

29 January 2024
ASX Announcement

FY24 Q2 Results

Highlights:

- Quarterly revenue of \$10.02m¹, equalling Q1's record revenue and up 19% PCP, the second consecutive quarter to surpass \$10m in revenue, a strong result given the restrictions that most clients typically place on collection activity during the December holiday period
- Record cash generated from operating activities of \$1.3m^{1,2} an improvement of \$1m or 348% QoQ
- Cash at bank of \$13.0m, up \$0.8m or 7% on prior quarter, a strong result, particularly given that \$0.5m was paid for the DRA acquisition³ during the quarter
- Record digital collections of \$26.6m up 1% QoQ and 73% PCP, with digital collections surpassing traditional collections for the first time in the month of December
- 111 new clients signed, 3% down on last quarter's record sales result, and continued onboarding progress with new tier-1 clients in banking, insurance, and essential services (utilities)
- The Company will host its H1 FY24 investor briefing on 26 February at 9.15am, click to register [here](#)

Australian technology and debt collection provider Credit Clear Limited (ASX: CCR) ("Credit Clear" or "the Company") is pleased to announce its FY24 Q2 results for the quarter ending 31 December 2023 (Q2).

Financials

Credit Clear recorded revenue for the quarter of \$10.02m¹, equalling Q1's record revenue and up 19% PCP, the second consecutive quarter to surpass \$10m in revenue, a strong result given the restrictions that most clients typically place on collection activity during the December holiday period and placing the Company on track to achieve revenue at the high end of FY24 guidance.

Record cash generated from operations was achieved during Q2, an improvement of \$1m or 348% QoQ to \$1.3m¹, the third consecutive quarter of positive cash generated from operating activities. The Company's cash balance as per the 4C was \$13.0m on 31 December 2023, an increase of \$0.8m or 7% QoQ, a strong result, particularly given the \$0.5m paid during the quarter for the acquisition of DRA Group³.

Payments to related parties of the entity and their associates detailed in Section 6 of the Appendix 4C relate to directors' fees paid during the quarter including the CEO's salary.

Digital technology

Payments made via the high-margin digital platform grew 1% QoQ and 73% PCP to \$26.6m, surpassing \$20m collected on the digital platform for the second consecutive quarter with the Company's Consumer Division continuing to adopt and deploy the technology as it onboards large new tier-1 clients. Digital collections now account for 56% of the Consumer Division's payments in portfolios where digital has been deployed, and where the ongoing transition to digital engagement is positively impacting the Company's collection performance and profitability. The Company's gross margin has improved to 54%¹ YTD, up from 51% for FY23.

A digital milestone was achieved during the quarter where, for the month of December, digital collections surpassed traditional collections for the first time, highlighting the impact of restrictions on traditional collection activity during the month as well as the ongoing residual impact of low friction digital engagement, with customers engaging with digital messages sent prior to restrictions being imposed to resolve debt.

New clients

The Company signed 111 new clients during the quarter, down 3% compared to the previous quarter's record sales result. The quarter was again characterised by signing several tier-1 and tier-2 consumer businesses (non-bank credit providers, energy retailers, and insurers) that are seeking new and innovative engagement strategies, while also looking to introduce a new independent provider onto their collections panel to strengthen their collection capabilities in the current challenging economic environment.

During the quarter Credit Clear made significant progress with onboarding several tier-1 clients.

Macro-economic environment

The macroeconomic environment continues to be a favourable one for Credit Clear. According to Australian Bureau of Statistics, rises in the true cost of living, measured by cost-of-living indices that, unlike CPI, include mortgage interest charges, continue to cause financial stress for Australian households.

The true cost of living for Employee households, whose primary source of income is wages and salaries, rose driven by a rise in Mortgage interest charges. Mortgage interest charges make up a higher proportion of expenditure for Employee households. Mortgage interest charges rose by 9.3% in the September 2023 quarter, down from 9.8% in the June 2023 quarter.

Employee households recorded the largest annual rise in living costs of all household types, rising 9.0% over the year, down from a peak of 9.6% in the June 2023 quarter. Mortgage interest charges rose 68.6% over the year, easing from the peak of 91.6% last quarter. Fewer interest rate rises over the September 2023 quarter led to the lower annual rise. However, mortgage interest charges remain elevated as expiring low fixed rate loans revert to higher variable rates.

Shareholder briefing:

The Company invites shareholders and investors to its H1 FY24 investor briefing to be hosted by CEO and MD Andrew Smith, CFO Victor Peplow and Chief Product and Technology Officer Jason Serafino.

When: Monday, 26 February 2024

Time: 9.15am

Register for the briefing: [here](#)

Notes:

1. Q2 revenue is unaudited
2. As per 4C quarterly cash flow report
3. Settlement of the DRA acquisition is still pending finalisation of Completion Accounts and is expected to be ~\$200k

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

- ENDS -

Investor and Media Enquiries

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About Credit Clear

Credit Clear Limited is an Australian technology company that has developed a digital billing and communication platform that helps organisations drive smarter, faster, and more efficient financial outcomes by changing the way customers manage their re-payments through a user experience that the market demands in a digital age, powered by award winning artificial intelligence.

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

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")

December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,767	22,439
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(194)	(272)
(d) leased assets	(142)	(319)
(e) staff costs	(5,354)	(10,602)
(f) administration and corporate costs	(4,778)	(9,672)
1.3 Dividends received (see note 3)		
1.4 Interest received	131	252
1.5 Interest and other costs of finance paid	(98)	(197)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other		
1.9 Net cash from / (used in) operating activities	1,332	1,629
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(481)	(481)
(c) property, plant and equipment	(37)	(61)
(d) investments		
(e) intellectual property	(339)	(657)
(f) other non-current assets		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(857)	(1,199)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		500
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	648	648
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other – office lease payments	(270)	(551)
3.10	Net cash from / (used in) financing activities	378	597

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,176	12,002
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,332	1,629
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(857)	(1,199)

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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	378	597
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	13,029	13,029

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	13,029	12,176
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)	13,029	12,176

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	145
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil
<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>		

\$145k in payments at 6.1 relate to director fees and wages paid to the executive 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.		
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)	1,332
8.2 Cash and cash equivalents at quarter end (item 4.6)	13,029
8.3 Unused finance facilities available at quarter end (item 7.5)	100
8.4 Total available funding (item 8.2 + item 8.3)	13,129
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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?	
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?	
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?	
<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 January 2024
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Authorised by: By the Board
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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.