

26 April 2022
ASX Announcement

Credit Clear March Quarterly
Activity Report & Appendix 4C

CCR Grows Revenue 117% in Q3, Will be Cashflow Positive by July 2022

Key highlights:

- Total quarterly revenue has grown 117% PCP and 88% QoQ to \$6.1 million (record high)
- Revenue run rate grows to >\$35 million p.a. based on annualised March 2022 revenue of \$2.9 million (record high)
- Based on current trajectory in revenue growth and continued fiscal discipline, CCR will be cashflow positive from July 2022
- First international platform has been deployed in South Africa, with similar opportunities being explored in multiple international markets
- CCR's digital platform has delivered a material uplift in the recently acquired ARMA portfolio, including a 22% uplift in collections
- 65 new clients signed for the quarter, including multiple large clients currently being onboarded that will have a material impact on revenue
- \$4m raised through a share purchase plan that was strongly supported by existing institutional investors, directors and staff
- The quarter saw the appointment of ARMA's senior team to positions within the CCR Group with Andrew Smith as CEO and Director, Shane Ashton as COO and Eddie Smith as Group Head of Sales significantly strengthening the industry credentials and renewing the CCR executive team
- Hugh Robertson was appointed Chairman of the Board on February 24, 2022
- Join an investor briefing on Tuesday, 26 February 2022 at 12pm [here](#).

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 for the quarter ended 31 March 2022 (Q3 FY22).

Andrew Smith, Credit Clear CEO, said:

"Credit Clear has emerged as a leader in the global account receivables industry. We have proven technology that is clearly differentiated from any other in the market. With an end-to-end hybrid collection offering that provides best-in-class solutions at every stage of the collections lifecycle. Our reshaped executive team has the expertise and relationships to take our technology and services to a global market. As we turn profitable from July 2022, we also have positive cash flow to reinvest into research and development to further our technology and the evolution of our platform."

Financial update

Credit Clear achieved record revenue of \$6.1m in Q3 FY22 representing an increase of 117% on the prior comparable period (pcp) and 88% quarter-on-quarter (QoQ). Record monthly revenue of \$2.9m in March 2022 was also achieved.

Owing to material growth in revenue, fiscal discipline and operational synergies arising from the ARMA acquisition, the Company will be cashflow positive from July 2022.

The Company projects an annual revenue run rate of >\$35 million per annum, based on March 2022 actual revenue of \$2.9 million. This revenue run rate does not include any expected income from Techub in South Africa or significant new clients that are in the process of being onboarded.

Significant new client wins

Credit Clear has signed 65 new clients during the quarter, including multiple large enterprises currently being onboarded that CCR expects will have a material impact on revenue. CCR now services multiple leading brands in key industry sectors including financial services, consumer, insurance, utilities, government, trade credit and automotive.

ARMA acquisition

During the quarter Credit Clear integrated ARMA's clients onto its digital platform. Since integration 292k customer accounts have been loaded onto the platform across 47 clients. \$3m in payment plans have been committed to CCR's digital solutions since 10 February to date and \$1.6m in digital payments have been received.

International expansion

CCR has successfully deployed its digital platform into an international market for the first time, following the partnering and teaming agreement signed with Techub in South Africa. The highly automated offering demonstrates CCR's ability to rapidly scale the digital business into new global markets. Techub has notified CCR that it

will fast-track the rollout to its entire US\$1bn debt portfolio, dispensing with the planned three-month pilot on a US\$100m debt portfolio.

Techub has also announced that iSON Xperiences, Africa's largest BPO service provider has taken a strategic shareholding in its holding company CSS Group. The iSON investment opens significant new markets to CCR across 18 countries including multiple African nations, India and the United Arab Emirates.

CCR is exploring similar opportunities in multiple international markets.

Case Studies

An Optimiser case study for ARMA has shown a material uplift in ARMA's business performance since it was integrated onto the digital platform. This includes a 22% increase in collections, 32% uplift in customer engagement, 16% uplift in Net Promoter Score (NPS) and a 20% reduction in the time to recover.

The material improvement in business performance demonstrates the power of CCR's digital platform as well as the depth of knowledge that CCR has in optimising digital strategies. The fact that this uplift in performance has been achieved across the ARMA client base, which following CCR's extensive due diligence, was already a leader in operational efficiency and collections knowhow, is indicative of the size of the opportunity that CCR has to disrupt the industry.

A case study conducted for Toyota from January to March 2022 showed CCR's Digital first hybrid approach outperformed phone calls for first contact engagement by 200% over the three-month period. NPS scores collected through the 3-month Toyota Finance digital first hybrid case study has delivered a record result of +64 demonstrating a far superior customer experience.

During the quarter Credit Clear also achieved a significant milestone with Suncorp, where the company is now fully integrated (through real-time 'API') with the Suncorp core claims processing platform as their digital engagement and payments solution. This is a significant achievement given the time and effort it takes to integrate with these types of core systems. Now that Credit Clear is integrated with Suncorp, it looks forward to growing the volume of claims through the platform.

Quarterly Investor Briefing

Date: Tuesday, 26 April 2021

Time: 12pm AEST

Registration: The joining link for the briefing is [here](#).

CCR invites shareholders and investor to its Q3FY22 Quarterly Investor Briefing. The briefing will be hosted by Credit Clear CEO Andrew Smith and Credit Clear Chief Product Technology Officer Jason Serafino. There will also be an opportunity to ask questions during a live Q&A.

- ENDS -

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

Investor and Media Enquiries

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About Credit Clear

Founded in 2015, 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")

March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,095	11,722
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(37)	(136)
(d) leased assets	(262)	(593)
(e) staff costs	(3,964)	(9,721)
(f) administration and corporate costs	(1,887)	(6,607)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	10
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	(2,052)	(5,325)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(26,967)	(26,967)
(b) businesses		
(c) property, plant and equipment	(102)	(162)
(d) investments		
(e) intellectual property	(264)	(766)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(27,333)	(27,895)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	16,759	29,500
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	(650)	(1,203)
3.5	Proceeds from borrowings	3,000	3,000
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	19,109	31,297

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	19,101	10,748
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,052)	(5,325)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(27,333)	(27,895)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	19,109	31,297
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	8,825	8,825

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	8,825	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)	8,825	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	Nil
6.2	Aggregate amount of payments to related parties and their associates included in item 2	26,967

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.

Payment at 6.2 relates to the acquisition of ARMA during the Mar'22 Quarter. The former CEO and other senior managers at ARMA were also shareholders of ARMA. They were all subsequently appointed to management roles at Credit Clear, including the CEO position. By virtue that they received proceeds from the sale of ARMA, combined with them now being employees of Credit Clear, they may be deemed to be related parties for the purpose of section 6.

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	3,000	3,000
7.2 Credit standby arrangements		
7.3 Other – Credit Card Facilities	100	38
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		62
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. As part of the ARMA acquisition, finance of \$3m was extended to Credit Clear by the vendors of ARMA. The loan was unsecured, interest of 10% was charged and the loan due for repayment in April'22. The loan has since been repaid.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,052)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,825
8.3 Unused finance facilities available at quarter end (item 7.5)	62
8.4 Total available funding (item 8.2 + item 8.3)	8,887
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4
<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

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.

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: 26/04/22

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.