

29 October 2021
ASX Announcement

Credit Clear reports record client wins in Q1 FY22, record total revenue and record digital revenue

Key highlights¹:

- 58 new clients signed for the quarter, up 152% on prior quarter (Q4 FY21), including Victoria's largest toll road operator
- Maintained a 99% client retention rate and +43 NPS score for the quarter
- Record quarterly total revenue of \$3.4m achieved, up 22% on pcp
- Record quarterly digital revenue of \$1.3m achieved, up 77% on pcp
- Launch of first campaigns using CCR's strategy manager module ("Optimiser") that have proven significant uplift in client collection rates

Credit Clear Limited (ASX: CCR) ("Credit Clear" or the "Company"), **the market leading digital technology platform for optimising account receivables and customer relationships**, is pleased to provide an update on business activities and lodge its latest Appendix 4C cashflow report for the quarter ended September 2021 (Q1 FY22).

David Hentschke, Credit Clear's CEO said:

"Credit Clear's strategic initiatives for long-term growth have been significantly progressed during the quarter under review. This quarter's results were underpinned by significant sales efforts, translating to 58 new clients signed for the period, another CCR record and up 152% on last quarter. Of particular note is Victoria's largest toll road operator, which will begin to utilise our digital platform in the coming months. Just as important is our client retention, which I'm delighted to say remains at 99%. Winning new clients and retaining existing clients is a resounding vote of confidence in Credit Clear's technology. We have also continued to deliver strong growth in revenue, improving on our last quarter's performance with another period of record achievement. This achievement is particularly pleasing given that there is now significant pent-up demand created by the collection limits put in place during Q1 FY22.

Looking ahead to Q2, we are therefore well positioned to capitalise on growth, including growth into new international markets where we are actively in discussions with potential partners. We look forward to disclosing these potential partnerships as they become material."

Record quarterly revenue achieved¹

Credit Clear achieved record quarterly revenue in Q1 FY22 of \$3.4m, which represents an increase of 22% on pcp. Credit Clear's digital platform continues to perform strongly, achieving record quarterly digital revenue of \$1.3m, which represents an increase of 77% on pcp.

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

The acceptance and adoption of Credit Clear's SaaS digital receivables management solution over traditional approaches continues, with digital revenue comprising 37% of total revenue this quarter and traditional to digital revenue conversion up 117% on pcp.

During the quarter our largest tolling client put an outbound collection hold for the vast majority of the quarter due to the COVID Lockdown in NSW. Pleasingly, collections have resumed in October with the expectations that we will be asked to make up lost ground in the coming months.

Likewise, many of our utility clients were impacted by Australian Energy Regulator's (AER) directive to hold all external collections in states where active lockdown where in place, which resulted in a decrease in new inventory during the quarter. With lockdowns ending a spike in referrals and corresponding recoveries is expected in Q2.

Client developments

The Company signed a record 58 new clients during the quarter, a 152% increase on the prior quarter. This includes Victoria's largest toll road operator, an account that underlines Credit Clears value proposition, growing maturity and competitive advantage, particularly the Company's ability to seamlessly service high-volume clients comprising hundreds of thousands of end-user accounts. The Company also maintained a 99% client retention rate during the quarter. A resounding endorsement of the delivery of the team and the material uplift that Credit Clear can deliver across account receivables portfolios, something that is addressed later in this report (**Continued Investment in Technology**).

Other highlights for quarter include:

- Deepened presence in the construction sector with multiple new construction service providers
- Made significant progress by signing six new commercial retail clients
- Further enhanced coverage of the government sectors with significant new council wins

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

- Progressing dialogue with several significant prospective insurance and banking clients, with tender discussions well-progressed with leading tier 1 provider
- Discussions progressed with leading fintech / payments operator, with onboarding commenced in Q2
- Contract discussions ongoing with leading multi-national BNPL operator
- Continuing to develop client opportunities across multiple key sectors, including tier 1 banks and insurance agencies

Continued investment in technology

During the quarter CCR deployed its first strategy campaign manager module known as Optimiser. The module empowers clients with an optimal, data driven, and rapid strategy management capability.

CCR implemented a Champion / Challenger test across a large water utility client where two equal portions of the client's arrears portfolio were isolated. One portion received the water utilities existing strategy treatment "Champion", and the other received Optimiser's "Challenger" treatment.

A range of performance metrics such as collection rate and customer conversion were measured during the campaign.

The results of the test 21 days into the campaign show a distinct **17% uplift** in performance (collection rate) and a significant improvement in other metrics on the portfolio that received the Optimiser “Challenger” treatment.

To provide a sense of the size of the opportunity, extrapolated from volumes over the 21-day experiment to 12 months across the water utility’s entire account receivables portfolio results in a \$800k benefit to our client.

The CCR data-team assessed the existing Champion performance as an already high-performing digital strategy. To achieve this level of uplift from Optimiser is extremely encouraging.

Key characteristics of the Optimiser module are:

1. Data-driven decision-making tool that dynamically changes collection campaign strategy, underpinned by behavioural analytics.
2. Rapidly deploys campaign testing at a high frequency, collecting immediate feedback to fold into strategy decisioning.
3. Unique ability to roll-out testing at scale within hours, for efficient feedback across large client portfolios.

We look forward to bringing you the full details of this experiment and others in the coming weeks.

Corporate update

During the quarter, Credit Clear appointed Hugh Robertson to the Board as Non-Executive Director. Hugh joins Credit Clear bringing over 35 years’ experience in financial services and equity markets, including his current role as Director Equity Capital Markets at Bell Potter Securities and significant prior and current public company director experience. Hugh’s background will be invaluable in supporting Credit Clear as it continues to execute on growth.

The Company has also appointed a Chief Growth Officer with significant enterprise level experience to drive customer acquisition in globally significant Australian and International organisations.

ENDS

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

For more information contact:

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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

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")

September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,084	4,084
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(48)	(48)
(d) leased assets	(278)	(278)
(e) staff costs	(2,890)	(2,890)
(f) administration and corporate costs	(1,721)	(1,721)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(848)	(848)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(50)	(50)
(d) investments		
(e) intellectual property	(277)	(277)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(327)	(327)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.6	Repayment of borrowings		
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		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,748	10,748
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(848)	(848)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(327)	(327)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	9,573	9,573

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	9,573	10,748
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)	9,573	10,748

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	3
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<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>		

Payment at 6.1 relates to office services provided by a related entity of a current 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	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.	<p>ANZ Bank provides a \$50,000 credit card facility which is unsecured. Nab also provides a \$50,000 unsecured credit card facility.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(848)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,573
8.3 Unused finance facilities available at quarter end (item 7.5)	100
8.4 Total available funding (item 8.2 + item 8.3)	9,673
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	11
<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: 29/10/21

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.