

31 January 2022  
ASX Announcement

## Credit Clear December Quarterly Activity Report & Appendix 4C

### Key highlights:

- Total quarterly revenue of \$3.2m and digital revenue of \$1.1m achieved, up 56% and 85% on pcp respectively
- 28 new clients signed for the quarter, up 47% on pcp. Maintained a +41 NPS score for the quarter from over 15k respondents
- Announced the acquisition of ARMA, a leading Australia-based provider of receivables solutions, delivering CCR EBITDA of \$3.9m (Pro Forma FY21) to reinvest in growth
- Signed a Global Partnering and Teaming Agreement with Techub to deploy Credit Clear's digital platform across their >\$1billion account receivables portfolio across blue chip clients in South Africa, the UK and United States. CCR expects revenue generated from the Techub partnership to be material
- Deepened presence in New Zealand with deployment of digital platform to enhance support for long-term customer, Prospa Group Ltd
- Demonstrated 151% uplift in collection outcomes versus traditional methods via the deployment of Credit Clear's Next Best Action ("NBA") AI decisioning model
- Won 'Best Use of AI' award at the 2021 Australian FinTech Awards
- In January announced new client wins adding ~6% – 8% (\$1.6m – \$2m) to CCR's revenue in the next 12 months
- Join an investor briefing on 2 February 2022, register [here](#)
- To apply for new shares under the Share Purchase Plan click [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 December 2021 (Q2 FY22).

### David Hentschke, Credit Clear's CEO said:

*"During the quarter Credit Clear delivered upon significant strategic milestones. The acquisition of ARMA adds \$15.5m in existing revenue and over \$6.4m in normalised EBITDA. Since the acquisition ARMA's fast growth has continued, with the signing of two large new clients expected to add material revenue to the business in the next 12 months (refer 28 January announcement). Our technology capabilities continue to be enhanced and validated by scientific case studies. We have successfully demonstrated a material uplift in performance when our digital technology is deployed across portfolios of account receivables. The company's leadership in technology was recognised when we won the 'Best Use of AI' at the 2021 Australian Fintech Awards. Internationally, the*

*company signed an agreement with a large South African collections agency with an international footprint. Good progress has been made towards going live with our pilot in the current quarter.”*

## Financial update

Credit Clear achieved revenue of \$3.2m in Q2 FY22, representing an increase of 56% on the prior comparable period (pcp). The digital platform continues to perform strongly, achieving quarterly digital revenue of \$1.1m, an increase of 85% on pcp.

The adoption of Credit Clear’s SaaS digital receivables solution over traditional methods continues, with digital revenue comprising 34% of total revenue in Q2 FY22, and traditional to digital revenue conversion of \$0.7m achieved, up 162% on pcp. Digital communications increased to more than 3m for the quarter, an increase of 37% on pcp and 26% on Q1 FY22.

## Significant new client wins

Credit Clear signed 28 new clients during the quarter, including Revolut (the global Fintech) and a global automotive manufacturer along with the largest tollway operator in Australia. Also, since announcing the acquisition of ARMA Group Holdings (ARMA) in December, the business has signed a further two significant clients, including a leading Australian utility operator and a leading global Fintech. These significant wins represent increased market penetration in the utilities and financial technology sectors. The two new clients are expected to increase revenue by 6 – 8% (\$1.6m – \$2m) in the next 12 months and will rank as within the top ten largest clients.

## ARMA acquisition

During the quarter, Credit Clear entered into a binding agreement to acquire 100% of ARMA Group Holdings (ARMA), a leading provider of debt recovery solutions servicing the Australian and New Zealand markets. The acquisition is expected to add significant value via the following:

- **Accelerating revenue growth and profitability:** ARMA is highly profitable with \$6.4m normalised EBITDA and \$15.5m revenue achieved in FY21.
- **Broadens customer base and data assets:** 400+ customers will be acquired across new and existing industry sectors, accelerating the adoption of Credit Clear’s award-winning technology across the receivables management industry.
- **Expanded sales capability and expertise:** securing one of Australia’s leading DCA sales teams and significantly enhancing Credit Clear’s national sales presence.

The acquisition is funded by a \$29.5m capital raising consisting of a fully underwritten \$25.5m two-tranche institutional placement and a \$4m share purchase plan. Credit Clear successfully completed the \$25.5m institutional placement of new fully paid ordinary shares at an issue price of \$0.40 per new share. The share purchase plan will close on Friday, 18 February 2021.

## Executing on growth

Credit Clear signed a global Partnering and Teaming agreement with Techub, a leading global provider of financial recovery, technology solutions and business process outsourcing. Techub has a blue-chip customer base spanning South Africa, the United Kingdom and the United States.

Under the partnership, Techub will deploy Credit Clear's digital solutions across its >\$1bn account receivables portfolio, providing Credit Clear direct access to significant and global portfolios of account receivables available for digital conversion. The agreement allows Credit Clear to remotely support the platform from Australia, enabling leveraging of current infrastructure to cost effectively scale new account receivable volumes. Credit Clear will be paid a commission on all debtor payments initiated by the Credit Clear digital platform. Management expects revenue from this partnership to be material and the platform to be ready for Techub's deployment in Q1 CY22.

Credit Clear also strengthened its presence in New Zealand via the remote deployment of its digital platform to further support long-term customer, Prospa Group Ltd (Prospa). Prospa is a leading online lender to small businesses in Australia and New Zealand and a diversified financial technology solution provider. The success of Credit Clear's long-term relationship with Prospa in Australia resulted in the expansion of support into New Zealand.

## Awards and recognition

Credit Clear was awarded winner of the 'Best Use of AI' category at the 2021 Australian FinTech Awards, for improvements demonstrated in collection outcomes following deployment of its AI-backed technology. Credit Clear's digital platform uses AI to optimise communications content and dynamically determine best channels of engagement. This delivers improved collection outcomes whilst preserving customer relationships.

**- 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

### Credit Clear Limited

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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 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](http://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 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,542	7,626
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(51)	(99)
(d) leased assets	(180)	(331)
(e) staff costs	(2,867)	(5,756)
(f) administration and corporate costs	(2,871)	(4,720)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	7
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)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,425)</b>	<b>(3,273)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(10)	(60)
(d) investments		
(e) intellectual property	(225)	(502)
(f) other non-current assets		

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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(235)</b>	<b>(562)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	12,741	12,741
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	(553)	(553)
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>12,188</b>	<b>12,188</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,573	10,748
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,425)	(3,273)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(235)	(562)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,188	12,188
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>19,101</b>	<b>19,101</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	19,101	9,573
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>19,101</b>	<b>9,573</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
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>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,425)
8.2 Cash and cash equivalents at quarter end (item 4.6)	19,101
8.3 Unused finance facilities available at quarter end (item 7.5)	100
8.4 Total available funding (item 8.2 + item 8.3)	19,202
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	8
<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: .....

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.