



CREDIBLE LABS INC.  
(ASX: CRD)

ASX ANNOUNCEMENT  
31 July 2019

## QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 30 JUNE 2019

Credible Labs Inc. (“**Credible**” or the “**Company**”) (ASX: CRD), the San Francisco based technology company that operates a U.S. consumer finance marketplace, is pleased to report the following Business Update and Appendix 4C for the three-month period ending 30 June 2019 (“**Q2 2019**”).

As at 30 June 2019, Credible held approximately US\$24.3 million in cash and cash-like resources<sup>1</sup> (versus US\$25.9 million as at 31 March 2019).

All financials are presented in US Dollars. Financial, user account and closed loan volume figures referenced in this announcement are all unaudited. Credible operates on a calendar year-end.

### HIGHLIGHTS

- **Credible achieved CLV of US\$405 million in Q2 2019 (+115% growth on Q2 2018 CLV of US\$188 million, and an 8.0% decrease on Q1 2019 CLV of US\$440 million)**
- **Generated unaudited revenue and gross profit of US\$19.7 million and US\$6.0 million respectively in H1 2019, up from US\$8.8 million (+124% growth) and US\$1.8 million (+231% growth) respectively in H1 2018**
- **Gross margin for H1 2019 of 30.3%, up from 20.6% and 28.8% respectively in H1 2018 and H2 2018**
- **Maintained strong cash and cash-like resources<sup>1</sup> position of US\$24.3 million as at 30 June 2019, down from US\$25.9 million as at 31 March 2019**

Credible Founder and CEO, Stephen Dash commented on the results:

*“Credible more than doubled originations in the first half of the year as compared with the first half of 2018, while at the same time expanding gross margins and growing our gross profit by over 230%.*

*We continue to be excited by the momentum we are seeing across the business. During the first half, Credible continued the development of its mortgage marketplace. The Company is now licensed to serve borrowers in 41 states, representing almost 82% of the residential mortgage market.*

*Our continued operating discipline has resulted in a strong cash position and receivables balance, however, we reiterate to the market that we continue to expect potential volatility in CLV and revenues on a quarter-to-quarter basis as we invest for long-term growth.”*

### BUSINESS UPDATE

#### **Closed Loan Volume**

- **Credible achieved CLV of US\$405 million in Q2 2019 (+115% growth on Q2 2018 CLV of US\$188 million, and an 8.0% decrease on Q1 2019 CLV of US\$440 million)**
- **Credible achieved all-time record CLV of US\$845 million in H1 2019 (+121% growth on H1 2018)**  
Contributing to this growth was continued strong performance by Credible’s student loan refinancing marketplace and continued acceleration of Credible’s personal loans marketplace

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<sup>1</sup> 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

### **Operating Leverage and Financial Performance**

- In H1 2019, ~28,000 loans were originated via the Credible platform, up from ~10,000 in H1 2018 (+180% growth)
- Gross profit margin increased to 30.3% in H1 2019, up from 28.8% in H2 2018 and 20.6% in H1 2018 as Credible continued to shift its distribution towards partner channels while remaining disciplined within paid channels
- The combination of higher gross profits and controlled expense management, along with prudent investments for driving long-term growth, contributed to a cash reduction in H1 2019 of US\$5.4 million versus a reduction of US\$7.7 million in H1 2018

### **Marketplace Health / Partnerships**

- As at 30 June 2019, four of Credible's lenders had expanded their relationship with the Company to offer a second loan product on one of Credible's marketplaces. The Company expects this trend of deepening lender relationships to continue
- Credible also added 34 net new marketing partners in the quarter as it continued to scale its partner channel
- User accounts reached a cumulative total of ~1,755,000 as compared with ~1,255,000 as at 31 December 2018 (+40%) and ~910,000 user accounts as at 30 June 2018 (+93%)

### **Mortgage Marketplace Development**

- As previously disclosed, Credible successfully launched its home purchase mortgage marketplace offering during Q1 2019
- Credible signed and launched a trial mortgage partnership with Realtor.com, the second largest digital real estate platform in the U.S. The trial is still in early stages and does not guarantee any long-term partnership
- The company continued to expand its mortgage licensing footprint to 41 states as at the date of this release (representing approximately 82% of residential mortgage originations in the U.S.)<sup>2</sup>

### **Team**

- As at 30 June 2019 the Credible team consisted of 134 people, up from 130 at 31 March 2019
- As previously disclosed, Management expects 2019 team growth will be similar to 2018 growth, however the Company is open to further team growth in support of value-accretive partnerships

### **CASH POSITION (AS AT 30 JUNE 2019)**

The Company attaches its Appendix 4C for Q2 2019. As at 30 June 2019, Credible held approximately US\$24.3 million in cash and cash-like resources<sup>3</sup>. In addition, the Company's unaudited receivables balance was US\$4.7 million at the end of the quarter, up from US\$4.2 million as at 31 December 2018 and down slightly from US\$5.6 million as at 31 March 2019. The Company is debt-free.

### **APPENDIX 4D FOR THE HALF YEAR ENDED 30 JUNE 2019**

The Company will release its Appendix 4D and Consolidated Financial Statements for the half year ended 30 June 2019 on 8 August 2019.

**-ENDS**

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<sup>2</sup> Based on 2017 Nationwide Mortgage Licensing System (NMLS) Mortgage Industry Report

<sup>3</sup> 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



**FOR MORE INFORMATION, PLEASE CONTACT:**

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**ABOUT CREDIBLE**

Credible (ARBN: 621 866 813) is a U.S. company based in San Francisco which operates a consumer finance marketplace that helps consumers save money and make better financial decisions. Credible has developed a proprietary technology platform that is integrated with credit bureaus and financial institutions. Credible has developed a differentiated, and personalised user experience that enables consumers to compare instant, accurate pre-qualified rates from multiple financial institutions for student loans, personal loans and mortgages.

For more information, please visit: [www.credible.com](http://www.credible.com)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Credible Labs Inc.

**ARBN**

621 866 813

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$USD'000</b>	<b>Year to date (six months) \$USD'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10,547	19,232
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(6,954)	(14,147)
(d) leased assets		
(e) staff costs	(2,426)	(5,452)
(f) administration and corporate costs	(1,159)	(2,502)
1.3 Dividends received (see note 3)		
1.4 Interest received	143	299
1.5 Interest and other costs of finance paid (See 4 below)	(78)	(78)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	(46)	28
<b>1.9 Net cash from / (used in) operating activities</b>	<b>27</b>	<b>(2,620)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(15)	(60)
(b) businesses (see item 10)		
(c) investments		(2,788)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$USD'000</b>	<b>Year to date (six months) \$USD'000</b>
(d) intellectual property	(1,094)	(2,208)
(e) other non-current assets		
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments	10	2,817
(d) intellectual property		
(e) other non-current assets		
<b>2.3</b> Cash flows from loans to other entities		
<b>2.4</b> Dividends received (see note 3)		
<b>2.5</b> Other (provide details if material)		
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(1,099)</b>	<b>(2,239)</b>
<b>3. Cash flows from financing activities</b>		
<b>3.1</b> Proceeds from issues of shares	53	53
<b>3.2</b> Proceeds from issue of convertible notes		
<b>3.3</b> Proceeds from exercise of share options	1	10
<b>3.4</b> Transaction costs related to issues of shares, convertible notes or options		
<b>3.5</b> Proceeds from borrowings		
<b>3.6</b> Repayment of borrowings		
<b>3.7</b> Transaction costs related to loans and borrowings		
<b>3.8</b> Dividends paid		
<b>3.9</b> Other (provide details if material) (See 4 below)	(577)	(577)
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>(523)</b>	<b>(514)</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
<b>4.1</b> Cash and cash equivalents at beginning of quarter/year to date	25,861	29,638
<b>4.2</b> Net cash from / (used in) operating activities (item 1.9 above)	27	(2,620)
<b>4.3</b> Net cash from / (used in) investing activities (item 2.6 above)	(1,099)	(2,239)
<b>4.4</b> Net cash from / (used in) financing activities (item 3.10 above)	(523)	(514)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$USD'000</b>	<b>Year to date (six months) \$USD'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>24,266</b>	<b>24,266</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$USD'000</b>	<b>Previous quarter \$USD'000</b>
5.1	Bank balances	7,916	9,245
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) See Note "1" below	16,350	16,615
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>24,266</b>	<b>25,861</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$USD'000</b>
40

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**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$USD'000</b>

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

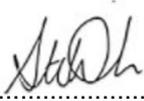
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9. <b>Estimated cash outflows for next quarter</b>	\$USD'000
9.1 Research and development	1,400
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	9,600
9.4 Leased assets	
9.5 Staff costs	3,100
9.6 Administration and corporate costs	1,710
9.7 Other (provide details if material) (See 5 below)	290
<b>9.8 Total estimated cash outflows</b>	<b>16,100</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**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.
- 3 Includes investments of less than two-year maturity date with BBB+ or higher rating.
- 4 We adopted the new accounting standard AASB 16 pertaining to lease effective on 1 January, 2019. Under this new standard, lease payment must be recorded between interest and reduction of lease liability in the cashflow statement. Our Q2 filing of \$80k interest and \$577 repayment of lease liability included reclassification of Q1 amounts (\$41 interest and \$287 repayment of lease liability), which was previously reported as "administration and corporate costs" in our Q1 2019 filing.
- 5 Q3 2019 payment for office leases,

Sign here:  .....  
(Director)

Date: 31 July, 2019

Print name: .....Stephen Dash.....

**Notes**

1. Amount includes investments in BBB+ or higher rating with short term maturity dates of less than two years, with the majority less than one year.