

22 April 2024
ASX Announcement

Q3'24 Results

Highlights:

- **Record revenue:** \$10.5m¹ up 22% on pcp overcoming historical seasonal weakness in Q3 and driven by two new tier 1 clients that have achieved tier-1² status for the quarter
- **Cash from operations:** \$0.2m¹ for the quarter, an improvement of \$3.8m on pcp, and the fourth consecutive quarter of positive cash from operations taking YTD net cash from operations to \$1.8m with the Company expecting a strong uplift from seasonality and new clients signed in Q4'24
- **Reaffirm guidance:** FY24 Underlying EBITDA³ in excess of \$3m and revenue of between \$40m and \$42m
- **Strong balance sheet:** \$12.4m cash at bank, an improvement of \$7.4m on pcp, well positioned to fund growth opportunities
- **Client growth:** 83 new clients signed, including one expected tier-1 client^{2,4} in the energy sector and eight expected tier-2 clients^{2,4}.
- **Digital collection:** Up 59% on pcp to \$29.6m for the quarter and a record \$10.7m achieved in March, surpassing \$10.0m collected in a month for the first time, with deployed technology boosting performance and profitability
- **Favourable macro environment:** Rising costs of living continues to create increased demand for Credit Clear's services reflected by a 61% growth on pcp in the value of files under the Company's management
- **Q3'24 investor briefing:** The Company will host a briefing today, 22 April, at 9.15am, click to register [here](#)

Australian technology and debt resolution provider Credit Clear Limited (ASX: CCR) ("Credit Clear" or "the Company") is pleased to announce its results for the quarter ending 31 March 2024 (Q3'24).

Financials

Credit Clear delivered record revenue of \$10.5m¹, up 22% on pcp, tracking in line with guidance of \$40m - \$42m for FY24 that was upgraded with the 1H'24 results. Revenue growth was driven by two recently signed clients that have grown to achieve tier-1² status during the quarter.

The Company remains on track to achieve its Underlying EBITDA³ guidance of in excess of \$3m.

The Company produced its fourth consecutive quarter of positive cash from operations with \$0.2m in Q3'24. Cash from operations now stands at \$1.8m for YTD FY24.

The Company had \$12.4m cash at bank on 31 March 2024, a \$7.4m improvement year-on-year and in a strong position to fund growth opportunities.

Historically, Q2 and Q3 are seasonally weaker quarters of growth and, having now posted revenue growth through these quarters, the Company is well positioned heading into Q4'24 and Q1'25, historically the strongest quarters of growth.

Digital technology

Payments made via the high-margin digital platform grew 59% pcp to \$29.6m, surpassing \$10.0m collected on the digital platform during a month for the first time in March. The Company's Consumer Division continuing to adopt and deploy the technology as it onboards large new tier-1 clients with two additional clients achieving tier-1 status for the quarter.

New clients

The Company signed 83 new clients during the quarter, which was again characterised by the signing of a new expected tier-1 client^{2,4} and eight expected tier-2 clients^{2,4}. Feedback from new clients signed regarding their decision to appoint Credit Clear centre around the need to introduce new and innovative engagement strategies, while also looking to introduce a new independent provider onto their collections panel to strengthen their collection capabilities in the current challenging economic environment.

The new business pipeline remains strong. State Government work is a growing area for the Company, where, for example, it has recently been added to a state government approved providers panel in Western Australia, resulting in potential work with several state departments.

The insurance sector also continues to be an area of strength with two new insurance providers progressing through the sales pipeline. Credit Clear's recently announced a partnership with Guidewire, a global leader in insurance claims management, illustrates the need for customer-centric approaches to recoveries with a solution that enables space, options, and flexibility. The partnership establishes a mutually advantageous scenario for policyholders and insurers, showcasing the positive outcomes arising from constructive customer engagement.

Credit Clear has also been named as a Finalist in the Best Service Provider (Claims) category at the prestigious Insurance Business Australia Awards. Further recognition of the Company's industry leading service within the claims industry.

Macro-economic environment

The macroeconomic environment continues to be favourable for Credit Clear. The recent reporting period has shown that many of Australia's largest businesses (by size of customer base) have taken proactive steps to prepare for an increase in the number of customers that are expected to fall behind on their accounts.

In its April 2024 Financial Stability Report the RBA noted that many households continue to experience pressure on their budgets from high inflation and tighter monetary policy. Significantly it highlighted that since the start of 2022, real disposable income (income

after tax and interest payments and adjusted for inflation) has declined by around 7% to be near its pre-pandemic level in per capita terms.

Households with lower incomes, including many renters, have felt these budget pressures acutely. Most mortgagors have experienced an increase in their minimum scheduled payments of 30–60 per cent since the first increase in the cash rate in May 2022.

Sharply higher housing costs (for borrowers and renters) and broad-based cost-of-living pressures have weighed heavily on the budgets of many households and contributed to very weak consumer sentiment.

Information received through the RBA's liaison program indicates that more people than usual, and including wage earners and mortgagors, are seeking support from community organisations.

Credit Clear CEO, Andrew Smith, said: "Record revenue and a controlled cost base have helped to deliver sustainable cash from operations for the past 12 months. Having grown the business through the seasonally weaker Q2 and Q3 quarters, we now expect a strong uplift through the seasonally stronger Q4 and Q1'25 quarters. Our ongoing success in winning new clients has been extended, and it is particularly pleasing to see two more clients achieve tier 1 status. Finally, the continued uptake of digital engagement strategies by many of our largest clients is achieving better collection rates, while at the same time improving the end customer's experience – a critical outcome as financial stress continues to rise in our community."

Shareholder briefing:

The Company invites shareholders and investors to its Q3'24 investor briefing to be hosted by CEO and MD Andrew Smith, CFO Victor Peplow and Chief Product and Technology Officer Jason Serafino.

When: Monday, 22 April 2024

Time: 9.15am

Register for the briefing: [here](#)

Notes:

1. Q3'24 revenue and cash from operations are unaudited
2. Tier 1 clients = revenue of >\$500p.a. and Tier 2 clients – revenue of >\$100k and <500K p.a.
3. Underlying EBITDA excludes share based expenses and non-core items, but includes Tech Development OPEX
4. Expected revenue is based on information provided by clients

This ASX announcement was authorised for release by the Board of Credit Clear Limited.

- ENDS –

Investor and Media Enquiries

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About Credit Clear

Credit Clear Limited is an Australian technology company that has developed a digital billing and communication platform that helps organisations drive smarter, faster, and more efficient financial outcomes by changing the way customers manage their re-payments through a user experience that the market demands in a digital age, powered by award winning artificial intelligence.

Credit Clear manages customer accounts across a range of industries including transport, financial services, insurance, government, and utilities. The Company is based in Australia with headquarters in Sydney and offices in Melbourne, Brisbane, Adelaide, and Perth.

www.creditclear.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Credit Clear Limited

ABN

48 604 797 033

Quarter ended ("current quarter")

March 2024

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 9,912 | 32,351 |
| 1.2 Payments for | | |
| (a) research and development | | |
| (b) product manufacturing and operating costs | | |
| (c) advertising and marketing | (147) | (419) |
| (d) leased assets | (142) | (461) |
| (e) staff costs | (5,696) | (16,298) |
| (f) administration and corporate costs | (3,747) | (13,419) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 121 | 373 |
| 1.5 Interest and other costs of finance paid | (94) | (291) |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other | | |
| 1.9 Net cash from / (used in) operating activities | 207 | 1,836 |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) businesses | | (481) |
| (c) property, plant and equipment | (61) | (122) |
| (d) investments | | |
| (e) intellectual property | (294) | (939) |
| (f) other non-current assets | | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | | |
| | (b) businesses | | |
| | (c) property, plant and equipment | | |
| | (d) investments | | |
| | (e) intellectual property | | |
| | (f) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | 21 | 21 |
| 2.6 | Net cash from / (used in) investing activities | (334) | (1,521) |

| | | | |
|-------------|---|--------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | | 500 |
| 3.2 | Proceeds from issue of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | | |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | | |
| 3.5 | Proceeds from borrowings | | 648 |
| 3.6 | Repayment of borrowings | (195) | (195) |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other – office lease payments | (283) | (834) |
| 3.10 | Net cash from / (used in) financing activities | (478) | 119 |

| | | | |
|-----------|--|--------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 13,041 | 12,002 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 207 | 1,836 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (334) | (1,521) |

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (478) | 119 |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 12,436 | 12,436 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 12,436 | 13,041 |
| 5.2 | Call deposits | | |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details) | | |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 12,436 | 13,041 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|---|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 145 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | Nil |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

\$145k in payments at 6.1 relate to Director fees as well as wages paid to the Managing Director.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 | Loan facilities | |
| 7.2 | Credit standby arrangements | |
| 7.3 | Other – Credit Card Facilities | 0 |
| 7.4 | Total financing facilities | 108 |
| 7.5 | Unused financing facilities available at quarter end | 108 |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | |
| | ANZ Bank provides a \$50,000 credit card facility which is unsecured. Nab provides a \$50,000 credit card facility which is unsecured. Westpac provides a \$8,000 credit card facility which is unsecured. | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|--|
| 8.1 | 207 |
| 8.2 | 12,436 |
| 8.3 | 108 |
| 8.4 | 12,544 |
| 8.5 | N/A |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> | |
| 8.6 | If item 8.5 is less than 2 quarters, please provide answers to the following questions: |
| 8.6.1 | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? |
| | |
| 8.6.2 | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |
| | |
| 8.6.3 | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? |
| | |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i> | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:22/04/2024.....

Authorised by:By the Board.....

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.