

The name and biographical details of the current members of the Board of Directors are contained in Section 6.1.

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint having regard to their other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. In assessing independence, the Board will have regard to ASX Recommendations.

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

The Board considers that each of Brett Johnson, Lauren Williams and Joshua Lowcock is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of ASX Recommendations.

Bernard Wilson is currently considered by the Board not to be independent on the basis that he is the CEO and Managing Director of Cashrewards and has an interest in 2,900,000 Options.

6. Key Individuals, Interests and Benefits (continued)

Andrew Clarke is currently considered by the Board not to be independent on the basis that he is the founder of the Business and has an interest in 25,059,200 Shares.

Rajeev Gupta is currently considered by the Board not to be independent on the basis that he was appointed to the Board as a representative of Alium Capital, which has an interest in 9,637,615 Shares.

Once appointed by ANZ, ANZ's nominee Director will not be considered to be independent as ANZ will be a substantial Shareholder and a Director appointed by a substantial Shareholder is not considered to be independent.

Accordingly, as at Listing, and prior to the appointment of ANZ's nominee Director to the Board, the Board will consist of half independent Directors and half non-independent Directors. This is not consistent with Recommendation 2.4 of ASX Recommendations; however, the Directors believe that the structure of the Board appropriately reflects Cashrewards' Shareholding ownership structure and circumstances. The Directors consider that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors. The independent Non-Executive Directors may consider conferring periodically without the non-independent Directors present.

6.9.1 Board charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity that are relevant to the Company's businesses and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

6.9.2 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Nomination and Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

6.9.2.1 Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems, privacy and data security protocols and internal and external audit functions. This includes confirming the quality and reliability of the Financial Information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Company will comply with the recommendations set by ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise Joshua Lowcock (Chair), Brett Johnson and Rajeev Gupta.

6.9.2.2 Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's nomination and remuneration policies and practices.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Nomination and Remuneration Committee is also responsible for administering short- and long-term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

6. Key Individuals, Interests and Benefits (continued)

The Company will comply with the recommendations set by ASX Listing Rules and ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise Brett Johnson (Chair), Lauren Williams and Andrew Clarke.

6.10 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to ASX Principles.

6.10.1 Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in ASX Listing Rules, the Company will be required to immediately advise ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a Disclosure Policy to take effect from Listing, which reinforces the Company's commitment to its continuous disclosure obligations and describes the processes in place that enable the Company to provide Shareholders with timely disclosure in accordance with those obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX, and copies of the Company's announcements to ASX will be available on the Company's website.

6.10.2 Shareholder Communication Policy

The Company aims to keep Shareholders informed of major developments affecting the Company. The Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company's website, at the Company's Annual General Meeting and through the Company's Annual Report and ASX announcements.

6.10.3 Securities Trading Policy

The Company has adopted a Securities Trading Policy that is intended to explain the types of conduct in relation to dealing in securities that are prohibited by law and establish procedures for the buying and selling of securities to ensure that public confidence is maintained in the reputation of the Company and the Company's Directors and employees, and in the trading of the Company's securities.

The Securities Trading Policy provides that Directors, employees and contractors must not deal in the Company's securities when they are aware of 'inside' information. Directors and certain restricted employees must not deal in the Company's securities during any of the following blackout periods:

- from the close of the ASX trading day on 30 November each year, until 10.00 am (Sydney time) on the ASX trading day following the day on which the Company's half-yearly results are released to ASX;
- from the close of the ASX trading day on 31 May each year, until 10.00 am (Sydney time) on ASX trading day following the day on which the Company's full-year results are released to ASX;
- from the close of the ASX trading day two weeks prior to the date of the Company's AGM until 10.00 am (Sydney time) on ASX trading day following the date of the Company's AGM;
- from the close of the ASX trading day one week prior to the end of each other quarter (31 March and 30 September), until 10.00 am (Sydney time) on the ASX trading day following the day on which the Company's Appendix 4C (Quarterly Cash Flow Report) is released to the ASX; and
- any other period that the Board specifies from time to time.

Directors and restricted employees must receive prior approval for any proposed dealing in the Company's securities outside of the above blackout periods (including any proposed dealing by one of their connected persons).

6. Key Individuals, Interests and Benefits (continued)

6.10.4 Code of Conduct

The Company is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how it expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

The Code of Conduct is designed to provide a benchmark for professional behaviour throughout the Company's business, support its business reputation and corporate image within the community, and make the Company's Directors and employees aware of the consequences if they breach this policy.

6.10.5 Diversity Policy

The Board has approved a Diversity Policy, which sets out the Company's commitment to an inclusive and diverse workforce. The Company will include in its corporate governance statement each year details of the measurable objectives set under the Diversity Policy of the year to which the corporate governance statement relates, and a summary of the Company's progress towards achieving those measurable objectives.

6.10.6 Whistleblower Protection Policy

The Company is committed to the highest standards of conduct and ethical behaviour in all of its business activities and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance. This policy has been adopted to provide a safe and confidential environment where concerns can be raised by whistleblowers without fear of reprisal or detrimental treatment.

6.11 Anti-bribery and Corruption Policy

The Company is committed to complying with all laws of the jurisdictions in which it operates, including those relating to bribery and corruption. The Anti-bribery and Corruption Policy sets out the responsibilities of the Company's personnel, including in their dealings with, and through, third parties. It sets out the types of conduct prohibited by the policy, the consequences of breaching the policy and the Company's procedures in implementing and monitoring compliance.

6.12 Departure from ASX Recommendations

The Company is compliant with the ASX Recommendations, other as noted above in Section 6.9 and in this section. At Listing, and prior to the appointment of ANZ's nominee Director to the Board, the Board will consist of three independent Directors and three non-independent Directors. This is not consistent with Recommendation 2.4 of the ASX Recommendations, however, the Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors. The independent Non-Executive Directors may consider conferring periodically without the non-independent Directors present.

Section 7

Details of the Offer

7. Details of the Offer

7.1 The Offer

This Prospectus relates to an initial public offering of 26,011,561 Shares at the Offer Price of \$1.73 per Share and the sale of 11,560,694 Shares held by SaleCo. The Offer is underwritten by the Joint Lead Managers and is expected to raise approximately \$65.0 million, of which \$45.0 million will be received by the Company, and \$20.0 million will be distributed to Selling Shareholders (less certain transaction and stamp duty costs).

The total number of Shares expected to be on issue at Completion will be 78,817,288 (on an undiluted basis). All Shares will rank equally with each other. The Shares offered under this Prospectus will represent approximately 47.7% of the Shares on issue at Completion (undiluted).

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

7.1.1 Structure of the Offer

The Offer comprises:

- the Institutional Offer, which consists of an invitation to certain Institutional Investors to bid for Shares made to Institutional Investors in Australia and a number of other eligible jurisdictions;
- the Retail Offer, consisting of:
 - the **Broker Firm Offer**, which is open only to Australian resident retail investors and sophisticated investors who have received an invitation from their Broker to participate; and
 - the **Priority Offer**, which is open to selected investors in Australia and certain other jurisdictions who have received a Priority Offer Invitation.

Details of the Broker Firm Offer and the allocation policy under it are described in Section 7.5.

Details of the Priority Offer and the allocation policy under it are described in Section 7.6.

Details of the Institutional Offer and the allocation policy under it are described in Section 7.7.

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer.

The allocation of Shares between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events that would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.5.

The Starlight Offer and the Optionholders' Offer are also made under this Prospectus. See Section 7.13 for more information.

7.1.2 Purpose of the Offer

The Offer is being conducted to:

- fund investment in marketing activities, which will be focused on promoting brand awareness and providing targeted offers to Members
- fund ongoing investment in broader research and development cost, including product, technology and platform development
- hire key personnel who will be critical in carrying out the growth strategy
- strengthen the Working Capital/balance sheet position of the business
- the repayment of debt to strengthen the balance sheet and permit focus on profitable growth
- pay the costs of the Offer
- allow certain Existing Shareholders an opportunity to realise all or part of their investment in the Company through the sale of Existing Shares through SaleCo

7. Details of the Offer (continued)

- provide access to capital markets, which will afford the Company additional financial flexibility to ensure further growth opportunities
- receive benefits of an increased brand profile that arises from being an ASX-listed entity
- provide a liquid market for Shares and an opportunity for other to invest in the Company.

The proceeds of the Offer will be received by the Company and applied as set out in the table below.

Sources of funds	\$ million	%	Uses of funds	\$ million	%
Cash proceeds received under the Offer from the issue of Shares	\$45.0	69.2%	Marketing	\$14.0	21.5%
Cash proceeds received under the Offer from the sale of Shares by SaleCo	\$20.0	30.8%	Ongoing investment in product, technology and platform development	\$8.3	12.8%
			Working Capital	\$7.6	11.7%
			Key employee hires	\$4.0	6.2%
			Research & Development	\$3.6	5.5%
			Repayment of debt	\$2.0	3.1%
			Costs of the Offer	\$5.5	8.5%
			Payments to Selling Shareholders	\$20.0	30.8%
Total sources	\$65.0	100.0%	Total uses	\$65.0	100.0%

The above tables are a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of operational activities, regulatory developments, the market, and general and specific economic conditions including COVID-19. In light of this, the Board reserves its rights to alter the way the funds are applied.

The Board expects that Cashrewards will have sufficient cash flow from operations to meet its business needs and, together with the net proceeds of the primary component of the Offer, will have sufficient Working Capital to carry out its stated objectives.

7. Details of the Offer (continued)

7.2 Shareholding structure

The details of the ownership of Shares as at the Prospectus Date, and on Completion of the Offer, are set out in the table below.

Shareholder(s)	As at the Prospectus Date (undiluted)		Immediately following the Offer Shares held at Completion (undiluted)		Immediately following the Offer (fully diluted) ⁹⁶	
	(%)	(million)	(%)	(million)	(%)	(million)
Andrew Clarke	51.1%	25.1	23.0%	18.2	21.2%	18.2
ANZ	–	–	19.0%	15.0	17.4%	15.0
Alium Capital	20.3%	10.0	9.0%	7.1	8.3%	7.1
Other Board and management	0.1%	<0.1	1.3%	1.0	5.5%	4.7
Other Shareholders	28.5%	14.0	17.1%	13.4	15.6%	13.4
Existing employees	–	–	1.9%	1.5	5.7%	4.9
New investors in the Offer	–	–	28.7%	22.6	26.3%	22.6
Total	100.0%	49.1	100.0%	78.8	100.0%	85.9

At Completion, 49.0% of the Shares on issue will be subject to voluntary escrow arrangements (on an undiluted basis). Of the Shares held by Existing Shareholders, 94.9% will be subject to voluntary escrow arrangements (on an undiluted basis). In the opinion of the Company, the free float of Shares at the time of Listing on the Official List will be no less than 20% of the Shares on issue at that time See Section 9.6 for more information.

7.3 Description of the Syndicate

Ord Minnett and Moelis are the Joint Lead Managers and Underwriters to the Offer.

7.4 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid Shares in the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.15 below.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer will pay the Offer Price, being \$1.73 per Share.

⁹⁶ The fully diluted calculation assumes that the Options to be granted under the New LTIP Grant (see Section 6.6.5) have been made.

7. Details of the Offer (continued)

Topic	Summary
What is the Offer Period?	<p>The key dates, including details of the Offer Period, are set out on page 7 in the Key Offer Details section. The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time.</p> <p>No securities will be issued on the basis of this Prospectus later than the Expiry Date of 13 months after the Prospectus Date.</p>
What are the cash proceeds to be raised?	<p>\$65.0 million will be raised under the Offer based on the Offer Price (comprising approximately \$45.0 million from the issue of New Shares by the Company and approximately \$20.0 million for the sale of Existing Shares held by SaleCo).</p>
Is the Offer underwritten?	<p>Yes. The Joint Lead Managers have fully underwritten the Offer on the terms and conditions of the Underwriting Agreement (including rights of termination held by the Joint Lead Managers). Refer to Section 9.6 for a summary of the Underwriting Agreement.</p>
What is the minimum and maximum Application size under the Retail Offer?	<p>The minimum Application size under the Broker Firm Offer is 1,157 shares (approximately \$2,000). Applications in excess of the minimum number of Shares must be multiples of at least \$500.</p> <p>The minimum Application size under the Priority Offer is 14,451 Shares (approximately \$25,000). Applications in excess of the minimum number of Shares must be multiples of at least \$5,000.</p> <p>There is no maximum number or value of Shares that may be applied for under the Offer except that if you have received a personalised invitation to participate in the Priority Offer, you may apply for an amount up to and including the amount indicated on your invitation.</p> <p>The Company, SaleCo and the Joint Lead Managers reserve the right to treat any Applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors as bids in the Institutional Offer, or to reject the Application(s).</p> <p>The Company, SaleCo and the Joint Lead Managers reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p>
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Priority Offer will be determined by the Joint Lead Managers by agreement with Cashrewards and SaleCo, having regard to the allocation policies outlined in Sections 7.5.4, 7.6.4 and 7.7.2.</p> <p>With respect to the Broker Firm Offer, it will be a matter for the Broker to determine how they allocate Shares among their eligible clients. The Broker (and not Cashrewards or the Joint Lead Managers) will be responsible for ensuring that eligible clients who have received an allocation from them receive the relevant Shares.</p> <p>The allocation of Shares among Applications in the Institutional Offer will be determined by the Joint Lead Managers, Cashrewards and SaleCo.</p> <p>The final allocation of Shares under the Priority Offer will be determined by the Company at its discretion.</p> <p>The Company has absolute discretion regarding the level of scale-back and the allocation of Shares under the Offer (if any).</p>

7. Details of the Offer (continued)

Topic	Summary
Will the securities be quoted on ASX?	<p>The Company will apply to ASX within seven days of the Prospectus Date for admission to the Official List of, and quotation of its Shares by, ASX under the code 'CRW'.</p> <p>Completion is conditional on ASX approving this Application. If approval is not given within three months after such Application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>
When are the securities expected to commence trading?	<p>Shares are expected to commence trading on an unconditional and normal settlement basis on or about Wednesday, 2 December 2020.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company, SaleCo and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Cashrewards Offer Information Line, by a Broker or otherwise.</p>
When will I receive confirmation of whether my Application has been successful?	<p>It is expected that initial holding statements will be mailed to Successful Applicants on or about 30 November 2020.</p> <p>Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 9.7.</p>
Has any ASIC relief or ASIC waiver or modification been obtained or been relied on?	<p>Yes. Details are provided in Section 9.11.</p>
Are there any taxation considerations?	<p>Yes. Please refer to Section 9.12 for an overview of certain Australian tax implications for Australian investors acquiring Shares under the Offer.</p> <p>Note that it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.</p>

7. Details of the Offer (continued)

Topic	Summary
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.</p> <p>See Section 9.6.1 for details of various fees payable by the Company to the Joint Lead Managers and by the Joint Lead Managers to certain Brokers.</p>
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Cashrewards Offer Information Line on 1800 810 827 (toll free within Australia) or +61 1800 810 827 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

7.5 Broker Firm Offer

7.5.1 Who can apply?

The Broker Firm Offer is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate in the Offer under this Prospectus.

If you have received an invitation from your Broker to participate, you will be treated as eligible to become a Broker Firm Offer Applicant under the Broker Firm Offer. You should contact your Broker to determine whether you can receive an invitation from them under the Broker Firm Offer.

7.5.2 How to apply?

If you have received an invitation from your Broker to participate and wish to apply for Shares under the Broker Firm Offer, you should contact your Broker for information about how to complete and lodge your Application Form and for payment instructions. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form. Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form or download a copy at <https://events.miraqle.com/cashrewards-offer>. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (ADST) on the Closing Date (being 23 November 2020) or any earlier Closing Date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your invitation to participate. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

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

The minimum Application size under the Broker Firm Offer is \$2,000 worth of Shares. Applications in excess of the minimum number of Shares must be multiples of at least \$500.

There is no maximum value of Shares that may be applied for under the Broker Firm Offer.

The Company, SaleCo and the Joint Lead Managers reserve the right to reject or scale back any Applications in the Broker Firm Offer in their absolute discretion. Any amount applied for in excess of the amount allocated to you, will be refunded by your Broker in full (without interest).

The Company, SaleCo and the Joint Lead Managers may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer Application procedures or requirements, in their discretion in compliance with applicable laws.

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

The Broker Firm Offer opens at 9.00 am (Sydney time) on the Opening Date (being 18 November 2020) and is expected to close at 5.00 pm (Sydney time) on the Closing Date (being 23 November 2020).

7. Details of the Offer (continued)

The Company, SaleCo and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications. The Offer may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier Closing Date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.5.3 How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with the instructions received from their Broker.

7.5.4 What is the Broker Firm Offer allocation policy?

The basis of allocation of Shares under the Offer will be determined by the Company, SaleCo and the Joint Lead Managers. Shares that are allocated to Brokers for allocation to their retail clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company, SaleCo and the Joint Lead Managers to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Company, SaleCo or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

7.5.5 Acceptance of Applications

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

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Joint Lead Managers, in agreement with the Company and SaleCo, reserve the right to reject any Application that is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.6 Priority Offer

7.6.1 Who can apply?

The Priority Offer is open to investors who have received an invitation to participate in the Priority Offer from the Company. If you have been invited by the Company to participate in the Priority Offer, you will be treated as an Applicant under the Priority Offer in respect to those Shares that are allocated to you.

7.6.2 How to apply?

If you have received a personalised Priority Offer Invitation and wish to apply for Shares, you should follow the instructions on your personalised Priority Offer Invitation.

The Priority Offer opens at 9.00 am (Sydney time) on the Opening Date (being 18 November 2020) and is expected to close at 5.00 pm (Sydney time) on the Closing Date (being 23 November 2020). The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier date and time, without further notice (subject to ASX Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their Applications as early as possible.

7.6.3 How to pay?

Applicants under the Priority Offer must pay their Application Monies in accordance with instructions received from the Company.

7. Details of the Offer (continued)

7.6.4 What is the Priority Offer allocation policy?

The Company will determine the allocation of Shares to Applicants under the Priority Offer and may reject an Application or allocate fewer Shares than applied for.

7.6.5 Acceptance of Applications

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

An Application may be accepted in respect of the full number of Shares specified in the Application Form or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Joint Lead Managers, in agreement with the Company and SaleCo, reserve the right to reject any Application that is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Priority Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.7 Institutional Offer

7.7.1 Invitations to bid

The Company and the Joint Lead Managers have invited certain Institutional Investors in Australia and other eligible foreign jurisdictions to bid for Shares in the Institutional Offer.

7.7.2 Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer was determined by the Joint Lead Managers in agreement with the Company and SaleCo. The Joint Lead Managers, the Company and SaleCo have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Joint Lead Managers.

The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders
- the timeliness of the bid by particular bidders
- the Company's desire for an informed and active trading market following listing on ASX
- the Company's desire to establish a wide spread of institutional Shareholders
- the overall level of demand under the Broker Firm Offer, Priority Offer and the Institutional Offer
- the size and type of funds under management of particular bidders
- the likelihood that particular bidders will be long-term Shareholders
- any other factors that the Joint Lead Managers, the Company and SaleCo considered appropriate.

As described in Section 3.12, ANZ has agreed to make an equity investment into Cashrewards by subscribing for Shares under the Institutional Offer which will give ANZ a 19.0% Shareholding (on an undiluted basis) at Completion. Cashrewards regards ANZ's investment as validation of Cashrewards' strategy. Cashrewards also believes that ANZ's investment provides the basis for the potential development of a strategic relationship in the future.

7. Details of the Offer (continued)

7.8 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full
- declared that all details and statements in their Application Form are complete and accurate
- declared that the Applicant(s), if a natural person, is/are over 18 years of age
- acknowledged that, once the Company, the Share Registry or a Broker receives an Application Form (including electronically), it may not be withdrawn
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s)
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer)
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant under the Broker Firm Offer, Priority Offer and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed that:

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

7.9 Underwriting Agreement

The Offer is fully underwritten pursuant to an Underwriting Agreement under which the Joint Lead Managers have been appointed to arrange and manage and act as Joint Lead Managers, joint bookrunners and joint underwriters of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite severally Applications for all Shares under the Offer in the following proportions:

- Ord Minnett: 65%
- Moelis: 35%

7. Details of the Offer (continued)

The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the conditions precedent and termination provisions, is provided in Section 9.6.

7.10 Voluntary escrow arrangements

Upon Completion of the Offer, the Escrowed Securityholders will be subject to voluntary escrow arrangements (other than any Shares acquired by them, or entities related to them, under the Offer at the Offer Price). The Escrowed Securityholders have entered into voluntary escrow arrangements that prevent them from disposing of their Escrowed Securities during the relevant Escrow Period (subject to relevant exceptions). See Section 9.7 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Securities during the relevant Escrow Period.

7.11 Restrictions on distributions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Prospectus may not be released to US wire services or distributed in the United States.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States.

This Prospectus may not be distributed outside Australia unless it has attached to it the selling restrictions applicable in the relevant jurisdictions and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

7.12 Discretion regarding Offer

The Company and SaleCo may withdraw the Offer at any time before the issue of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Joint Lead Managers, the Company and SaleCo also reserve the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

7.13 Other offers made under this Prospectus

This Prospectus also includes:

- the Starlight Offer; and
- the Optionholders' Offer.

7.13.1 The Starlight Offer

In June 2017, Cashrewards Operations Pty Limited entered into a memorandum of understanding with the Starlight Children's Foundation, under which Cashrewards Operations Pty Limited pledged 1% of the equity of the Business. As at the Prospectus Date, the value of that pledge is 250,592 Shares (**Starlight Shares**).

The Starlight Shares are offered to Starlight under this Prospectus. Starlight will receive a personalised invitation from the Company (**Starlight Offer**).

7. Details of the Offer (continued)

7.13.1.1 Who can apply?

Only Starlight may apply for the Starlight Shares.

7.13.1.2 How to apply?

Starlight will receive a personalised Starlight Offer invitation. If Starlight wishes to apply for the Starlight Shares, it must follow the instructions on its personalised invitation.

7.13.1.3 How to pay?

If Starlight accepts the invitation to subscribe for the Starlight Shares, the Starlight Shares will be issued for nil consideration.

7.13.2 The Optionholders' Offer

The Company currently has 10,523,951 Options on issue to various employees of the Company. The Options are governed by the 2017 ESOP rules. As at Completion, 3,922,828 Options will have vested and of these, 3,483,364 will be exercised at or before Completion (**Exercisable Options**).

Each Exercisable Option, once exercised, will result in the issue of one Share (**Option Shares**).

The Option Shares are offered to the holders of the Exercisable Options under this Prospectus. Those holders will receive a personalised invitation from the Company (**Optionholders' Offer**).

7.13.2.1 Who can apply?

Only the holders of the Exercisable Options may apply for the Option Shares.

7.13.2.2 How to apply?

The holders of the Exercisable Options will receive a personalised Optionholders' Offer invitation. If an Optionholder wishes to apply for Option Shares, the Optionholder must follow the instructions on their personalised invitation.

7.13.2.3 How to pay?

If an Optionholder accepts the invitation to subscribe for the Option Shares, the Option Shares will be issued following payment of the exercise price of the Exercisable Options, which is \$1.73 per Exercisable Option.

7.14 ASX listing, registers and holding statements

7.14.1 Application for ASX listing and quotation of Shares

The Company will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and quotation of the Shares on ASX under the code '**CRW**'.

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

If approval is not given within three months after such Application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.

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

7.14.2 CHESS and issuer-sponsored holdings

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

7. Details of the Offer (continued)

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer-sponsored subregister. For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS, or a Shareholder sponsored by a participant in CHESS, will be registered on the CHESS subregister. All other Shares will be registered on the issuer-sponsored subregister.

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

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

7.15 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

7.15.1 Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution, which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and all other applicable laws and regulations.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List of ASX.

7.15.2 Meeting of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

7.15.3 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held (with adjusted voting rights for partially paid shares). The Chairman does not have a casting vote. It is the Company's policy to decide all resolution by way of a poll.

7.15.4 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

7. Details of the Offer (continued)

7.15.5 Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- a Proper ASTC transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Directors approve, as permitted by the Corporations Act and ASX Listing Rules.

The Company may, in circumstances permitted under ASX Listing Rules or ASX Settlement Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares.

If the Directors decline to register a transfer or apply a holding lock, the Company must give the party lodging the transfer written notice of the refusal or holding lock and the reason for refusal or holding lock.

7.15.6 Issue of further Shares

Subject to the Constitution, ASX Listing Rules, ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant Options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

7.15.7 Preference shares

The Company may issue preference shares including preference shares that are liable to be redeemed or convertible to Shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.15.8 Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts that remain unpaid on these shares at the time of distribution.

7.15.9 Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the shares of a Shareholder who holds less than a marketable parcel of those shares. A marketable parcel of shares is defined in ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

7.15.10 Share buy-backs

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, ASX Listing Rules.

7.15.11 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three-quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

7.15.12 Reduction of share capital

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

7.15.13 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. The provision will cease to have effect three years from the date of adoption of the Constitution unless it is renewed by special resolution of Shareholders in a general meeting.

7. Details of the Offer (continued)

7.15.14 Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of Shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

7.15.15 Directors – appointment and removal

Under the Constitution, the minimum number of Directors is three and the maximum is 12 or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

7.15.16 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

7.15.17 Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three-quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

7.15.18 Directors' and officers' indemnity

The Company, to the extent permitted by law, may indemnify each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

Section 8

Investigating Accountant's Report

8. Investigating Accountant's Report



The Directors
Cashrewards Limited
Level 3, 815 Pacific Highway
Chatswood NSW 2067

The Directors
Cashrewards SaleCo Limited
Level 3, 815 Pacific Highway
Chatswood NSW 2067

Deloitte Corporate Finance Pty Limited
ACN 003 833 127
AFSL 241457

Grosvenor Place
225 George Street
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www.deloitte.com.au

10 November 2020

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND THE FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of Cashrewards Limited (ACN 615 084 654) (the Company) and Cashrewards SaleCo Limited (SaleCo) (ACN 644 956 383) for inclusion in the prospectus (the Prospectus) to be issued by the Company and SaleCo in respect of the initial public offering of fully paid ordinary shares in the Company by way of issue by the Company and transfer by SaleCo (the Offer) and the Company's subsequent listing on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 (Cth) for the issue of this report.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Prospectus.

Scope

Statutory Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review the statutory historical financial information of the Company, being:

- the statutory historical consolidated income statements for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- the statutory historical consolidated statement of financial position as at 30 June 2020; and
- the statutory historical consolidated cash flow statements for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020,

as set out in Tables 8, 9 and 12 respectively of the Prospectus (together the Statutory Historical Financial Information).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information has been extracted from the consolidated general purpose (reduced disclosure requirements) financial statements of the Company for the financial year ended 30 June 2019 (with comparatives for the financial year ended 30 June 2018), and the consolidated general purpose financial statements for the financial year ended 30 June 2020. The consolidated financial statements for the

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8. Investigating Accountant's Report (continued)



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10 November 2020

financial years ended 30 June 2019 and 30 June 2020 were audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on each set of financial statements.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

Pro Forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review the pro forma historical financial information of the Company, being:

- the pro forma historical consolidated income statements for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- the pro forma historical consolidated statement of financial position as at 30 June 2020; and
- the pro forma historical consolidated cash flow statements for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020,

as set out in Tables 5, 9 and 11 respectively of the Prospectus (the Pro Forma Historical Financial Information).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of pro forma adjustments set out in Tables 7, 9 and 13 of the Prospectus (the Pro Forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial performance, financial position and/or cash flows.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of the Pro Forma Adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and the Pro Forma Historical Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an audit opinion.

8. Investigating Accountant's Report (continued)



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10 November 2020

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Statutory Historical Financial Information

- consideration of work papers, accounting records and other documents of the Company, including those dealing with the extraction of the Statutory Historical Financial Information from the audited financial statements of the Company for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- analytical procedures on the Statutory Historical Financial Information;
- a review of the stated basis of preparation, as described in the Prospectus, to the Statutory Historical Financial Information for consistency of application over the relevant periods;
- a review of the work papers, accounting records and other documents of the Company and the work papers of its auditors;
- a review of the application of Australian Accounting Standards; and
- enquiry of the Directors, management and other relevant persons in relation to the Statutory Historical Financial Information.

Pro Forma Historical Financial Information

- consideration of work papers, accounting records and other documents of the Company, including those dealing with the extraction of the Statutory Historical Financial Information from the audited financial statements of the Company for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- consideration of the appropriateness of the Pro Forma Adjustments described in Tables 7, 9 and 13 of the Prospectus;
- enquiry of the Directors, management, personnel and advisors of the Company;
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company and the work papers of its auditors; and
- a review of the accounting policies adopted and used by the Company over the relevant periods for consistency of application.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.2 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation as described in Section 4.2.2 of the Prospectus.

8. Investigating Accountant's Report (continued)



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10 November 2020

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4.2.1 and the 'Important Notices' pages of the Prospectus, which describe the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours faithfully,

DELOITTE CORPORATE FINANCE PTY LIMITED

A handwritten signature in black ink, appearing to read "David Hagger".

David Hagger
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR number 461001

8. Investigating Accountant's Report (continued)



March 2020

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (**AR**) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (**AFC**A). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Touche Tohmatsu Limited

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.

Section 9

Additional Information

9. Additional Information

9.1 Establishment of Cashrewards Limited and prior history

Cashrewards Group Pty Ltd was registered in New South Wales on 29 September 2016, converted into a public company limited by shares on 15 October 2020 and renamed Cashrewards Limited on 4 November 2020. Prior to September 2016, the business operated under the name ShopGo, which was wholly owned by entities controlled by Andrew Clarke. The ShopGo business underwent a corporate restructure in September 2016, which resulted in the acquisition of the ShopGo business by Cashrewards Group Pty Ltd and the change in business name.

Cashrewards SaleCo Limited was registered in New South Wales on 8 October 2020.

9.2 Company tax status and financial year

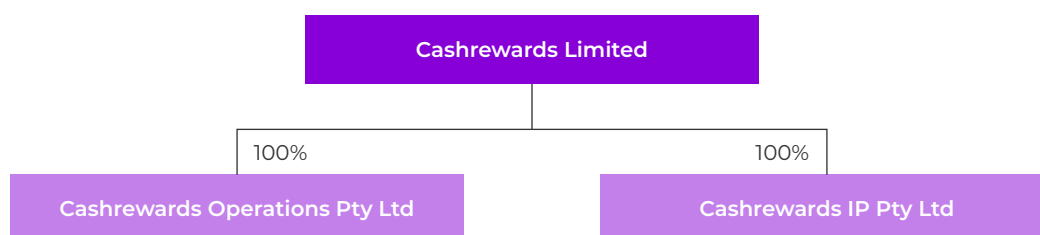
The Company will be subject to tax at the Australian corporate tax rate.

The Company's financial year for taxation purposes ends on 30 June.

9.3 Corporate structure

The following diagram shows the entities in the corporate structure of the Group.

Figure 9.01 – Cashrewards' corporate structure



Each of the Group entities listed above undertakes the business of Cashrewards as set out in this Prospectus. All subsidiaries are 100% owned by the Company and are incorporated in Australia.

9.4 Sales of Shares by SaleCo

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Existing Shares by the Selling Shareholders.

Each of the Selling Shareholders has entered into a deed poll in favour of SaleCo under which the relevant Selling Shareholder has agreed to sell to SaleCo some or all of their Existing Shares, which will be sold by SaleCo into the Offer, free from encumbrances and third-party rights.

The Existing Shares that SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue New Shares to Successful Applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the deeds described above. The sole shareholder of SaleCo is Andrew Clarke. The directors of SaleCo are Andrew Clarke, Bernard Wilson and Rajeev Gupta, who are also Directors of the Company.

The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer. The Company has indemnified SaleCo and the shareholders and officers of SaleCo for any loss that they may incur as a consequence of the Offer.

9. Additional Information (continued)

9.5 Material contracts

9.5.1 Contracts with Members

Cashrewards contracts with each of its Members under standard terms and conditions including the Cashrewards Terms of Use and the Cashrewards Cashback Guarantee (which are each available on the Cashrewards website at <https://www.cashrewards.com.au/terms-and-conditions> and <https://www.cashrewards.com.au/blog/cashback-guarantee/>).

- (i) The Terms of Use are effective from 21 September 2018 and cover eligibility and membership, privacy, transferability and redemption of rewards, and other standard terms etc. Under the Terms of Use, Cashback will be confirmed when the Merchant Partner confirms its validation requirements for the transaction have been met. If the Merchant Partner does not provide confirmation, transactions will attain confirmed status when the Merchant Partner or third party pays the Cashrewards for the transaction. Once confirmed, Members can request to redeem their rewards (by requesting the Cashback amount be transferred to a bank account or PayPal account). The Terms of Use expressly state that Cashrewards does not hold amounts representing payments that it may be required to pay to Members on redemption of their rewards in separate bank accounts and that Cashrewards does not hold such amounts on trust for Members. The Terms of Use also provide that a Member's account becomes 'inactive' if the Member does not log in to the Cashrewards website and click-through to a Merchant Partner's website at least once in any 12-month period (**Inactive Account**). All rewards held in an Inactive Account expire when the account becomes inactive and at that time the applicable rewards are cancelled and will not be available to the Member.
- (ii) The Cashrewards Cashback Guarantee protects Members from the unlikely event that a transaction (which otherwise qualifies as a transaction for Cashback under the Terms of Use) is not automatically tracked by applicable automated systems. The guarantee applies if the transaction does not appear in a Member's account (either as a pending or confirmed transaction) within seven days of their purchase date. In each calendar year, a Member may submit up to a total of three claims under the Cashback Guarantee (**Claim**) per month (up to a maximum of 10 claims per year) and each Claim will be capped at A\$30.00 in value.

9.5.2 Contracts with Merchant Partners and Affiliates

Cashrewards has relationships with Merchant Partners in one of three ways:

- (i) Through agreements with large network affiliates (**Affiliates**) who connect Cashrewards to various Merchant Partners (**Network Affiliate Agreements**).
- (ii) Through direct agreements with Merchant Partners that are either made:
 - a. using bespoke Affiliate agreements (**Merchant Partner Agreements**), which can either operate independently from or in addition to a Network Affiliate Agreement; or
 - b. using a standard form merchant services agreement (**Merchant Services Agreement**) prepared by Cashrewards, which incorporates by reference a set of standard terms and conditions that apply to Merchant Partners that offer Cashback in-store or online (as applicable).

The Commission payable in respect of each transaction varies depending on the Merchant Partner, and is influenced by both the category they belong to and their specific marketing objectives at any point in time. The Merchant Partner Agreements and the Network Affiliate Agreements generally continue indefinitely until terminated and Merchant Partners (whether through Network Affiliate Agreements or Merchant Partner Agreements) generally have a right to terminate the relevant agreement (or a specific marketing campaign) on short or no notice. Some Network Affiliate Agreements also contain non-solicitation clauses that prevent Cashrewards from contracting with a Merchant Partner (which falls within the Affiliate's network of Merchant Partners) directly or to onboarding them into an 'in house' network Affiliate program that operates in a similar way to the Affiliate's program. Certain Merchant Partner Agreements and Network Affiliate Agreements also contain termination rights for the counterparty triggered by a change in control of Cashrewards.

9.5.3 Other key contractual relationships

Cashrewards also contracts agreements with each of Visa Worldwide Pte. Ltd (**Visa**) and Mastercard Loyalty Solutions Australia Pty Ltd (**Mastercard**) (**Card-Linked Agreements**) to enable Members to obtain rewards on in-store transactions (i.e. not through the Merchant Partner's website) by linking their Visa or Mastercard to their member accounts and purchasing items in-store. The Agreement with Visa may be terminated on three months' notice.

The Company also has entered into a number of agreements with its key IT suppliers, including AWS, Mailchimp, Xero, Atlassian Cloud, GitHub and Very Good Security. All of these agreements are standard terms and conditions, and are current (not expired).

9. Additional Information (continued)

9.6 Underwriting Agreement

The Offer is fully underwritten by the Joint Lead Managers pursuant to an underwriting agreement dated on or about the Prospectus Date between the Joint Lead Managers, the Company and SaleCo (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

9.6.1 Fees and expenses

The Company and SaleCo have agreed to pay the Joint Lead Managers a total of \$2.585 million in fees, in their respective proportions, for managing and underwriting the Offer.

In addition to the fees described above, the Company and SaleCo have agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

The Joint Lead Managers are responsible for any fees, commissions or rebates due to any co-lead managers, co-managers or Brokers appointed by the Joint Lead Managers.

9.6.2 Termination events not subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until on or before 10.00 am on the Settlement Date, terminate the Underwriting Agreement without cost or liability by notice to the Company and SaleCo and the other Joint Lead Manager if any of the following events occur:

- In the reasonable opinion of the terminating Joint Lead Manager, a statement contained in the Prospectus is or becomes misleading or deceptive (including by omission) or a matter required to be included is omitted from the Prospectus.
- The Company or SaleCo are, in the reasonable opinion of the Joint Lead Managers, required to lodge a supplementary prospectus with ASIC and fails to do so within the time period reasonably required by the Joint Lead Managers or the Company or SaleCo lodges a supplementary prospectus in a form and substance that has not been approved by the Joint Lead Managers (acting reasonably);
- The S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the trading day immediately prior to the date of the Underwriting Agreement and stays at or below that level for two consecutive business days or is at or below that level on the business day immediately prior to the Settlement Date;
- An Escrow Deed is withdrawn, varied, terminated, rescinded, altered or amended or breached.
- The sale deed poll executed by the Selling Shareholders (**Sale Deed Poll**) is not capable of completing in the reasonable opinion of the terminating Joint Lead Manager, becomes void or voidable, or has been amended (without the Joint Lead Managers' consent) or is breached, or is otherwise terminated or rescinded by any of the parties to that document.
- There ceases to be reasonable grounds for any statement or estimate in an offer document, including the Prospectus, relating to a future matter or that statement or estimate is unlikely to be met in the projected time, in the reasonable opinion of the terminating Joint Lead Manager.
- The Company, SaleCo or any of their respective directors or officers engage in any fraudulent conduct or activity whether or not in connection with the Offer.
- The Company's application for admission to the Official List of the ASX or the quotation of all the Shares is refused or not granted, or is subject to conditions other than customary conditions or conditions that are acceptable to the Joint Lead Managers (acting reasonably).
- If any of the following notifications are made in respect of the Offer (unless withdrawn within two business days or by the Settlement Date):
 - ASIC issues an order under section 739 of the Corporations Act; or
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer, or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer.
- ASIC holds a hearing under section 739(2) of the Corporations Act in relation to the Offer.

9. Additional Information (continued)

- Any person (other than the Joint Lead Managers):
 - who has previously consented to the inclusion of its name in this Prospectus, withdraws that consent;
 - gives a notice under section 730 of the Corporations Act in relation to this Prospectus.
- The Company or SaleCo does not provide a closing certificate as and when required under the Underwriting Agreement.
- The Company or SaleCo fails to lodge the Prospectus by the agreed lodgement date.
- The Company or SaleCo withdraws the Prospectus or indicates that it does not intend to proceed with the Offer or any part of it.
- The Company or SaleCo repays, or offers an opportunity to withdraw and be repaid, any Application Monies (except in relation to the repayment of excess Application Monies).
- A Group member becomes insolvent or there is an act or omission that is likely to result in a Group member becoming insolvent.
- An event specified in the Offer timetable is delayed by more than two business days other than any delay agreed between the Company, SaleCo and the Joint Lead Managers, or a delay as a result of an extension of the Exposure Period by ASIC.
- The Company is prevented from transferring or allotting the New Shares, or SaleCo is prevented from transferring the Sale Shares from Selling Shareholders within the time required.
- The Company or SaleCo alters the issued capital of, or disposes or attempts to dispose of a substantial part of the business or property of, a Group member without the Joint Lead Managers' consent.
- There is a change to the chairperson, chief executive officer or chief financial officer of the Company.
- An obligation under the Sale Deed Poll or any Escrow Deed is unable to be performed or these contracts are withdrawn, varied, terminated, rescinded, amended, breached or void.
- A Director or proposed Director of the Company or SaleCo is charged with an indictable offence or is disqualified from managing a corporation.
- Any government agency commences any public action against the Company or SaleCo or any of their directors in their capacity as a director of that entity, or announces that it intends to take that action.
- There is an actual or threatened investigation or inquiry, or a claim is made, or any person seeks any remedy, in relation to the Offer, any offer document or the Company or SaleCo and it is not withdrawn to the satisfaction of the Joint Lead Managers in the required time.

9.6.3 Termination events subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until on or before 10.00 am on the Settlement Date (without any cost or liability by notice to the Company, SaleCo and the other Joint Lead Manager), terminate the Underwriting Agreement without any cost or liability by notice to the Company, SaleCo and the other Joint Lead Manager if any of the below events occur and the Joint Lead Manager has reasonable grounds to believe the event:

- (i) Has or is likely to have a materially adverse effect on the success, Settlement or marketing of the Offer, or on the ability of the Joint Lead Manager to market, promote or settle the Offer; or
- (ii) Will, or is likely to, give rise to a liability of the Joint Lead Manager under, or a contravention by the Joint Lead Manager or its affiliates or the Joint Lead Manager or its affiliate being involved in a contravention of, any applicable law or regulation (including the Corporations Act).

The events referred to above include:

- a new circumstance arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement;
- a change in the Board Of Directors of the Company occurs (other than the Chairperson, who is already covered above under termination events not subject to materiality);
- a statement in any offer document (other than the Prospectus) and certain public statements made by or on behalf and with the knowledge and consent of the Company or SaleCo becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted;

9. Additional Information (continued)

- certain events occur that make it illegal to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- the due diligence report, any verification material or any other information provided by or on behalf of the Company or SaleCo to the Joint Lead Managers is, or is likely to become, or becomes, misleading or deceptive;
- an event occurs that is likely to give rise to an adverse change in the assets, liabilities, financial position or performance, profits, losses, earnings, prospects or condition or otherwise of the Group from those disclosed in this Prospectus;
- there is introduced, or proposed to be introduced, into the Parliament of Australia or any state or territory of Australia, a new law, or the Reserve Bank of Australia, or any Commonwealth or state authority, including ASIC, adopts or announces a proposal to adopt a new policy, other than a law or policy that was announced before the date of the Underwriting Agreement;
- the Company, SaleCo or any Group member breaches its Constitution, an encumbrance or other binding document or any applicable law, regulation, consent, judgment or ruling or order of a government authority;
- any offer document or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules or any other applicable law;
- any licence, permit, authorisation or consent held by a Group member that is necessary to conduct its business is revoked, withdrawn, rescinded, breached, terminated, altered or amended (other than with the consent of the Joint Lead Managers);
- other than as disclosed in the Prospectus, the Company or SaleCo creates or agrees to create an encumbrance over the whole or a substantial part of its business or property;
- a representation, warranty or undertaking or obligation contained in the Underwriting Agreement on the part of either or both of the Company or SaleCo is breached, becomes not true or correct or is not performed;
- either or both of the Company or SaleCo defaults on any of its obligations under the Underwriting Agreement;
- the Company varies any term of its Constitution without the prior written consent of the Joint Lead Managers;
- legal proceedings against a Group member or against any director of a Group member in that capacity is commenced, or any regulatory body commences any inquiry or public action against a Group member;
- any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of the Company or SaleCo to the Joint Lead Managers in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or likely to mislead or deceive;
- hostilities not presently existing commence, or a major escalation in existing hostilities occurs or a major terrorist act is perpetrated in Australia, New Zealand, the United States, the People's Republic of China or Hong Kong, or involving any diplomatic, military or political establishment of any of those countries;
- the Company or SaleCo does not provide a closing certificate as and when required under the Underwriting Agreement or a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- any of the following occurs: (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom, the United States, the People's Republic of China, Hong Kong or Singapore, is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) any adverse effect on the financial markets in Australia, New Zealand, the United Kingdom, the United States or the People's Republic of China or in the foreign exchange rates or political, financial or economic conditions in any of those countries; or (iii) trading in all securities quoted or listed on ASX, New York Stock Exchange, the London Stock Exchange, Hong Kong Stock Exchange or Tokyo Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of one day) on which that exchange is open for trading.

9. Additional Information (continued)

9.6.4 Representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to the Joint Lead Managers.

The representations and warranties given by the Company and SaleCo relate to matters such as conduct of the Company and SaleCo, power and authorisations, information provided by the Company and SaleCo, information in this Prospectus, the conduct of the Offer, compliance with laws, the ASX Listing Rules and other legally binding requirements.

The Company also provides additional representations and warranties in connection with matters including, but not limited to, eligibility for listing, Financial Information, material contracts, disposal of Escrowed Shares, assets, litigation, licences, insurance, title to property, labour, dividends and distributions, financial statements and information, internal controls, stamp and transfer taxes, taxation, intellectual property, data privacy and IT systems.

The undertakings by each of the Company and SaleCo include, among other things, provision of and consultation with the Joint Lead Managers in respect of ASIC and ASX correspondence, notification of breaches of the Underwriting Agreement to the Joint Lead Managers and to not withdraw the Offer or this Prospectus.

The Company also undertakes, among other things, that it will:

- from the date of the Underwriting Agreement until before 180 days after Completion, not:
 - allot or agree to allot any shares, units or other securities that are convertible or exchangeable securities into equity, or that represent the right to receive equity, of any Group member other than pursuant to the Offer, an employee incentive plan or other transaction disclosed in this Prospectus and certain other exceptions;
 - alter its Constitution or capital structure (other than under the Offer or as permitted under the Underwriting Agreement); or
 - vary any term of an Escrow Deed or the Sale Deed Poll;except with Joint Lead Managers' consent (such consent not to be unreasonably withheld or delayed for the period after Completion);
- from the date of the Underwriting Agreement until before 180 days after completion, carry on business in the ordinary course and not dispose of any material part of the business or property except in the ordinary course or as disclosed in the Prospectus (subject to certain exceptions); and
- strictly enforce any Escrow Deeds with Selling Shareholders.

9.6.5 Indemnity

Subject to certain customary exclusions (including gross negligence, recklessness, wilful misconduct or fraud of an indemnified party or any of their associated indemnified parties), the Company and SaleCo agree to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9. Additional Information (continued)

9.7 Voluntary escrow arrangements

9.7.1 Escrow arrangements

ASX has given in principle advice that it will not impose the mandatory escrow provisions in the ASX Listing Rules on securities of the Company.

The following Escrowed Securityholders are subject to voluntary escrow arrangements:

Shareholder*	Number of Escrowed Shares and Options held as at Completion ⁹⁷	Escrow Period	Number of Escrowed Shares
Andrew Clarke⁹⁸	18,166,982 Shares	Tranche 1 Period Release of FY21 results ⁹⁹ Tranche 2 Period Release of 1H FY22 results ¹⁰⁰ Tranche 3 Period Release of FY22 results ¹⁰¹	At the end of the Tranche 1 Period: 3,633,397 Shares are released from Escrow At the end of the Tranche 2 Period: 9,083,491 Shares are released from Escrow At the end of the Tranche 3 Period: 5,450,094 Shares are released from Escrow
Alium Capital and Rajeev Gupta¹⁰²	7,097,396 Shares	Tranche 1 Period: FY21 Results Date Tranche 2 Period: 1H FY22 Results Date	At the end of the Tranche 1 Period: 3,548,698 Shares are released from Escrow At the end of the Tranche 2 Period: 3,548,698 Shares are released from Escrow
Joshua Lowcock¹⁰³	34,995 Shares	Tranche 1 Period: FY21 Results Date	At the end of the Tranche 1 Period: 34,995 Shares are released from Escrow
Bernard Wilson	2,900,000 Options	Tranche 1 Period: FY22 Results Date	At the end of the Tranche 1 Period: 2,900,000 Options are released from Escrow
Iain Skelton	988,165 Shares 799,262 Options	Tranche 1 Period: FY22 Results Date	At the end of the Tranche 1 Period: 988,165 Shares and 799,262 Options are released from Escrow
Starlight Foundation	250,592 Shares	Tranche 1 Period: FY22 Results Date	At the end of the Tranche 1 Period: 250,592 Shares are released from Escrow
Other Existing Shareholders	10,856,313 Shares	Tranche 1 Period: FY21 Results Date	At the end of the Tranche 1 Period: 10,856,313 Shares are released from Escrow
Other existing holders of Options under the 2017 ESOP	1,263,767 Shares 3,341,322 Options (and any Shares issued on the exercise of those Options during the Escrow Period)	Tranche 1 Period: FY22 Results Date (to the extent any of their Options vest and are exercised during that period)	At the end of the Tranche 1 Period: 3,341,322 Options (and any Shares issued on exercise of those Options) and 1,263,767 Shares are released from Escrow

*And/or their associated entities

97 Excluding any Shares issued to them due to participating in the Offer.

98 Held via two entities, Eventive Pty Limited ATF the Andrew Clarke Family Trust and Friendly Group Pty Limited. Eventive Pty Limited and Friendly Group Pty Limited will be selling down an aggregate of 6,892,217 Shares via SaleCo.

99 Tranche 1 commences on the issue date and ends at 10.00 am on the next trading day after the date that the Company has released to ASX its preliminary final report (being the Company's Appendix 4E) for the financial year ending 30 June 2021 (**FY21 Results Date**).

100 Tranche 2 commences on the issue date and ends at 10.00 am on the next trading day after the date that the Company has released to ASX its preliminary half-year financial statements (being the Company's Appendix 4D) for the half-year ended 31 December 2021 (**1H FY22 Results Date**).

101 Tranche 3 commences on the issue date and ends at 10.00 am on the next trading day after the date that the Company has released to ASX its preliminary final report (being the Company's Appendix 4E) for the financial year ending 30 June 2022 (**FY22 Results Date**).

102 As at the Prospectus Date, Mr Gupta has an indirect interest in 9,637,615 (held through Dempsey Capital Pty Ltd ATF Alium Alpha Fund (**Alium**)) and also holds a direct interest in 349,954 Shares, which he holds through Clontarf Investments Pty Ltd ATF Yaki Family Trust. Alium will be selling down 2,890,173 Shares via SaleCo.

103 34,995 shares held by Milner York Pty Ltd ATF Milner York Family Trust. Joshua Lowcock is a Director of Milner York Pty Ltd.

9. Additional Information (continued)

At Completion, 49.0% of the Shares on issue will be subject to voluntary escrow arrangements (on an undiluted basis). Of the Shares held by Existing Shareholders at Completion, 94.9% will be subject to voluntary escrow arrangements (on an undiluted basis).

Each Escrowed Shareholder has agreed to enter into an Escrow Deed in respect of their Shareholding (or Optionholding) on Completion of the Offer (other than Shares acquired under the Offer), which prevents them from disposing of their respective Escrowed Securities for the applicable Escrow Period as described above.

The restriction on disposing is broadly defined in the voluntary Escrow Deeds outlined in this section. It restricts the Escrowed Shareholder from, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares; creating or agreeing to create a security interest over the Escrowed Shares; doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Securities or agreeing to do any of those things.

9.7.2 Restrictions on dealing

During the Escrow Period, Escrowed Securityholders whose Shares remain subject to escrow may deal in any of their Escrowed Securities to the extent that the dealing is:

- as a result of a bona fide third-party offer under a takeover bid or the transfer or cancellation of the Escrowed Securities under a scheme of arrangement;
- a transfer to an affiliate (provided the affiliate agrees to be bound by the terms and conditions of the Escrow Deed, and the transfer does not result in a change to the beneficial ownership of the Escrowed Shares);
- an encumbrance of any or all Escrowed Securities to a bona fide third-party financial institution as securities for a loan, hedge or other financial accommodation;
- required by applicable law, including an order of a court of competent jurisdiction (provided that any recipient of the Escrowed Securities will no longer be bound by any holding lock or restrictions on dealing with respect to the Escrowed Shares); or
- a transfer by the personal representative of the Escrowed Shareholder to whom the Escrowed Securities have been bequeathed (provided that any recipient of the Escrowed Securities will no longer be bound by any holding lock or restrictions on dealing with respect to the Escrowed Shares).

9.8 Litigation and claims

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

As far as the Directors are aware, however, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which the Company is directly or indirectly concerned that is likely to have a material adverse impact on the business or financial position of the Company.

9.9 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This section contains a general description of these laws.

9. Additional Information (continued)

9.10 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20% or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company, either themselves or through an associate.

9.10.1 Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in the Company, or foreign persons hold an Aggregate Substantial Interest in the Company, the Company itself will be a 'foreign person' for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A 'direct interest' is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions that can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no-objection notification or contravening a condition in a no-objection notification.

9.11 Regulatory relief

9.11.1 ASX waivers and confirmation

ASX has, prior to the Prospectus Date:

- confirmed the Company's suitability for admission to the Official List of ASX as an ASX Listing under ASX Listing Rules 1.1, condition 1 and 1.19; and
- provided in principle advice of its intention to grant the following waivers and confirmations in relation to the Company and the Offer:
 - confirmation that the Company may seek admission to the Official List of ASX under the assets test in ASX Listing Rule 1.3;
 - confirmation that the mandatory escrow provisions in Chapter 9 of ASX Listing Rules will not apply to the Company, having regard to the fact that the Company has an acceptable track record of revenue;
 - a waiver from Condition 12 of ASX Listing Rule 1.1 in respect of Options on issue with an exercise price that is less than 20 cents; and
 - confirmation that the form of the proposed Constitution of the Company is acceptable to ASX pursuant to condition 2 of ASX Listing Rule 1.1.

9.11.2 ASIC relief

ASIC has, prior to the Prospectus Date, granted Cashrewards an exemption pursuant to section 1020F(1) of the Corporations Act from compliance with section 1020B(2) (prohibition of certain short sales of securities) in order facilitate aspects of the sale by SaleCo.

9. Additional Information (continued)

9.12 Taxation considerations

9.12.1 Taxation considerations

The following comments provide a general summary of the Australian income tax, capital gains tax (CGT), goods and services tax (GST) and stamp duty issues for Shareholders who acquire Shares under this Prospectus.

The categories of Shareholders considered in this summary are limited to Australian resident individuals, complying superannuation entities and certain companies, trusts or partnerships, each of which holds their shares on capital account.

This summary does not consider the consequences for Shareholders who are insurance companies; banks; Shareholders who hold their shares on revenue account for, or carry on a business of, trading in shares; Shareholders who are non-Australian resident; and Shareholders who are exempt from Australian tax. This summary does not cover the consequences for Shareholders who are subject to Division 230 of the *Income Tax Assessment Act 1997* (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the tax laws in Australia in force as at the Prospectus Date (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each Shareholders' specific circumstances, Shareholders should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

9.12.2 Dividends paid on Shares – Australian tax residents

Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends should constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend. If the Shareholder satisfies the 'qualified person' rules (refer to further comments below), the Shareholder should also include any franking credit attached to the dividend in their assessable income. However, such a Shareholder should be entitled to a tax offset equal to the franking credit. The tax offset can be applied to reduce the income tax payable on the Shareholder's taxable income. Where the tax offset exceeds the income tax payable on the Shareholder's taxable income in an income year, the Shareholder should be entitled to a tax refund equal to the amount of the excess.

Where a dividend is unfranked, the Shareholder should generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credit in their assessable income, subject to satisfaction of the qualified person rules. A tax offset should then be allowed up to the amount of the franking credit on the dividend.

An Australian tax resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the distribution received. This allows the corporate Shareholder to pass on the benefit of the franking credits to its own Shareholder(s) on the payment of dividends.

Where franking credits received by a corporate Shareholder exceeds the income tax payable by that Shareholder, the excess cannot give rise to a refund, but may be able to be converted into carry-forward tax losses.

9. Additional Information (continued)

Trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend in their assessable income in determining the net income of the trust or partnership. Subject to satisfaction of the qualified person rules, such Shareholders should also include any franking credit attached to the dividend in their net income. As a result, a relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the Shareholder.

Notably, as the qualified person rules can be complex in the context of distributions received indirectly via a trust or partnership, it is recommended that Shareholders seek independent advice on the tax consequences arising in these circumstances.

Qualified person rules

The benefit of franking credits can be denied where a Shareholder does not satisfy the qualified person rules, in which case the Shareholder should not be required to include an amount for the franking credits in their assessable income and should also not be entitled to a tax offset.

Broadly, to satisfy the qualified person rules, a Shareholder must satisfy the holding period rule or, if necessary, the related payment rule.

The holding period rule requires a Shareholder to hold the Shares continuously 'at risk' for not less than 45 days in the period beginning the day after the day on which the Shareholder acquires the Shares, and ending on the 45th day after the Shares become ex-dividend. In the ordinary case, this means that the holding period rule should be satisfied provided that the Shares have been held 'at risk' for a continuous period of 45 days (not including the date of acquisition or disposal) at some time during the period of ownership of the Shares. Very broadly, Shares should be held 'at risk' to the extent that no material 'positions' are adopted in relation to the Shares, which may have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative arrangements, or agreements to sell the Shares).

Under the related payment rule, a different testing period applies where the Shareholder or an associate of the Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. A related payment is one where a Shareholder or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the Shareholder to have held the Shares at risk for the continuous period of 45 days, not including the date of acquisition or disposal, during a window that commences on the 45th day before, and ends on the 45th day after, the day the Shares become ex-dividend. Practically, the related payment rule should not impact Shareholders who do not pass the benefit of the dividend to another person. Shareholders should obtain their own tax advice to determine if the related payment rule applies in the context of their particular circumstances.

In the event that no related payments are made with respect to a particular dividend, an individual Shareholder may satisfy the qualified person rules on an alternative basis, provided that the Shareholder satisfies the small holding exemption. This exemption should generally be satisfied where the Shareholder is entitled to total franking credits (from all sources) of no more than \$5,000 in the relevant year of income.

As indicated above, the qualified person rules can be particularly complex for distributions received by a Shareholder directly or indirectly (for example, via an interposed trust). It is recommended that Shareholders in such situations seek independent taxation advice.

Dividend washing rules

Dividend washing rules can apply in certain cases, such that no tax offset is available (nor is an amount required to be included in assessable income in relation to an attached franking credit) for a dividend received on Shares. Broadly, the rules can apply where Shareholders seek to obtain additional franking benefits by disposing of Shares ex-dividend and re-purchasing a substantially equivalent parcel of Shares cum-dividend on a special market.

Shareholders should seek independent tax advice regarding the dividend washing rules, and consider the impact of these rules, having regard to their own personal circumstances.

9. Additional Information (continued)

9.12.3 Disposal of Shares – Australian tax residents

The disposal of a Share by a Shareholder should constitute a CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length, on-market sale, the capital proceeds should generally equal the cash proceeds from the sale. Where the Shareholder is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal (in their proportionate shares).

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity that realises the capital gain is an individual, complying superannuation entity or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

If the Shareholder who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. As with capital gains, where the Shareholder realising the capital loss is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising the capital loss (in their proportionate shares).

9.12.4 GST

Shareholders should not be liable for GST from acquiring or disposing of any Shares. Shareholders may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition or disposal of Shares. Separate GST advice should be sought by Shareholders in this respect.

9.12.5 Stamp duty

No stamp duty should be payable by Shareholders on the acquisition of Shares. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Shareholders on any subsequent transfer of Shares while the Company remains listed.

Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.12.6 Tax file number

Australian tax resident Shareholders may, if they choose, notify the Company of their tax file number (TFN), Australian Business Number (ABN) or a relevant exemption from withholding tax with respect to dividends. In the event that the Company is not so notified, pursuant to the TFN withholding rules, tax should be automatically deducted at the highest marginal rate, including where relevant, the Medicare levy, from unfranked dividends and/or other applicable distributions. However, Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of the tax deducted in their income tax returns.

Shareholders who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory withholding may not be required by the Company with respect to unfranked dividends or other relevant distributions paid to such Shareholders, irrespective of whether those Shareholders have notified the Company of their TFN or ABN.

9. Additional Information (continued)

9.13 Selling restrictions

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Offer Shares have not been and will not be offered or sold in Hong Kong other than to 'professional investors' (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Offer Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Offer Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The Offer Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares, may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with, the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's Shares, (ii) an 'institutional investor' (as defined in the SFA) or (iii) an 'accredited investor' (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Offer Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Offer Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9. Additional Information (continued)

United Kingdom

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Offer Shares.

The Offer Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to 'qualified investors' (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Offer Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together 'relevant persons'). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

9.14 Consents to be named and disclaimers of responsibility

Each of the parties listed below in this section as a consenting party, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility, for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Each of Ord Minnett and Moelis has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager to the Offer in the form and context in which it is named.
- Gilbert + Tobin has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to the Company and SaleCo in relation to the Offer in the form and context in which it is named.
- Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Investigating Accountant's Report on the Financial Information set out in Section 8 in the form and context in which it appears in this Prospectus.
- Deloitte Tax Services Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as tax adviser to the Company in the form and context in which it is so named.
- Link Market Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of the Company in the form and context in which it is named. Link Market Services Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

9. Additional Information (continued)

- Frost & Sullivan has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Independent Market Expert to the Company in the form and context in which it is so named, and consents to the inclusion of its industry report as set out in Section 2 in the form and context in which it appears in this Prospectus.
- Catalyst Research has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is so named.
- MoneyMe Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is so named.
- Myer has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is so named.
- eBay Australia has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is so named.
- Cellarmasters has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is so named.

9.15 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

9.16 Statement of Directors

This Prospectus is authorised by each Director of the Company and SaleCo who consents to its lodgement with ASIC and its issue.

Appendix A

Significant Accounting Policies

A. Significant Accounting Policies

Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Information section included in Section 4 are set out below. These accounting policies reflect the pro forma accounting policies of Cashrewards and have been applied consistently throughout the period.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Going concern

The Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business, and assumes the Group will have sufficient cash resources to honour its obligations as and when they become due and payable for at least 12 months from the Prospectus Date.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods to a customer. For each contract with a customer, the Group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price, which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative standalone selling price of each distinct good to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs; or
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria are not met, revenue is recognised at a point in time.

The Group recognises revenue predominantly from the following services:

Network and direct sales (excluding travel)

Network and direct sales revenue are the primary source of revenue for the Group. This represents commissions that the Group earns when a Cashrewards member (Members) makes a transaction with a Merchant (Merchants) via one of the Cashrewards mediums e.g. website, application, in-store.

In the application of AASB 15, the Group has determined that Merchants are the customers of the Group. Our performance obligation is to facilitate sales for Merchants and this is satisfied at the point in time when a Member makes a purchase with the Merchant.

A. Significant Accounting Policies (continued)

Merchants have standard return periods during which the member may return goods or services purchased for a refund. If this occurs during the return period, the Group will similarly refund any commission received from the Merchant for that transaction. This therefore varies the commission that the Group is entitled to receive. For that reason, the Group constrains its revenue to recognise that some members will return their purchases and therefore the revenue that the Group is entitled to receive will be reduced. The Group regularly reviews its estimate of the rate of returns and at the reporting date the Group estimates the provision for declined transactions. This is estimated using our historical declined sales experience and reduces revenue recognised. This amount also reduces the contract asset receivable (refer below). When the return period of the goods or services purchased expires and the member has not returned their purchase, this amount is recognised as revenue.

Network and direct sales revenue is recognised on a gross basis (gross of amounts payable to our Members) as this represents the agreed commission to be earned by Cashrewards from fulfilling its performance obligation with its Merchants.

Gift card sales under the new Gift card marketplace will be accounted for in the same manner as Network and direct sales described above.

Network and direct sales (travel)

For travel-related network and direct sales, unlike other purchases of goods and services, the member does not obtain the benefit of the services purchased until a future point in time, generally being the date of travel for flights or the date of check-in for hotels.

For these sales, commission is recognised as revenue only when the member travel has actually occurred, and the Merchant has approved the completed sale. Any amounts received from the Merchant in advance of the date of travel are recorded as a financial liability under AASB 9 for the full amount.

Gift card sales (Woolworths)

Gift card sales are net rebates received under the Woolworths gift card arrangement (which will cease from November 2020) whenever Members buy Woolworths gift cards.

Gift card sales under the new Gift Card marketplace will be accounted for in the same manner as Network and direct sales described above.

Advertising sales

The Group sells advertising spots on its website and promotional emails. Advertising sales revenue is amounts received from Merchants for an ad placement on the website or promotional email to members. Revenue is recognised when the advertisement is placed.

The Group does not offer material discounts or rebates.

Interest

Interest is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Cost of sales

Cost of sales (excluding travel)

Cost of sales represents the accrual of the cashback reward obligation to members for purchases they have made and is recognised at the same time the associated commission revenue is recognised. Cost of sales is similarly reduced to reflect the potential for members to return purchases, as members will lose the right to the cashback reward associated with returned purchases. When the return period of the goods or services purchased expires and the member has not returned their purchase, this amount is recognised as cost of sales.

A. Significant Accounting Policies (continued)

Cost of sales (travel)

Cost of sales represents the accrual of the cashback reward obligation to members for travel that has been completed and is recognised at the same time the associated commission revenue is recognised.

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Practical expedients applied

In adopting AASB 16, the Group has used the following practical expedients permitted by the standard and accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits at 1 July 2019 and no lease had a term in excess of 12 months at the date of adoption 1 July 2019. Accordingly, no right-of-use assets or lease liabilities have been reflected on the face of the statement of financial position.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities that intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

A. Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, or highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has performed its performance obligation by the Member transacting with a Merchant Partner via one of the Cashrewards mediums, but the Group is yet to establish an unconditional right to consideration as the Member may return the goods or services purchased within the Merchant Partner's return period. A reduction in contract assets is recorded to reflect the potential for subsequent Member returns or cancellations. When the return period of the goods or services purchased expires and the Member has not returned the items, the full amount receivable as a Commission is reclassified as a trade receivable.

Contract assets are assessed for impairment under AASB 9. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, contract assets have been grouped based on days overdue.

No contract asset is recorded for travel Commissions until the member travel has actually occurred.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets that are either measured at amortised cost, or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

A. Significant Accounting Policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses, which is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer equipment 3 years

Office equipment 5 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development

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 three years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of three years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

A. Significant Accounting Policies (continued)

Trade and other payables

These amounts represent liabilities for goods provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured.

Members Financial Liabilities

An AASB 9 financial liability is recorded to reflect the Cashback reward obligation for Members who have a total Cashback reward accrual of \$10.01 or more.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Provision for Members Redemption

When cost of sales is recognised, a corresponding liability is recognised that represents the obligation of the Group to redeem the members' accrued rewards. Members are only able to withdraw their cashback rewards when they have accrued \$10.01 or more in cashback rewards. A AASB 137 provision is recorded to reflect the cashback reward obligation for members who have a total cashback reward accrual of less than \$10.01. Cancellation and rewards expiry for non-use (Inactive Accounts) are reversed against cost of sales.

No Provision for Members Redemption is recorded for travel cashback until the member travel has occurred.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Warrants issued by the Group in connection with loans are classified as a financial liability and are measured at fair value, with gains or loss recognised in profit or loss.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or Options over shares, which are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

A. Significant Accounting Policies (continued)

The cost of equity-settled transactions are measured at fair value on Grant Date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model, which takes into account the exercise price, the term of the option, the impact of dilution, the share price at Grant Date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the Grant Date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if it were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either in the principal market, or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

A. Significant Accounting Policies (continued)

Goods and Services Tax and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated Goods and Services Tax ('GST'), unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other 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 that are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian 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 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

A. Significant Accounting Policies (continued)

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the warrants formula in the warrants agreement based on the fair market value of an ordinary share at each reporting date.

Capitalisation of internally-developed software and other intellectual property

Amounts capitalised as part of internally-developed intellectual property include the total cost of any external products or services and labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved.

Amortisation

Useful lives and residual value of intangible assets are reviewed annually. Judgment is applied in determining the useful lives of intangible assets. Any reassessment of useful lives and residual value in a particular period will affect amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future periods.

For unique intellectual property developed and controlled by the Group, the useful life is based on anticipation of future events which may impact their useful life, such as changes in technology.

Deferred tax asset

Deferred tax assets in relation to carried forward tax losses have been recognised during the current year, based on management's assessment that sufficient future taxable profits are probable to utilise the recognised deferred tax assets (offset against deferred tax liabilities).

'Contract asset decline' provision

Management makes assumptions in estimation of the 'contract asset decline provision for subsequent returns or cancellations by customers of the Merchants, which are based on prior periods statistical information. These assumptions are subject to significant judgement at balance date.

Provision for Members Redemption

When cost of sales is recognised, a corresponding liability is recognised by management that represents the obligation of the Group to redeem the members' accrued rewards.

Section 10

Glossary

10. Glossary

Term	Meaning
1H FY22 Results Date	Has the meaning given in Section 9.7.1
2017 ESOP	The employee option plan established by the Company in 2017
2017 ESOP Offer	An offer to participate in the 2017 ESOP
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
Accounting Policies	The accounting policies set out in Appendix A
ACL	Australian Consumer Law
Active Members	Each person who has transacted with Cashrewards in the past 12 months and remains a Member
Active Merchant Partners	Merchant brands that are currently offering Cashrewards' customers Cashback
Affiliate	Large network affiliates who connect Cashrewards to various Merchant Partners
AFSL	Australian financial services licence
AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)</i>
ANZ	Australia and New Zealand Banking Group Limited ABN 11 005 357 522 or a related entity
Andrew Clarke Loan	The \$1,287,389 unsecured term loan facility pursuant to a Loan Agreement dated 1 July 2019 between Eventive Pty Limited (ACN 086 967 259) as trustee for the Andrew Clarke Family Trust and the Company
Applicant	A person who submits an Application
Application	An application made to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus and any replacement prospectus (including the electronic form provided by an online application facility)
Application Monies	The amount of money accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The rules of ASX that govern the admission, quotation and removal of securities from ASX Official List
ASX Recommendations	The fourth edition ASX Corporate Governance Council's <i>Corporate Governance Principles and Recommendations</i>

10. Glossary (continued)

Term	Meaning
ASX Settlement Operating Rules	The settlement rules of ASX as amended, varied or waived from time to time
A\$	Australian dollars
Audit and Risk Committee	The committee described in Section 6.9.2.1
AUSTRAC	Australian Transaction Reports and Analysis Centre
Average Order Value	Total Transaction Value dividend by the number of transactions over the same period of time
Average Revenue Per User/ARPU	The average revenue generated by a unique Active Member over a period of time, as specified
AWS	Amazon Web Services
Board	The Board of Directors of the Company
Broker	Any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a Broker to the Offer
Broker Firm Offer	The Offer of Shares under this Prospectus to investors who are clients of Brokers and who have received a firm allocation from their Broker as detailed in Section 7.5
Broker Firm Offer Applicant	A person who submits an Application under the Broker Firm Offer
Business or Cashrewards	The business carried on by the Group
CAGR	Compound annual growth rate
Capitalised Development Costs	Has the meaning given in Section 4.2.4
Card-linked Offer (CLO)	Cashrewards' Cashback offers that Members can access by purchasing goods and services from Merchant Partners using their Visa or Mastercard debt or credit card that is linked with Cashrewards
Cashback	Has the meaning given in Section 4.2.4
Cashrewards Assistant	Cashrewards internet browser extension, which alerts Members of Cashrewards offers when Merchant Partner websites appear in internet searches and when browsing Merchant Partner websites
CCLA	<i>Competition and Consumer Act 2010 (Cth)</i>
CHESS	Clearing House Electronic Subregister System, operated in accordance with ASX Listing Rules and ASX Settlement Operating Rules
Claim	A claim submitted by a Member under Cashrewards Cashback Guarantee

10. Glossary (continued)

Term	Meaning
Click Frenzy	An Australian online sales initiative where retailers provide exclusive offers. In 2020, Click Frenzy will commence from 7.00 pm 10 November 2020 and will take place over a 53-hour period
Closing Date	The date on which the Offer is expected to close, being 23 November 2020 in respect of the Retail Offer. These dates may be varied without prior notice
Commission	Revenue earned relating to commission from Merchant Partner sales and commission from gift cards
Company	Cashrewards Limited (ACN 615 084 654)
Completion	The Completion of the Offer, being the date upon which Shares are issued or transferred to Successful Applicants in accordance with the terms of the Offer
Constitution	The Constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Cost of Sales	Has the meaning given in Section 4.2.4
CPA or Cost Per Acquisition	Marketing expenses over the relevant period divided by the total number of new Member registrations in the same relevant period
CY	Year to 31 December
Directors	Each of the Directors of the Company from time to time
EBIT	Has the meaning given in Section 4.2.4
EBITDA	Has the meaning given in Section 4.2.4
Eligible Person	Any employee, contractor or director (or prospective employee, contractor or director) of one or more Group Company selected by the Board to participate in the 2017 ESOP
Enterprise Value	The sum of market capitalisation at the Offer Price and pro forma net debt
Escrow Deeds	The Escrow Deeds entered into between the Company and the Escrowed Securityholders as described in Sections 7.10 and 9.7
Escrow Period	The period from the issue date until 4.30 pm (Sydney time) on the day that the full year financial results for FY21 are submitted to ASX for release to the market This period is subject to certain exceptions as outlined in Section 9.7
Escrowed Securities	Each of the Shares or Options held by the Escrowed Securityholders at Completion of the Offer (other than any Shares issued in connection with the Offer)
Escrowed Securityholders	Persons subject to voluntary escrow arrangements as described in Section 9.7
Exercisable Options	The 3,483,364 Options to be exercised at or before Completion
Existing Shares	The Shares held by the Existing Shareholders

10. Glossary (continued)

Term	Meaning
Existing Shareholders	Those persons holding Shares as at the Prospectus Date
Expiry Date	13 months after the Prospectus Date
Exposure Period	The seven-day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days
FATA	<i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth)
Financial Information	Has the definition given in Section 4.1
FY	Year to 30 June
FY21 Results Date	Has the meaning given in Section 9.7.1
FY22 Results Date	Has the meaning given in Section 9.7.1
Grant Date	on or around the date that is 3 months after the date that Cashrewards is admitted to ASX Official List
Gross Profit Margin	Has the meaning given in Section 4.2.4
Group	The Company and each of its subsidiaries
Group Company	Has the definition given in Section 6.4.2.4
Gross Revenue	Gross Revenue is the Commission that is recorded at the time of sale before declined transactions are taken into account.
GST	Goods and services tax
HIN	Holder Identification Number
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Inactive Account	The account of a Member who does not log in to the Cashrewards website and click-through to a Merchant Partner's website at least once in any 12-month period
Inactive Rate	The rate, measured as a proportion of Members who have not transacted through the Cashrewards ecosystem in the last 12 months over Members
Independent Market Expert	Frost & Sullivan Australia Pty Ltd
Industry Data	Data relating to the industries, segments, sectors and channels in which the Company operates

10. Glossary (continued)

Term	Meaning
Institutional Investor	<p>Investors who are:</p> <ul style="list-style-type: none"> persons in Australia who are wholesale clients under section 761G of the Corporations Act and either 'professional investors' or 'sophisticated investors' under sections 708(11) and 708(8) of the Corporations Act; Institutional Investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company is willing in its discretion to comply); and <p>provided that in each case such investors are not in the United States</p>
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.7
Investigating Accountant	Deloitte Corporate Finance Pty Limited
Joint Lead Managers	Ord Minnett and Moelis
Key Management Personnel	Bernard Wilson, Iain Skelton and Steve Cuda
Leaver	An Optionholder who ceases employment with a Group Company
Listing	Admission of the Company to the Official List of ASX
Master Goods and Services Agreement	Master Goods and Services Agreement between Woolworths Gift Cards and Cashrewards Pty Limited
Members	Each person with an open account with Cashrewards
Members Financial Liability	The accumulated financial liability to Members that individually have total rewards accrued and remaining in their account greater than or equal to the minimum withdrawal value, as defined in the Cashrewards Terms of Use, which is currently A\$10.01. This amount is recorded as a financial liability under AASB 9 Financial Instruments
Merchant Partner Agreement	A bespoke affiliate agreement between the Company and a Merchant Partner which can either operate independently from or in addition to a Network Affiliate Agreement
Merchant Partners	Merchants that are currently contracted to provide Cashrewards Members with Cashback offers
Monthly Active Members	Members who have transacted on the Cashrewards platform with the last month
Merchant Services Agreement	A standard form merchant services agreement prepared by the Company, which incorporates by reference a set of standard terms and conditions that apply to Merchant Partners that offer Cashback in-store or online
MIS	Managed investment scheme
Moelis	Moelis Australia Advisory Pty Ltd (ACN 142 008 446)

10. Glossary (continued)

Term	Meaning
Network Affiliate Agreement	An agreement between the Company and an Affiliate
New LTIP or New Long-Term Incentive Plan	The new long-term incentive plan described in Section 6.6.4
New LTIP Grant	The initial grant of Options made by the Company to certain employees under the terms and conditions of the New LTIP as described in Section 6.6.5
New LTIP Plan Rules	The rules of the New LTIP as described in Section 6.6.4
New Shares	The New Shares to be issued by the Company under the Offer
Nomination and Remuneration and Committee	The committee described in Section 6.9.2.2
NPAT	Net profit after tax
Offer	The Offer under this Prospectus of New Shares for issue by the Company and of Existing Shares by SaleCo
Offer Period	The period from the Opening Date, and ending on the Closing Date
Offer Price	\$1.73 per Share
Official List	The Official List of ASX
Opening Date	The date on which the Retail Offer opens, being Wednesday, 18 November 2020
Option or Option Share	Means an option over an unissued Share
Optionholders	Means a holder of an Option under the 2017 ESOP
Optionholders' Offer	The Option Shares offered to holders of Exercisable Options under this Prospectus
Ord Minnett	Ord Minnett Limited (ACN 002 733 048)
Participant	Each member of the Key Management Personnel as well as each independent Non-Executive Director, being those persons who are eligible to receive the New LTIP Grant as described in Section 6.6.5
Partner Rewards Engine	Cashrewards technology platform that enables Cashrewards to integrate with third-party partners
pcp	Prior corresponding period
PFG	Partners for Growth V, L.P.
PFG Loan	The \$1,000,000 amortising loan facility pursuant to the Loan Agreement dated 10 August 2018 between PFG, the Company, Andrew Harkness Clarke and Lorica Clarke

10. Glossary (continued)

Term	Meaning
PFG Warrants or Warrants	The warrants over Shares on issue in favour of PFG pursuant to the two warrant agreements dated April 2018 and May 2019 respectively, and one warrant agreement dated August 2018 (which were exchanged for Shares prior to the Prospectus Date)
Plan Rules	The Rules of the 2017 ESOP
Pledge 1%	The 250,592 Shares to be issued to the Starlight Children's Foundation (or its nominee) upon Completion of the Offer in connection with a Memorandum of Understanding dated 15 June 2017 between Starlight Children's Foundation and Cashrewards Operations Pty Limited
Pre-IPO Equity Raising	The issue of \$5.65 million of Shares by Cashrewards to certain Existing Shareholders in August 2020
Priority Offer	The component of the Offer under which investors who have received a Priority Offer Invitation are invited to apply for Shares, as described in Section 7.6
Priority Offer Applicant	A person who submits an Application under the Priority Offer
Priority Offer Invitation	The invitation under this Prospectus to selected investors in Australia and certain other jurisdictions to participate in the Priority Offer on a firm basis up to the allocation of Shares determined by the Company
Privacy Act	<i>Privacy Act 1988</i> (Cth)
Pro Forma Historical Cash Flows	Has the meaning given in Section 4.1
Pro Forma Historical Income Statements	Has the meaning given in Section 4.1
Pro Forma Historical Statement of Financial Position	Has the meaning given in Section 4.1
Proper ASTC Transfer	Has the meaning given in the <i>Corporations Regulations 2001</i> (Cth) reg 1.0.12
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 10 November 2020
Provision for Members Redemption	The accumulated financial liability to Members that individually have total rewards accrued and remaining in their account less than the minimum withdrawal value, as defined in the Cashrewards Terms of Use, which is currently A\$10.01
Retail Offer	Together, the Broker Firm Offer and Priority Offer
Sale Shares	The Existing Shares that are offered for sale by SaleCo under the Offer
SaleCo	Cashrewards SaleCo Limited (ACN 644 956 383)
Selling Shareholders	Those Existing Shareholders who have irrevocably offered to sell Existing Shares to SaleCo prior to Listing

10. Glossary (continued)

Term	Meaning
Settlement	The Settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated Settlement support arrangements
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of a Share in the Company
Share Registry	Link Market Services Limited
Spam Act	<i>Spam Act 2003</i> (Cth)
SRN	Securityholder Reference Number
Starlight or Starlight Children's Foundation	Starlight Children's Foundation Australia (ABN 80 931 522 157)
Starlight Offer	The Starlight Shares offered to Starlight under this Prospectus
Starlight Shares	The 250,582 Shares to be issued to Starlight as described in Section 7.13.1
Statutory Historical Cash Flows	Has the meaning given in Section 4.1
Statutory Historical Income Statements	Has the meaning given in Section 4.1
Statutory Historical Statement of Financial Position	Has the meaning given in Section 4.1
Successful Applicant	An Applicant who is issued or transferred Shares under the Offer
Total Research and Development Costs/R&D	Has the meaning given in Section 4.2.4
Total Transaction Value or TTV	<p>Total Transaction Value refers to the face value of goods, services and gift cards purchased via the Cashrewards platform. Cashrewards closely monitors Total Transaction Value as a lead indicator of Commissions. Total Transaction Value may not convert to revenue as some transactions could subsequently be declined for a variety of reasons, mainly being the return of goods, services or gift cards, or in the case of travel, cancellation of bookings.</p> <p>In respect to travel, Total Transaction Value is typically recorded well in advance of travel revenue being recognised, as the revenue is only recognised once the Merchant Partner provides the Member with the travel service.</p>
Underwriting Agreement	The Underwriting Agreement dated on or about the date of this Prospectus between the Company and the Joint Lead Managers as described in Section 9.6
US Person	Has the meaning given in Rule 902(k) of Regulation S under the US Securities Act
US Securities Act	US Securities Act of 1933, as amended
Working Capital	Has the meaning given in Section 4.2.4

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Cashrewards Limited ("Cashrewards") Shares. Further details about the Shares are contained in the Prospectus dated 10 November 2020 issued by Cashrewards Limited. The Prospectus will expire no later than 13 months after the date of this Prospectus. While the Prospectus is current, Cashrewards Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

By lodging the Application Form, the Applicant agrees that this Application for Shares in Cashrewards Limited is upon and subject to the terms of the Prospectus and the Constitution of Cashrewards Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of A\$2,000 worth of Shares and thereafter in multiples of A\$500. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Cashrewards Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Cashrewards Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Cashrewards Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
- If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Cashrewards Limited ("Cashrewards") Shares. Further details about the Shares are contained in the Prospectus dated 10 November 2020 issued by Cashrewards Limited. The Prospectus will expire no later than 13 months after the date of this Prospectus. While the Prospectus is current, Cashrewards Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

By lodging the Application Form, the Applicant agrees that this Application for Shares in Cashrewards Limited is upon and subject to the terms of the Prospectus and the Constitution of Cashrewards Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of A\$2,000 worth of Shares and thereafter in multiples of A\$500. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Cashrewards Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Cashrewards Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Cashrewards Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
- If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Corporate Directory

Company's Registered Office

Cashrewards Limited

Level 16, 1 Market Street
Sydney NSW 2000

Joint Lead Managers

Ord Minnett Limited

Level 8, 255 George Street
Sydney NSW 2000

Moelis Australia

Level 27, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Legal Advisers

Gilbert + Tobin

Level 35, Tower 2
200 Barangaroo Avenue
Barangaroo NSW 2000

Auditor

Deloitte Touche Tohmatsu

Level 9, 225 George Street
Sydney NSW 2000

Cashrewards Offer Information Line

Between 8.30 am and 5.30 pm (Sydney time),
Monday to Friday

Toll free within Australia
1800 810 827

Outside Australia
+61 1800 810 827

Offer website
<https://events.miraqle.com/cashrewards-offer>

Share Registry

Link Market Services Limited

Level 12, 680 George Street,
Sydney NSW 2000

Investigating Accountant

Deloitte Corporate Finance Pty Limited

Level 9, 225 George Street
Sydney NSW 2000

Tax Adviser

Deloitte Tax Services Pty Ltd

Level 9, 225 George Street
Sydney NSW 2000

