

A man and a woman are shown from the chest up, leaning over a table and looking at a tablet. The man, on the left, has dark hair and a beard, wearing a red and white checkered shirt. The woman, on the right, has long brown hair and is smiling broadly, wearing a grey sweater. The background is slightly blurred, showing a guitar and a bookshelf.

**CREDIBLE LABS INC. (ASX:CRD)**

# FY 2018 Full Year Financial Results

28<sup>th</sup> February 2019

**Presented by:**

Stephen Dash – CEO

Chris Bishko – CFO

**credible**



# Disclaimer

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Investors should note that this document may contain unaudited financial information for Credible that has been prepared by Credible management. Credible's results are reported under International Financial Reporting Standards (IFRS). Investors should be aware that certain financial data included in this presentation including CLV is "non-IFRS financial information" under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by ASIC or "non-GAAP financial measures" within the meaning of Regulation G of the US Securities Exchange Act of 1934.

All values are stated in U.S. dollars unless otherwise stated.



# FY 2018 Key Highlights (US Dollars)

## RECORD CLOSED LOAN VOLUME ("CLV")

\$1.1bn in FY 2018 and \$368mn in Q4 2018

- +40% annual growth over FY 2017
- +108% y-o-y growth in Q4

## STRONG FINANCIAL PERFORMANCE

Solid revenue and margin growth with significant momentum in H2

- \$26.4mn in revenue (+34% growth)
- \$6.8mn gross profit (26% margin)

## HEALTHY MARKETPLACE DYNAMICS

Continued progress against stated strategic goals

- Repositioned toward scalable partnership channels (~3x growth<sup>1</sup>)
- Scaled personal loans marketplace and diversified lender mix

## ACCELERATED MORTGAGE LAUNCH

Launched 6 months ahead of schedule

- Licensed in 34 states as at Dec-18
- 6 lenders (including 4 of top 10)

## DEMONSTRATED PLATFORM SCALABILITY

Substantially scaled CLV with only modest additional investment

- +150% increase in # closed loans<sup>2</sup>
- Modest increase in headcount (22%<sup>2</sup>) and operating expense (22%<sup>2</sup>) during the year

## STRONG CASH POSITION

\$29.6mn in cash and cash-like resources<sup>3</sup>

- Significant resources to continue to invest in growth activities

1. CLV from Credible's partner channel almost tripled between Q4 2017 and Q4 2018 (+175% growth)

2. Loans originated related to Q4 2018 vs Q4 2017. Headcount as at 31-Dec-18 vs 31-Dec-17. Operating Expenses relates to H2 2018 vs. H1 2018 (excluding share based payment expenses)

3. Includes investments in BBB+ or higher rated instruments with short term maturity dates of less than two years, with the majority less than one year



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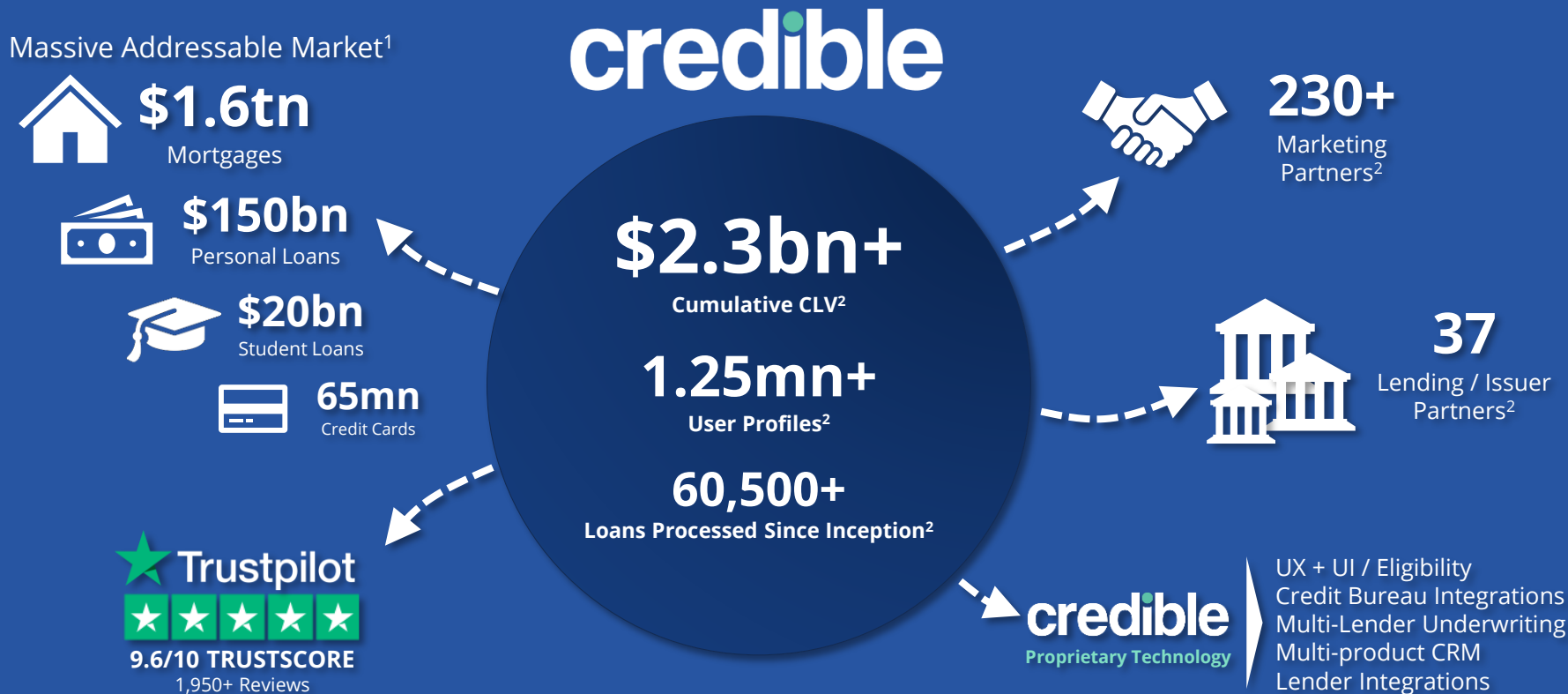
SECTION 1

**THE CREDIBLE PLATFORM**





# Credible is a millennial-focused, end-to-end online loan marketplace



1. All figures reflect estimate of annual originations. Mortgage originations based on latest Mortgage Bankers Association forecast for 2019, Personal Loans originations reflects annualized Q3 2018 originations based on TransUnion data, Student loans originations includes student loan refinancing and private student loan origination and is based on management estimates based on market data, Credit cards reflects annualized Q3 2018 originations based on TransUnion data

2. As at 31 December 2018



The Credible platform

# Credible's platform provides meaningful benefits to both consumers and financial institutions



✓ Compare accurate rates from multiple lenders in <3 mins

✓ Checking rates does not impact credit score<sup>1</sup>

✓ Personal data is never sold

✓ Digital, concierge-style service from click-to-close

✓ Efficient customer acquisition at scale

✓ Eliminates marketing risk

✓ Access to national audience

✓ Integrated compliance

1. In the U.S. a hard credit inquiry will affect a consumer's credit score. A hard credit inquiry is triggered when a borrower actually applies for credit, such as a mortgage, credit card, student loan, or personal loan. The inquiry requires a borrower's consent and becomes part of a borrower's credit report, meaning any third party who does a hard or soft pull will see the inquiry. Hard inquiries are often associated with a decrease in credit score.



The Credible platform

Credible is purpose built to give today's "on-demand" millennial consumers control over their borrowing options



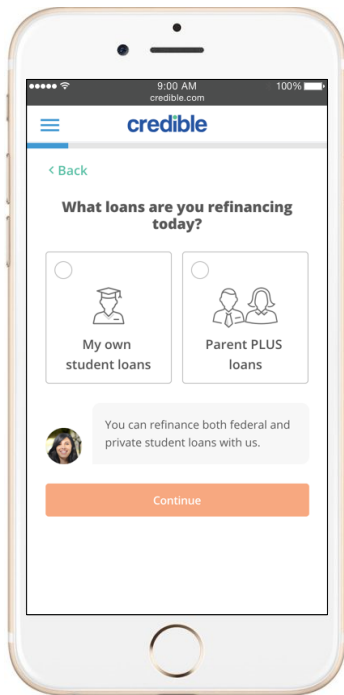


The Credible platform

Credible's user experience is streamlined and unique ...

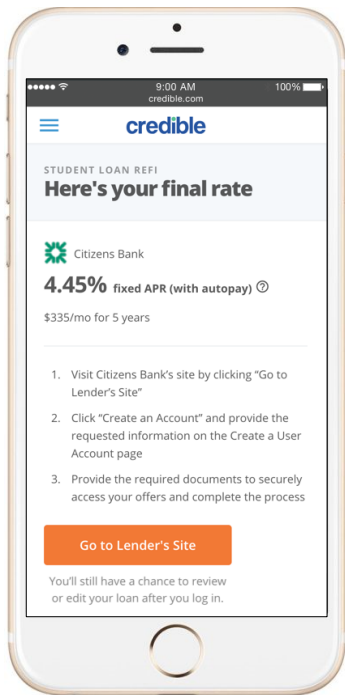
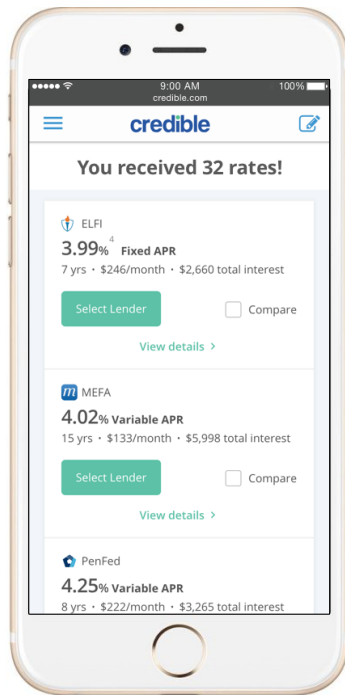
1

Compare accurate rates from multiple lenders (<3 mins)



2

Concierge-style closing



**70%+**  
of customers  
self-serve<sup>1</sup>

**95%+**  
pre-qual. rate  
accuracy<sup>1</sup>

1. Statistic relates to student and personal loans platform



The Credible platform

... and our customers love to use our service

*"I was struggling for years to find a way to consolidate my college loans. Credible was quick and easy with no back and forth. Representatives were knowledgeable and very quick to respond. I am pleased with their service and the bank I am currently working with.*

*Thank you!"*

— Amanda, **Student Loan Refinance**

*"We got a great rate. From start to finish, it only took us 21 days to close our loan which is incredible. Our friends down the street said it took them twice as long."*

— Julie, **Mortgage Refinance**

*"Applied on Thursday and funds were in my account on Tuesday. Paid off the rest of my car loan and a credit card. This is going to save me almost \$600 per month."*

— Greg, **Personal Loan**

*"Super easy to refinance my student loan. I didn't think I was going to be able to refinance but Credible showed me options that worked with my income."*

— Raini, **Student Loan Refinance**





A group of four people (three women and one man) are gathered around a table, looking at documents. One document shows a bar chart and a pie chart. The man on the right is pointing at the documents. The woman in the center is looking at the documents. The woman on the left is looking at the documents. The man on the far left is looking at the documents.

## SECTION 2

# FY 2018 RESULTS ANALYSIS

credible



Credible delivered \$26.4mn of Revenue in FY 2018, representing 34% growth over FY 2017 (and H2 2018 over H1 2018 growth of 101%)

| US\$'000                        |    | H1 2018         | H2 2018        | FY 2018         | FY 2017         | %Δ           |
|---------------------------------|----|-----------------|----------------|-----------------|-----------------|--------------|
| <b>Revenue</b>                  | \$ | <b>8,759</b>    | <b>17,628</b>  | <b>26,386</b>   | <b>19,760</b>   | <b>33.5%</b> |
| Cost of sales                   | \$ | (6,957)         | (12,553)       | (19,510)        | (14,007)        | 39.3%        |
| <b>Gross profit</b>             | \$ | <b>1,802</b>    | <b>5,075</b>   | <b>6,877</b>    | <b>5,754</b>    | <b>19.5%</b> |
| Gross Margin                    | %  | 20.6%           | 28.8%          | 26.1%           | 29.1%           | (3.1) pts    |
| Other income                    | \$ | 238             | 323            | 561             | 69              | nmf          |
| <b>Operating Expenses</b>       |    |                 |                |                 |                 |              |
| Employee benefit expenses       | \$ | (6,650)         | (5,352)        | (12,002)        | (6,588)         | 82.2%        |
| Administrative expenses         | \$ | (3,120)         | (3,103)        | (6,224)         | (3,325)         | 87.2%        |
| Marketing expenses              | \$ | (703)           | (489)          | (1,193)         | (975)           | 22.3%        |
| Depreciation and amortisation   | \$ | (376)           | (625)          | (1,001)         | (797)           | 25.7%        |
| Other expenses                  | \$ | 89              | (155)          | (66)            | (1,609)         | nmf          |
| Finance costs                   | \$ | -               | -              | -               | (284)           | nmf          |
| Fair value loss on derivative   | \$ | -               | (1)            | (1)             | (3,427)         | nmf          |
| <b>Total Operating Expenses</b> | \$ | <b>(10,761)</b> | <b>(9,725)</b> | <b>(20,486)</b> | <b>(17,004)</b> | <b>20.5%</b> |
| <b>Loss for the year</b>        | \$ | <b>(8,721)</b>  | <b>(4,327)</b> | <b>(13,048)</b> | <b>(11,181)</b> | <b>16.7%</b> |

- **Revenue and Gross Profit growth of 34% and 20% respectively** reflects:
  - Strong H2 2018 as result of:
    - Company-wide focus on building its partnership channel as discussed in Credible's HY 2018 results
    - Strong momentum in Student Loan Refinance and Personal Loans maintained in Q4 2018 resulting in record Q4 CLV, with Credible's personal loans marketplace experiencing accelerating growth
  - This was in contrast to a flat H1 2018 that was due to disciplined marketing spend across paid channels (Google, Facebook) and deliberate efforts by management to maintain margin in the face of increasing paid marketing costs
- **Employee Benefit Expenses** increased as the business invested in:
  - Building out its team to support the launch of its mortgage platform, including opening of a new Durham, NC office (April 2018)
  - Investments in operating teams across business intelligence, finance and customer success
- **Administrative Expenses** increased reflecting addition of Durham office, costs related to relocation of SF headquarters and impact of public company costs
- **Marketing Expenses** driven by below the line marketing activities including increased investments in branding, primarily in TV advertising related activities, in line with stated strategy to broaden brand awareness



# Credible continued to make targeted investments in the platform ...

| US\$'000                                                     | FY2017         | FY2018          | %Δ              |
|--------------------------------------------------------------|----------------|-----------------|-----------------|
| <b>Cash from operating activities:</b>                       |                |                 |                 |
| Receipts from customers                                      | 19,524         | 24,969          | 27.9%           |
| Payments to suppliers and employees                          | (24,067)       | (35,200)        | 46.3%           |
| Interest and other income received                           | 23             | 647             | nmf             |
| <b>Net cash used in operating activities</b>                 | <b>(4,521)</b> | <b>(9,585)</b>  | <b>112.0%</b>   |
| <b>Cash flows from investing activities:</b>                 |                |                 |                 |
| Purchase of plant and equipment                              | (105)          | (235)           | 124.4%          |
| Payments for intangible assets                               | (2,254)        | (4,122)         | 82.9%           |
| Purchase of investments, net                                 | -              | (21,484)        | nmf             |
| Refund of security deposit                                   | 42             | 240             | 472.0%          |
| Payment of security deposit                                  | -              | (580)           | nmf             |
| <b>Net cash used in investing activities</b>                 | <b>(2,317)</b> | <b>(26,182)</b> | <b>nmf</b>      |
| <b>Cash flows from financing activities:</b>                 |                |                 |                 |
| Proceeds from borrowings                                     | 100            | -               | (100.0%)        |
| Proceeds from issue of shares                                | 38,996         | 22              | (99.9%)         |
| Transaction costs on issue of shares                         | (2,457)        | (96)            | (96.1%)         |
| Repurchase of shares                                         | (0)            | (0)             | (50.0%)         |
| <b>Net cash (used in) / provided by financing activities</b> | <b>36,638</b>  | <b>(74)</b>     | <b>(100.2%)</b> |
| Net (decrease) / increase in cash and cash equivalents       | 29,801         | (35,841)        | (220.3%)        |
| Cash and cash equivalents at beginning of year               | 14,115         | 43,916          | 211.1%          |
| <b>Cash and cash equivalents at end of year</b>              | <b>43,916</b>  | <b>8,075</b>    | <b>(81.6%)</b>  |
| <b>Cash and cash equivalents at end of year</b>              | <b>43,916</b>  | <b>8,075</b>    | <b>(81.6%)</b>  |
| Plus: Financial assets at end of year                        | -              | 21,563          | nmf             |
| <b>Cash and cash-like resources at end of year</b>           | <b>43,916</b>  | <b>29,638</b>   | <b>(32.5%)</b>  |

1. Includes investments in BBB+ or higher rated instruments with short term maturity dates of less than two years, with the majority less than one year

- **Ended the year with a strong cash and cash-like resources balance of \$29.6mn<sup>1</sup>**
- **Total FY 2018 cash burn \$14.3mn** relative to \$6.8mn in FY 2017 (excluding cash flows from financing), reflective of:
  - **Improved Gross Profit performance in H2 2018** as a result of strong momentum from Credible's core verticals
  - **Increased operational spending and investments** in administrative, employee and marketing costs as previously detailed
  - **Offset by improved operational efficiency** as Credible grew loan application volume through its platform faster than its need to invest in headcount, demonstrating scalability of Credible's platform
  - **Increased investment activity over 2018** in Credible's technology platform, specifically hires across engineering and product to support the launch of Credible's mortgage platform and continued platform development in core verticals



... resulting in a strong balance sheet position with \$29.6mn in cash and cash-like resources at 31 December 2018

| US\$'000                             | FY 2017       | FY 2018       | %Δ             |
|--------------------------------------|---------------|---------------|----------------|
| <b>CURRENT ASSETS</b>                |               |               |                |
| Cash and cash equivalents            | 43,916        | 8,075         | nmf            |
| Trade and other receivables          | 2,881         | 4,220         | 46.5%          |
| Financial assets                     | -             | 21,563        | nmf            |
| Prepayments and other assets         | 752           | 708           | (5.9%)         |
| <b>TOTAL CURRENT ASSETS</b>          | <b>47,550</b> | <b>34,566</b> | <b>(27.3%)</b> |
| <b>NON-CURRENT ASSETS</b>            |               |               |                |
| Other assets                         | 133           | 715           | 438.9%         |
| Plant and equipment                  | 131           | 293           | 124.0%         |
| Intangible assets                    | 3,535         | 6,729         | 90.4%          |
| <b>TOTAL NON-CURRENT ASSETS</b>      | <b>3,799</b>  | <b>7,738</b>  | <b>103.7%</b>  |
| <b>TOTAL ASSETS</b>                  | <b>51,348</b> | <b>42,304</b> | <b>(17.6%)</b> |
| <b>CURRENT LIABILITIES</b>           |               |               |                |
| Trade and other payables             | 1,744         | 4,220         | 142.0%         |
| <b>TOTAL CURRENT LIABILITIES</b>     | <b>1,744</b>  | <b>4,220</b>  | <b>142.0%</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |               |               |                |
| Deferred rent                        | -             | 174           | nmf            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>-</b>      | <b>174</b>    | <b>nmf</b>     |
| <b>TOTAL LIABILITIES</b>             | <b>1,744</b>  | <b>4,395</b>  | <b>152.0%</b>  |
| <b>NET ASSETS</b>                    | <b>49,605</b> | <b>37,909</b> | <b>(23.6%)</b> |

**\$29.6mn cash  
and cash-like  
resources<sup>1</sup>**

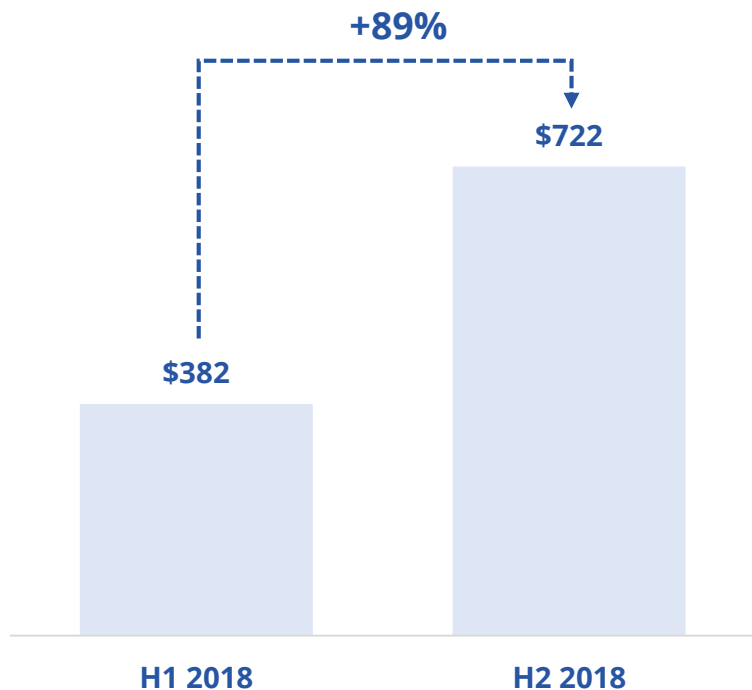
- **Strong cash balance and investments balance**, allowing Credible to continue to fund its growth strategy
- **Cash resources** represent highly liquid investments with BBB+ or higher rating, with short term maturity dates
- **Continued platform investment** in Credible's marketplace, including acceleration of mortgage platform and improved consumer experience in existing verticals, resulting in an increase in Intangible Assets

1. Includes investments in BBB+ or higher rated instruments with short term maturity dates of less than two years, with the majority less than one year

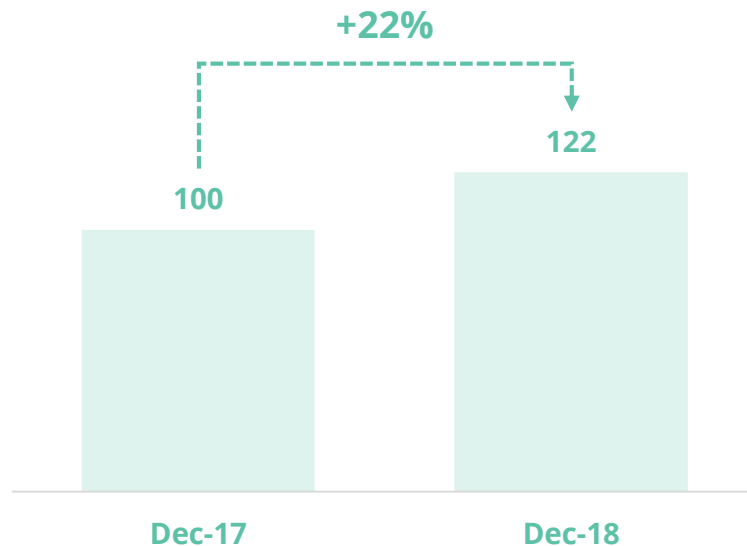


## Credible demonstrated the scalability of its platform over FY 2018

### Closed Loan Volume (US\$bn)



### Headcount (#)<sup>1</sup>



1. Headcount inclusive of engineering, product & design employees

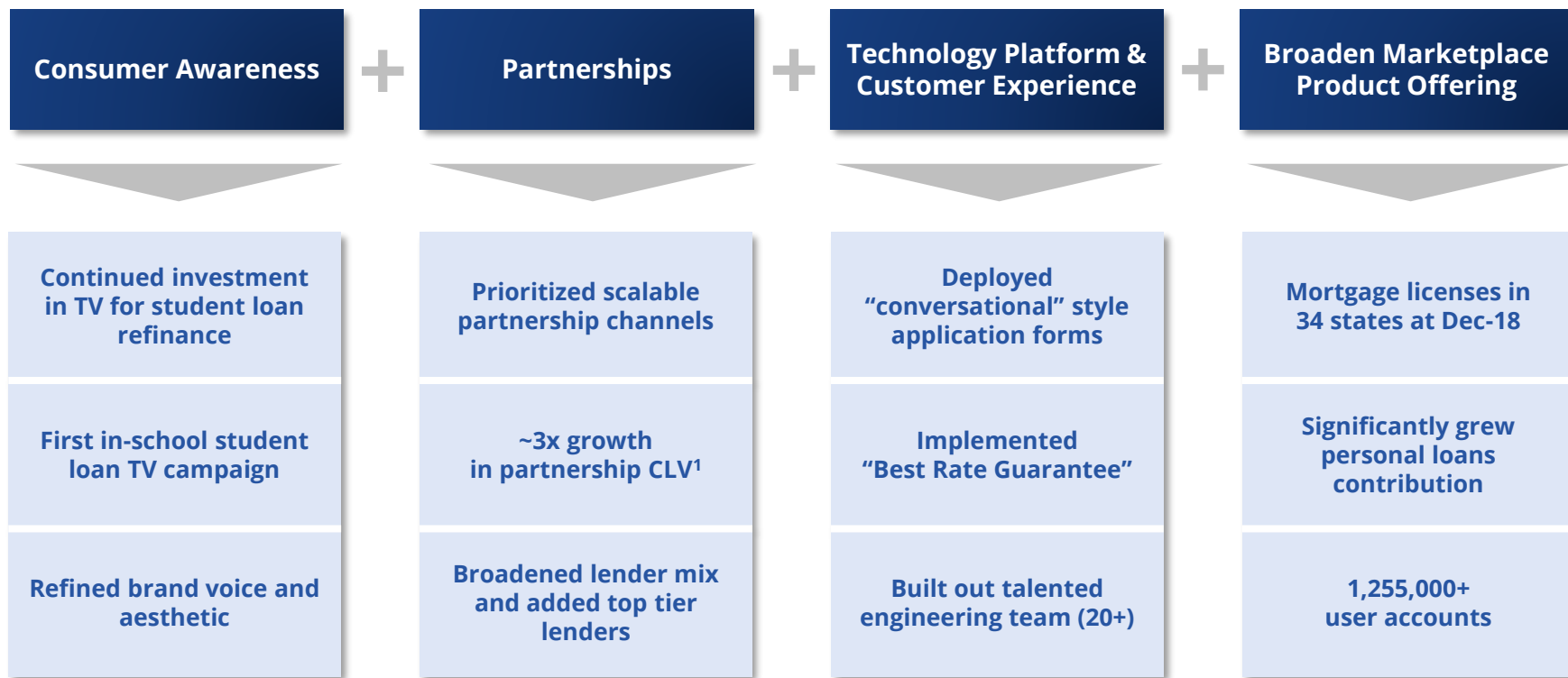


SECTION 3

MARKETPLACE HEALTH



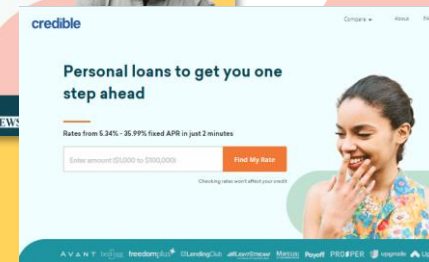
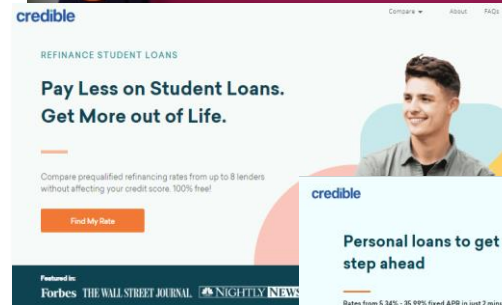
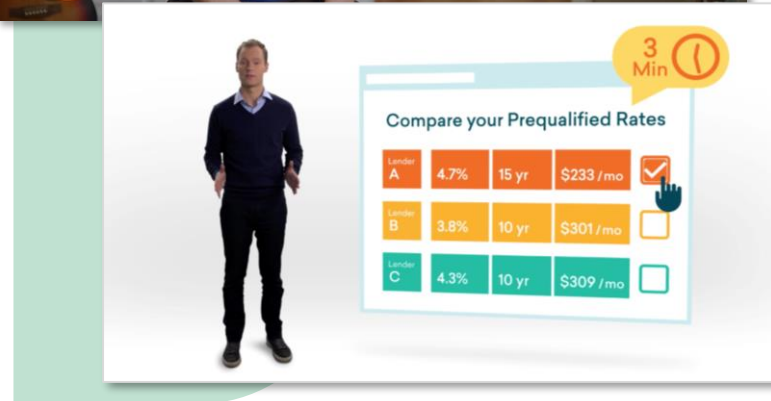
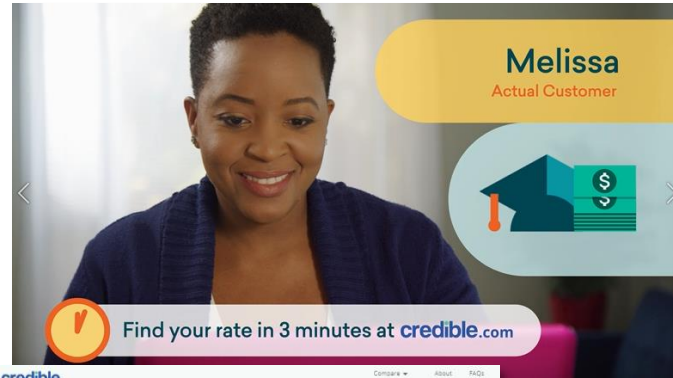
# Credible continued to build on its leading position during the year



1. CLV from Credible's partner channel almost tripled between Q4 2017 and Q4 2018 (+175% growth)



# Credible is growing consumer awareness ...



Bloomberg





Marketplace health

... and building long term partnerships on both sides of marketplace

230+

MARKETING PARTNERS

UP FROM<sup>1</sup>  
140+



Citizens Bank® Quicken Loans® SUNTRUST

loanDepot

CALIBER HOME LOANS

UWM

Marcus BY GOLDMAN SACHS®

SallieMae

Payoff

LendingClub

PROSPER AVANT

purefy

Upstart

LENDINGPOINT

CollegeAVE STUDENT LOANS

DISCOVER

PENFED CREDIT UNION

RISLA

Nvested

iHELP

EDUCATION LOAN FINANCE

mefa

KHESLC

EDvestinU

raise^

Connex

freedomplus+

upgrade

bestegg

ADVANTAGE Education Loan

Stearns Lending

JMAC

Ascent

BARCLAYS

WELLS FARGO

CHASE

37

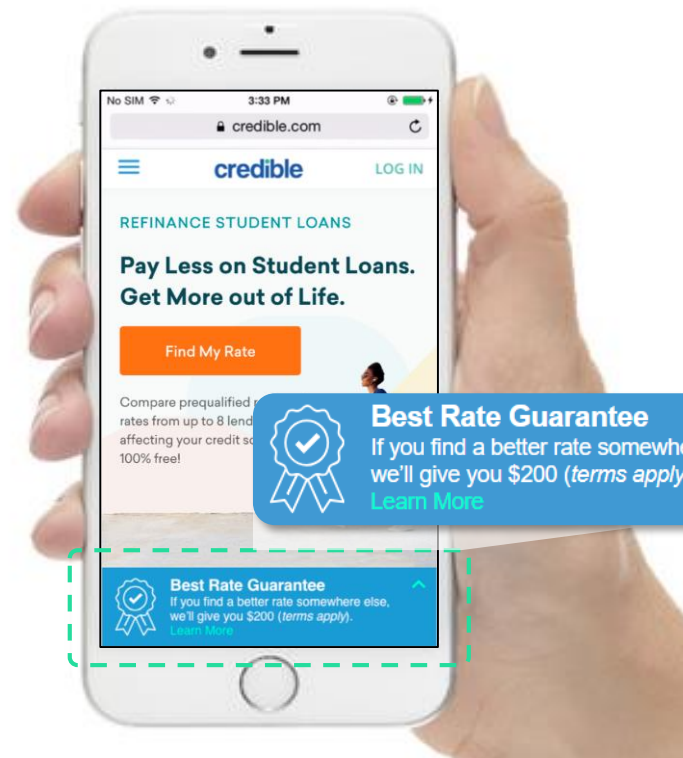
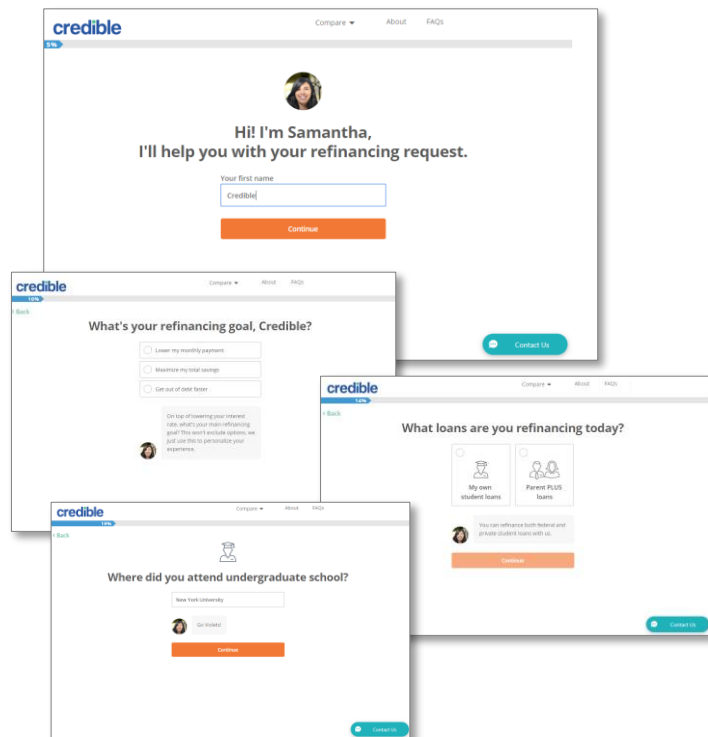
FINANCIAL INSTITUTION PARTNERS

UP FROM<sup>1</sup>  
24

1. Statistic as disclosed in Credible's Prospectus dated 28 November 2017



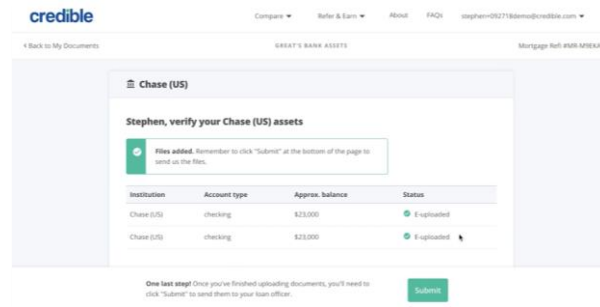
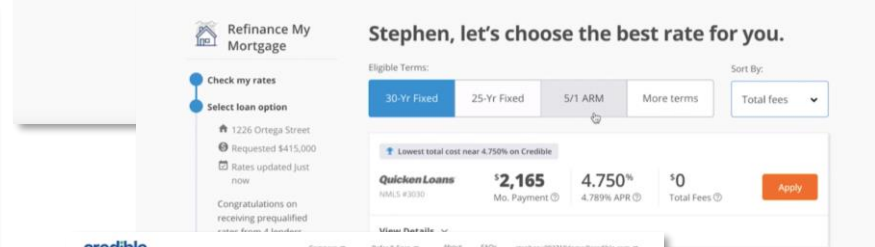
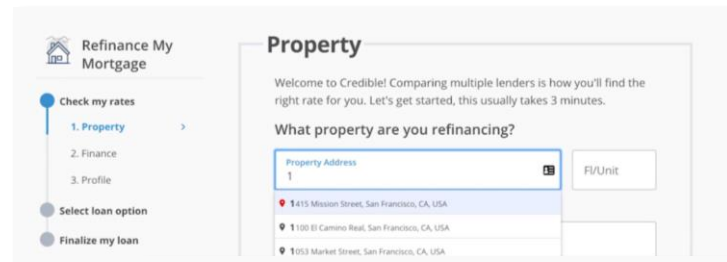
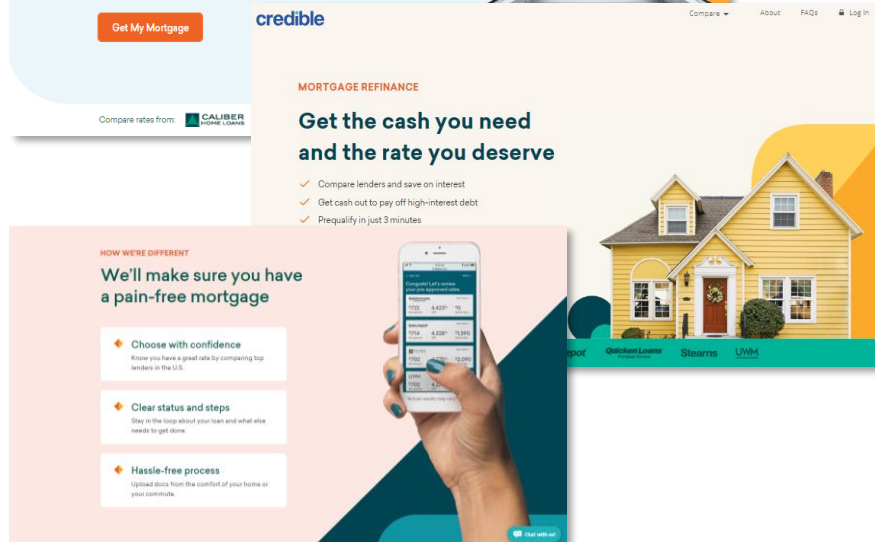
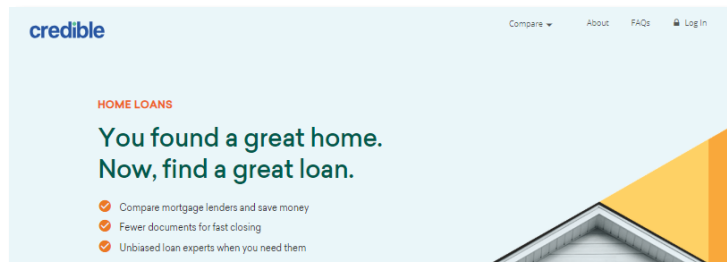
Credible is leveraging data to continuously invest in best-in-class user experiences across both mobile and desktop ...





Marketplace health

... and is rolling out its proven playbook across new verticals








SECTION 4

# GROWTH INITIATIVES AND OUTLOOK



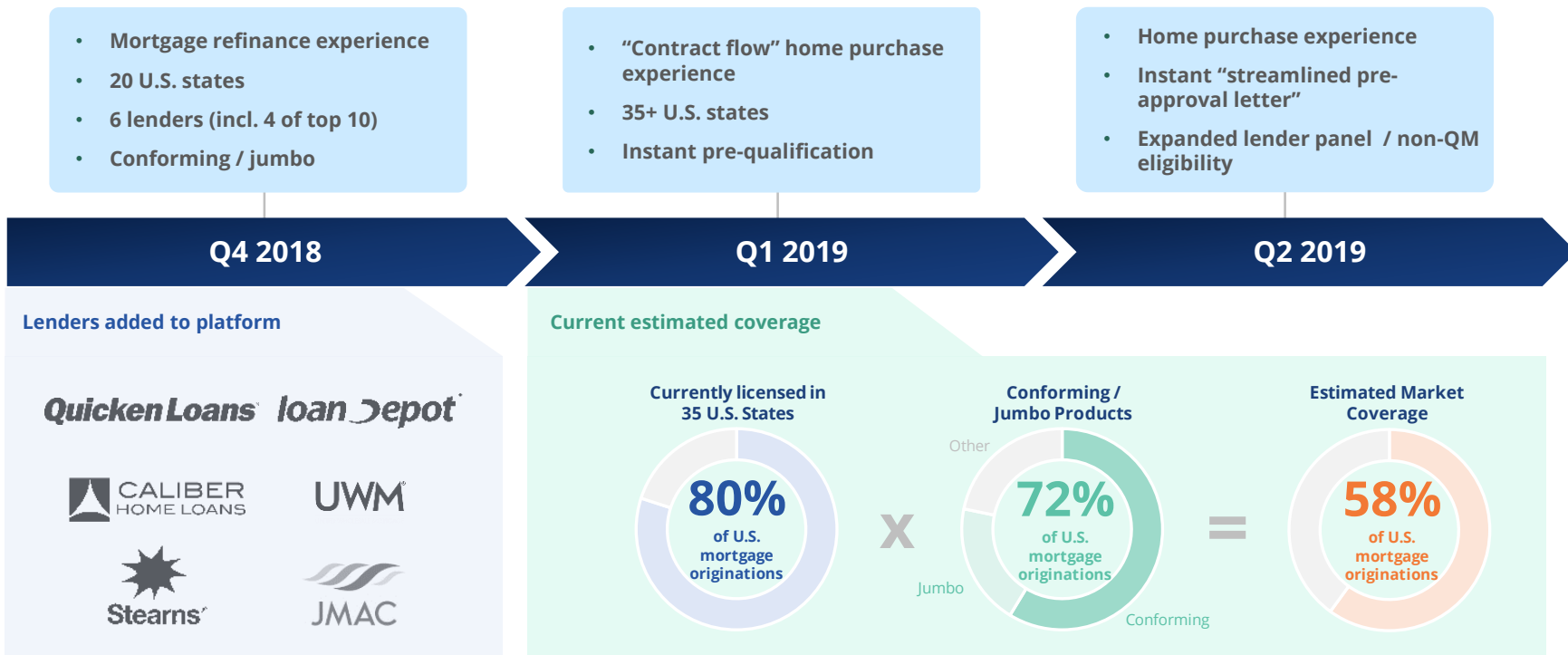
# Credible has strong momentum across all key verticals, and significant near-term growth opportunities

|                | Annual Industry Originations <sup>1</sup> | Platform Development Complexity                                                   | Maturity     | Time to \$300mn cumulative CLV | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------|-------------------------------------------|-----------------------------------------------------------------------------------|--------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Student Loans  | ~\$20bn                                   |  | Growth Stage | ~4 years (2017)                | <ul style="list-style-type: none"> <li><b>Student Loan Refinancing is a mature market</b> where Credible has a strong market share position and a representative set of products</li> <li><b>Continuing to grow brand recognition</b> amongst consumers and partners to further consolidate market share</li> <li><b>Seeing benefits of scale</b> as the leading online marketplace</li> </ul>                                              |
| Personal Loans | ~\$150bn<br>8x Student Loans              |  | Growth Stage | ~3 years (2019)                | <ul style="list-style-type: none"> <li><b>Significant acceleration in 2018, as a result of user experience enhancements, and adding new lenders</b> allowing for wider credit box and tighter pricing</li> <li><b>Big market, relative to student loans</b>, with substantial room to continue to increase market share via channel partners</li> </ul>                                                                                     |
| Mortgages      | ~\$1,600bn<br>80x Student Loans           |  | Launch Stage | Est. ~2 years (Mid-2021)       | <ul style="list-style-type: none"> <li><b>First of it's kind Mortgage Refinance platform</b> launched in the context of a challenging refinancing environment</li> <li><b>Home Purchase marketplace in development</b> and expected to expand partnership opportunities</li> <li><b>Scaling distribution will focus on high-quality partnerships and will take time</b> consistent with Credible's experience in other verticals</li> </ul> |

1. All figures reflect estimated annual originations. Mortgage originations are based on latest Mortgage Bankers Association forecast for 2019, Personal Loans originations reflects annualized Q3 2018 originations based on TransUnion data, Student loans originations includes student loan refinancing and private student loan origination and is based on management estimates based on market data



# Significant investments already made in mortgage will open Credible up to ~US\$1.6 trillion annual origination opportunity



Sources: Market coverage estimates based on Nationwide Mortgage Licensing System (NMLS) Mortgage Industry Report and Inside Mortgage Finance data



## Credible will focus on the following core areas of investment in 2019

### Partnerships

- Develop and broaden distribution partnerships
- Continue to add high quality new lenders as appropriate
- Expand product suite with existing lenders

### Consumer Awareness

- Cost effectively build consumer awareness through partners
- Complete update to brand voice and positioning
- Continue to test new marketing channels

### Technology Platform & Customer Experience

- Further leverage platform to generate process efficiencies
- Deepen technology integrations with lenders & distribution partners
- Improve and iterate on customer experience & conversion

### Mortgage Roll-out

- Expand mortgage product into home purchase
- Test distribution partnerships with a focus on scalable opportunities
- Expand credit box and iterate on product experience



## Closing remarks

Credible has positioned itself to become the dominant online consumer loan marketplace



**Successfully delivered on 2018 priorities and strengthened marketplace health**



**Demonstrated significant scalability of Credible's platform**



**Strong cash and cash-like resources balance of ~US\$29.6mn<sup>1</sup>**



**Momentum from H2 2018 expected to continue into 2019**

1. Includes investments in BBB+ or higher rated instruments with short term maturity dates of less than two years, with the majority less than one year



A young man and woman are sitting together, looking at a tablet. The man is on the left, wearing a red and white checkered shirt, and the woman is on the right, with long brown hair, smiling. They are both looking at the tablet, which is in the foreground. A blue semi-transparent banner is overlaid on the left side of the image.

Q&A

credible