

20 July 2022
ASX Announcement

Credit Clear June Quarterly
Activity Report & Appendix 4C

RECORD QUARTER WITH REVENUE UP 41% QoQ AND 160% PCP TO \$8.63 MILLION

Key highlights:

- Credit Clear achieved record quarterly revenue of \$8.63m¹ in Q4FY22 up 41% quarter on quarter (QoQ) and 160% vs prior corresponding period (PCP)
- Record monthly revenue of \$3.12m¹ achieved in June and Revenue Run Rate climbs to \$37.44m p.a.²
- May and June were consecutive operationally profitable³ months
- 60 new client wins for the quarter including several new clients that are expected to become top 10 clients by revenue
- Strong balance sheet with cash position of \$10.2m at bank
- A significant increase in the number of accounts in arrears being referred to Credit Clear
- The Company will provide a Shareholder and Investor Briefing today at 11am, please click [here](#) to join the briefing

Australian receivables management solution provider **Credit Clear Limited (ASX: CCR)** ("**Credit Clear**" or the "**Company**") is pleased to announce that it achieved record revenue of \$8.63m in Q4FY22, up 41% QoQ and 160% vs PCP.

Record monthly revenue of \$3.12m was achieved in June taking Credit Clear's annualised revenue run rate to \$37.44m.

In addition to record revenue, Credit Clear has reported consecutive months of operational profitability² in May and June 2022, through continued growth and a disciplined approach to its ongoing investment in technology.

New sales and pipeline

Credit Clear signed 60 new clients in Q4FY22, including several clients that the company expects to become top ten clients by revenue. Notable clients include a financial services provider, a state government service provider, and a large water utility.

The sales pipeline has strengthened considerably during the quarter, with Credit Clear's award-winning technology supported by hybrid end-to-end collections and

legal recoveries resonating particularly well with materially significant potential clients.

New opportunities include negotiations with a large Australian bank, a tier 1 Australian insurer and several large utility opportunities, where growing pressure on customers due to rising inflation is having an impact.

International update

South Africa – During the quarter several key data and technical projects have been completed that are typical of large, complex organisations on a digitisation journey. Message delivery rates and engagement are broadly consistent with Australian metrics and email messages have recently been added to the workflow. Techub is progressively adopting a “digital-first” approach and providing Credit Clear the opportunity to process untreated portfolios.

UK and Singapore – Credit Clear has progressed discussions in the UK with a large multinational BPO and Collection Agency regarding a partnering and teaming agreement. In Singapore the Company is pursuing a licensing agreement with a large APAC debt collection provider.

Technology performance

A significant champion / challenger test during the quarter provided further validation of Credit Clear’s award-winning Artificial Intelligence (AI) technology. Credit Clear’s AI-driven software, which predicts the next best channel, message and timing to use, has delivered a 35% uplift in collections for a toll road operator in Q4FY22. The case study measured optimised workflows using SMS, Email, and dialler calls, using the Credit Clear platform and the same message templates. The differentiator between the two treatments was the use of Credit Clear AI to decide which action to take next for a particular customer, based on what had already happened to date.

Outlook

With operational profitability, a strong balance sheet and cash at bank of \$10.2m, and an economic environment where the cost of living is increasing at a rate well ahead of wage growth, Credit Clear is well positioned to continue delivering accelerated growth into FY23.

Andrew Smith, Credit Clear CEO, said:

"In 2022 Credit Clear has positioned itself to lead the market as a hybrid end-to-end credit management company. We've done this by providing a 'best-of-both' offering that sees award-winning AI technology combined with an experience-led and customer centric service offering. The uplift in performance produced for our clients has been quantifiably proven in recent case studies and is contributing towards greater referral volumes from existing clients, and an influx of new clients that we have signed in the past few months.

International expansion is an important part of our growth story, and I'm pleased to say that our technology is being received in other markets with the same enthusiasm that we have seen in Australia. We are in meaningful discussions with several global organisations that could provide Credit Clear with low-cost, high-scale international partnership opportunities.

We exit the 2022 financial year as a profitable market-leading company and our intention is to reinvest profits for growth. With a strong cash balance and an increasingly supportive economic environment Credit Clear is positioned to deliver strong growth across every business unit in FY2023."

- ENDS -

Note¹: The financial results for Q4FY22 are unaudited

Note²: Revenue run rate is calculated on annualised June actual revenue

Note³: Operational profit excludes non-operational items such as redundancies, one-off legal matters and capital raising fees

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

Investor and Media Enquiries

Warrick Lace
warrick.lace@creditclear.com.au
 +61 404 656 408

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 in Melbourne and offices in Sydney, 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")

June 2022

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	7,802	19,513
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(79)	(211)
(d) leased assets	(373)	(1,177)
(e) staff costs	(4,859)	(14,441)
(f) administration and corporate costs	(5,420)	(11,818)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	17
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	841	841
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(2,082)	(7,276)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(265)	(27,224)
(b) businesses		
(c) property, plant and equipment	(120)	(293)
(d) investments		
(e) intellectual property	(258)	(1,152)
(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	(643)	(28,669)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,500	37,000
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	(350)	(1,553)
3.5	Proceeds from borrowings		3,000
3.6	Repayment of borrowings	(3,046)	(3,046)
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	4.104	35,401

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,825	10,748
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,082)	(7,276)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(643)	(28,669)

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)	4,104	35,401
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	10,204	10,204

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	10,204	8,825
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)	10,204	8,825

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	138
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<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>		

Payments to related parties include director fees for Non-Executive Directors as well as salaries paid to Executive Directors.

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)	(2,082)
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,204
8.3 Unused finance facilities available at quarter end (item 7.5)	100
8.4 Total available funding (item 8.2 + item 8.3)	10,304
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5
<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: 20/07/22

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.