



CASH FLOW POSITIVE & RECORD NEW SALES

ASX: CCR | Q1 FY23 Results Presentation

17 October 2022

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Investment highlights: Q1 FY23



GROWING REVENUE

- Record quarterly revenue of **\$8.9m¹** up 8% on Proforma Q1FY22²
- Annualised revenue run rate of **\$35.6m³** with significant new clients in process of being onboarded
- **Added \$3.4m** in expected annual revenue from new sales during the quarter



GROWING PROFITABILITY

- **\$531k⁴ cash generated** from operating activities with \$9.9m cash at bank
- Growing **operational leverage⁵** with 46% of additional revenue flowing to normalised EBITDA⁴
- Profitability supported by record digital payments of **\$15.28m** up **19% QoQ**
- Identified and managed unprofitable clients during the quarter



GROWING CLIENT FOOTPRINT

- **Record quarter for new business** with 99 new clients up 65% QoQ
- Three new clients signed in past six months are now **top 10 clients by revenue**
- Sales focus on insurance sector rewarded with marquee client wins and strong pipeline



GROWING TECHNOLOGY ADVANTAGE

- AI software has delivered a **35% uplift** in collections
- Technology driving new business success and profitability

- **Best use of AI** by a Fintech in 2021 **and again** in 2022
- ANZIIF **Insurtech Award** finalist

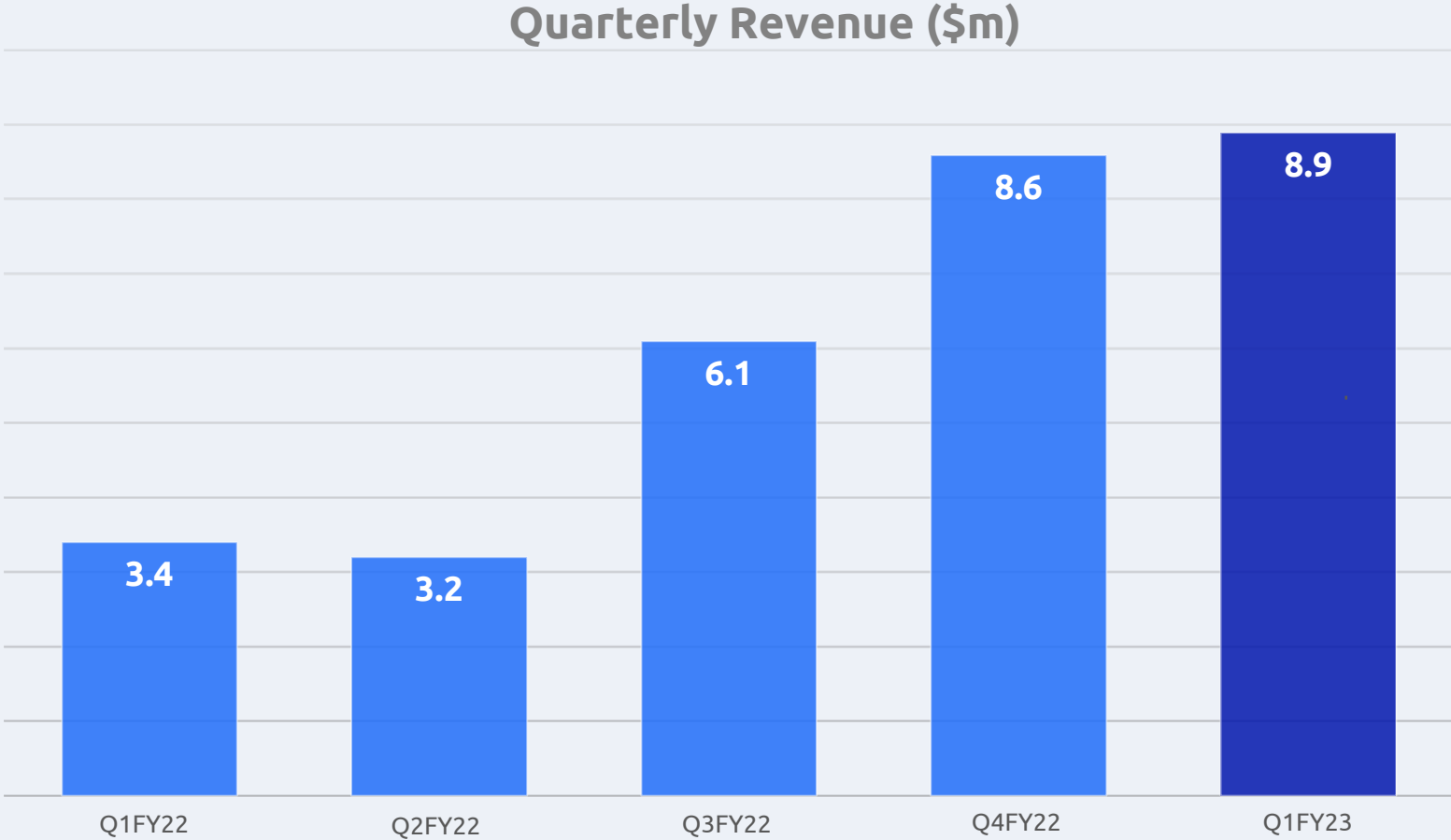


Q1 FY23 Revenue

\$8.9m
Revenue
for quarter

\$35.6m
Annualised Revenue
run rate

\$3.4m
Expected annual
revenue from
new sales



Q1 FY23 Cash flow and operating profit

Cash flow positive and profitable from operating activities:

- Growing existing clients
- Onboarding new clients
- Fiscal discipline
- Investing into revenue generating technology
- Identification and management of unprofitable clients
- Growth in digital payments



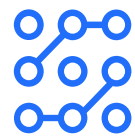
Q1 FY23 Operational Highlights



894

Active Clients

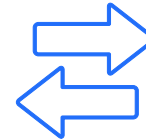
Referred debt in the
past 12 months



+40

Net Promoter
Score

34k respondents



295k

Transactions
for the quarter



\$15.3m

Digital payment

19% up QoQ



99%

Client retention

Of top 100 clients



861k

4% up QoQ



\$59m

Total Committed
Payment Plans



99

New client wins

65% up QoQ

Uplift in performance with digital

OPTIMISER TEST FOR ARMA

Demonstrates the power of the Optimiser module and also the depth of knowledge Credit Clear has in optimising digital strategies based on over 59k different variations in treatments we've sent.

Improvements to the initial ARMA digital messages and workflow has delivered:

22% uplift in collections

32% uplift in engagement,

16% uplift in NPS

20% Reduction in time to recover

SOUTH EAST WATER OPTIMISER CASE STUDY

The purpose of this case study is to demonstrate the effectiveness of digital collection strategies against non-digital or traditional phone call and mail collection strategies.

From the results of this experiment, collection strategies for SEW utilizing digital collections are more likely to produce higher rates of conversion relative to non-digital strategies. The higher conversion rates from digital collection strategies lead to an increase in amount recovered due to the increase in the number of referrals making repayments.

31% uplift in conversions

23% uplift in collections

+43% NPS

36% Reduction in time to recover

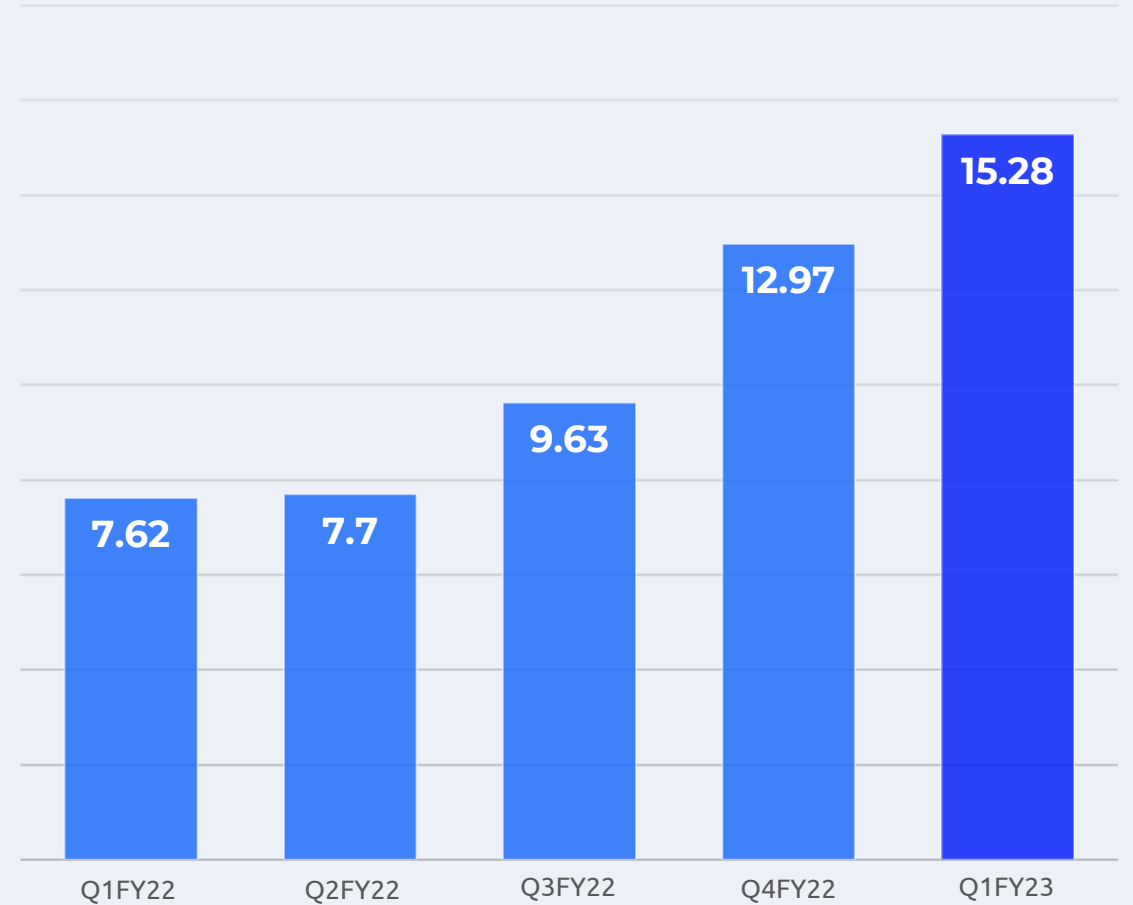
Strong growth in digital payments

2.5bn Australian account receivables industry in midst of digital transformation

- Record digital collections in Q1 of \$15.3m, 19% QoQ
- Annualised digital payments run rate of **over \$60m**
- Being introduced earlier in the lifecycle with materially larger and more sophisticated clients: ASX 50 Companies (e.g. big four banks), Federal Government (e.g. ATO, Centrelink), Insurance Giants
- International opportunities:



Digital Payments (\$m)



Building a sustainable competitive advantage (moat) with AI & data

TOLL ROAD OPERATOR – ARTIFICIAL INTELLIGENCE

- AI experiment achieves a **35% uplift** for a major toll road operator
- Case study clearly shows the power of Credit Clear's AI which predicts the next best channel, message and timing
- **The differentiator was the use of our AI** to decide which action to take next for a particular customer, based on what had already happened to date
- Seven years of accumulated data and 10s of millions of customer interactions power the results – very difficult to replicate and even harder to catch!



Credit Clear CEO Andrew Smith (Right) and Founder & Head of International Lewis Romano (Left)



Credit Clear: FY23 Outlook

Winning new business

- Existing customers referring **more business with higher average debt**
- Significant **new client wins** in Q1FY23 still being onboarded
- Growing revenue trajectory has accelerated into H1FY23

Cash flow positive

- **\$531k cash** from operating activities in Q1FY23
- **Strong balance sheet** with cash at bank of \$9.9m (30 September, 2022)
- **Reinvesting in sales**, client onboarding and technology
- Eliminating unprofitable revenue

International expansion

- South African partnership expected **to ramp up in Q2** with deployment across significant portfolios of debt
- Encouraging progress with **potential JV partner in UK** (large multinational BPO and associated collection agency)

Pipeline building

- Larger client opportunities in Financial Services (**Australian banks**) and Insurers (**tier 1 Australian Insurers**)
- **Multiple large utility opportunities** in progress, with growing pressure on customers due to higher inflation
- Addressable market expanding due to **hybrid end-to-end capabilities** along with strong counter cyclical economic tailwinds



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Supplementary material



Why we are **winning business**

The combination of Credit Clear Limited and ARMA Group has delivered:

- Multi award-winning and highly-scalable technology
 - Best use of AI in Fintech Awards (2021/2022)
 - Payments on the digital platform up 19% QoQ
- Unmatched collections optimisation, adaptive workflows and artificial intelligence
 - Scientifically proven 35% uplift in collections using AI, time to collect 67% faster and customer experience of +42 NPS
- ARMA's industry penetration, sales team and operational efficiencies
 - 99 new clients this quarter accelerating significantly post acquisition
- Expanded addressable market with end-to-end hybrid service offering for clients of any size in Australia, and as a technology partner to global operators
 - Increasingly winning white-label early-stage work



Industry landscape, **fewer competitors**

- Digital only providers have struggled to gain traction, clients do not want stand-alone digital services
- Debt purchasers competing for a shrinking pool of available assets, companies less likely to sell debt than pre-2020
- Other contingent debt collection providers have struggled with integrating technology and their own internal operational issues
- Our technology advantage translates into international markets



DATAROOM

Illion's Milton Graham merges with Recoveries Corp

Companies · Financial Services · Debt collection

Insolvency fears at Collection House 6 months before administration

Finance · Business · Technology

Start-up sacks 40 employees amid \$200 million valuation

Socioeconomic environment **providing tailwinds**

- Material increase in volume of debt, built up during 2020/2021 and elevated further into 2022 with cost-of-living inflation and muted wage growth
- Paradigm shift from companies from pursuing debt towards helping customers to make repayments aligns exactly with Credit Clear's approach to collections



Why the debt collection industry is heating up: Robert Gottliebsen

Australia's inflation rate hits 6.1% as cost of living crisis deepens

By **Louis Allen** - July 27, 2022

Credit Clear: Our point of difference

Our mission is to dramatically improve the **customer experience** during the account receivables process and thereby enhance the outcome for our clients.

NPS
+42

Across 177k
respondents

Customer quotes

”

- *Easy, quick simple. Please have this sent out the day before the bill is due.*
- *Easy to understand and simple to choose options and an easy process.*
- *Very easy and got the info where I wanted it. Thanks*
- *Easy as on the go method when busy at work or travelling*
- *Easy and simple quick to solve and didn't take up much of my time*
- *I liked this digital thing. More easy and convenient*
- *Have 4 kids and it's not always easy to remember to call places, this was quick and easy.*
- *Super easy to use! Thanks for reaching out to me via sms, it's extremely useful... sometimes emails end up in the junk folder*

LOW NPS

MEDIUM

HIGH NPS

-100



0

30

100

Socioeconomic environment **providing tailwinds**



FINANCIAL REVIEW

'Game changer' needed to protect consumers from soaring energy bills

afr.com



FINANCIAL REVIEW

'Significant repayment shock' for fixed rate borrowers: APRA

afr.com



CBA braces for mortgage arrears amid rate hikes

theaustralian.com.au



FROM MAY
2022

FINANCIAL REVIEW

Power bill shock coming as energy retailers feel the squeeze

afr.com



RBA eases off on rate rises as charities like Foodbank report a surge in demand for help

abc.net.au



EXCLUSIVE: Aussies brace for \$170-a-week bill hike

theaustralian.com.au