

29 July 2021
ASX Announcement

Credit Clear announces record quarterly performance with highest total revenue and digital revenue achieved to date in Q4 FY21

Key highlights¹:

- Achieved record quarterly revenue of \$3.3m, up 43% on pcp - underpinned by record monthly revenue of \$1.3m achieved in June 2021
- Achieved record quarterly digital revenue of \$1.1m, up 170% on pcp
- Continued digital acceptance with traditional to digital revenue conversion up 573% on pcp
- Signed 23 new clients for the quarter, including Suncorp, Western Power and a large financier
- Well positioned to deliver growth, underpinned by strong pipeline across targeted verticals, ongoing investment to enhance offering and leveraging existing clients to assess new markets
- Subsequent to the quarter, senior management updates were announced, including David Hentschke formally commencing as CEO of Credit Clear

Australian receivables management solution provider Credit Clear Limited (ASX:CCR) (“Credit Clear” or the “Company”) is pleased to provide an update on business activities and lodge its latest Appendix 4C cashflow report in the quarter ended June 2021 (Q4 FY21).

Gerd Schenkel, Credit Clear’s Chairman said:

"Credit Clear's strong quarterly performance driven by significant new client wins and record revenue demonstrates continued validation of our receivables management solutions. Our ongoing investment into our scalable platform technology, focusing on our clients' and their customers' user experience, has resulted in exceptionally high retention, greater recovery levels and superior user experience amongst both new and existing clients. Our strong pipeline ensures we remain in a strong position to progress our key growth initiatives."

Record quarterly and monthly revenue achieved¹

Credit Clear achieved record quarterly revenue in Q4 FY21 of \$3.3m, which represents an increase of 43% on pcp and 17% on Q3 FY21. This performance was underpinned by record monthly revenue of \$1.3m achieved in June 2021. Credit Clear’s digital platform continues to perform strongly, achieving record quarterly digital revenue of \$1.1m (with \$470k achieved in June 2021), which represents an increase of 170% on pcp.

The acceptance and adoption of Credit Clear’s SaaS digital receivables management solution over traditional approaches continues, with digital revenue comprising 34% of total revenue this quarter and traditional to digital revenue conversion up 573% on pcp and up 3% on Q3 FY21. Digital communications increased to more than 3.6m for the quarter, an increase of 203% on pcp and 29% to Q3 FY21.

Signed multiple new clients

The Company signed 23 new clients during the quarter. This includes Suncorp, the first insurance client, and Western Power (WA State Government owned) – a new addition to Credit Clear’s expanding client portfolio in the utilities sector, which includes companies such as Synergy, Horizon Energy and Watercorp. A large financier was also signed, demonstrating Credit Clear’s growing position in the finance sector.

Note: (1) All financial results presented are unaudited.

During the quarter, Credit Clear also completed contract extension and cross-selling with existing clients. Suncorp, following their initial signing of a 2-year contract, elected to sign a further contract extension for 2 years, for a total 4-year term further validating Credit Clear's solution in the insurance sector. Kleenheat Gas also increased its scope of work and appointed Credit Clear as a tier 1 supplier.

Executing on growth strategy

Credit Clear continues to execute on its strong pipeline across target sectors:

- **Insurance:** After securing Suncorp and their respective extension, Credit Clear remains focused on expanding its coverage within the insurance sector and is currently in the final stages of discussions with other major insurers
- **Utilities:** The Company intends to leverage its well-established position in the utilities sector and is currently progressing several major utility tenders that are seeking full-service solutions
- **Automotive:** The Company continues to progress its expansion into the automotive finance sector and is in final stages of discussion with several major automotive brands' finance divisions
- **Other:** Credit Clear continues to target opportunities across a broad range of sectors. Notably, a big four bank has committed to a pilot program, with the Company also continuing to progress discussions with interested parties in the education sector.

Credit Clear continues to invest in its technology platform and enhance its digital capabilities, with several clients committed to piloting the strategy manager module (Automated Champion Challenger module). Credit Clear's evolving receivables technology platform delivers a superior end-user experience that promotes a positive relationship between the client and the end user. This subsequently drives efficiencies and higher debt recoveries for Credit Clear's clients, which is reflected in the Company's >99% customer retention rate.

Credit Clear has received positive feedback from existing clients regarding the strength of its proprietary technology, and their belief that it can be leveraged globally. Credit Clear is currently assessing potential value-accretive opportunities in international markets, in conjunction with existing multinational clients.

Corporate update

Subsequent to the quarter, Credit Clear announced updates to its senior management team. David Hentschke, formerly Group General Manager Strategy & Technology, commenced as CEO of Credit Clear. David's leadership and strategy experience across the credit industry will be critical in executing on growth moving forward. Brenton Glaister will remain with Credit Clear and transition into the role of MD of Credit Solutions. Lewis Romano, Executive Director and Co-Founder, will take on the responsibilities of Credit Clear's investor relations and corporate affairs function, in addition to his existing responsibilities.

During the quarter, Credit Clear was added to the FTSE Russell - Global Equity Index Series Total-Cap Index and the Micro-Cap Index, as part of the global quarterly rebalance. The Company was also added to the Morgan Stanley Capital International Micro-cap Australia Index, which is designed to measure the performance of the micro-cap segment of the Australian equity market.

Release authorised by

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About Credit Clear

Founded in 2015, Credit Clear Limited is an Australian receivables management solution provider that has developed a proprietary digital billing and communication technology platform that helps businesses drive smarter, faster and more innovative financial outcomes by changing the way customers manage their payments through a user experience that the market demands in a digital age.

Credit Clear manages more than 350,000 active customer accounts across a range of industries including transport, financial services, insurance, government and utilities. The Company is based in Australia with headquarters in Melbourne and offices in Sydney, Brisbane, Adelaide, Perth and Geelong.

www.creditclear.com.au

8Appendix 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")

June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,375	10,422
1.2 Payments for		
(a) research and development	(261)	(437)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(41)	(83)
(d) leased assets	(242)	(1,025)
(e) staff costs	(2,405)	(8,632)
(f) administration and corporate costs	(1,224)	(6,196)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	16
1.5 Interest and other costs of finance paid		(6)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		1,248
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(792)	(4,693)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(33)	(134)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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)		
2.6 Net cash from / (used in) investing activities	(33)	(134)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		15,000
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		(1,530)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		(84)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities		13,386

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	11,573	2,189
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(792)	(4,693)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(33)	(134)

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 (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)		13,386
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	10,748	10,748

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	10,748	11,573
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)	10,748	11,573

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	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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.

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.</i>		
<i>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	100	0
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		100
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 also provides a \$50,000 unsecured credit card facility.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(792)
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,748
8.3 Unused finance facilities available at quarter end (item 7.5)	100
8.4 Total available funding (item 8.2 + item 8.3)	10,848
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	14
<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?	
Answer: N/A	
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?	
Answer: N/A	
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?	
Answer: N/A	
<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: 29/07/21
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Authorised by: By the Board
.....
(Name of body or officer authorising release – see note 4)

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.