

18 October 2023
ASX Announcement

FY24 Q1 Results

Highlights:

- Record quarterly revenue of \$10.02m¹ up 12.2% QoQ, the first quarter to surpass \$10m in revenue, puts the Company on track to achieve its FY24 revenue guidance
- Cash generated from operating activities of \$0.3m^{1,2} up 50% QoQ
- Cash at bank of \$12.2m, up \$0.2m on prior quarter
- High margin digital payments have for the first time exceeded \$20.8m in a quarter collecting \$26.3m up 26.4% QoQ
- A record 114 new clients signed, up 52% QoQ and continued sales progress with new tier-1 clients in banking, insurance, and utility providers
- The Company's inventory of debt files continues to grow with the volume of files referred increasing 16.7% QoQ and the value of files growing 9.5% to \$2.3bn
- The Company will host an investor briefing today at 9.15am, to register please click [here](#)

Australian technology and debt collection provider **Credit Clear Limited (ASX: CCR)** ("**Credit Clear**" or "**the Company**") is pleased to announce its FY24 Q1 results for the quarter ending 30 September 2023 (Q1).

Financials

Credit Clear recorded record revenue for the quarter of \$10.02m up 12.2% QoQ, placing the Company on track to achieve its FY24 revenue guidance. The record quarterly revenue was achieved with solid contributions from new tier-1 clients signed in FY23 that have been onboarded and are beginning to grow towards their potential revenue. Cash generated from operations increased 50% QoQ to \$0.3m, the fifth consecutive quarter of positive cash generated from operating activities. 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 26.4% QoQ to \$26.3m, surpassing \$20m collected on the platform for the first time 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 consumer division 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.

Inventory

The Company's inventory of debt files continues to grow with the volume of files referred to the Company increasing 16.7% QoQ and the value of files growing 9.5% to \$2.3bn

Three factors are driving inventory growth:

1. Winning a larger share of work from existing clients following success through a competitive process,
2. Winning and onboarding new clients, particularly more significant tier-1 clients, and
3. Economic conditions (interest rates and cost of living challenges) creating an overall increase in the number of overdue accounts our clients are experiencing.

New clients

The Company signed a record 114 new clients during the quarter, characterised by 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, with two going live towards the end of the quarter and a further three in a position to go live in the coming quarter (in calendar year 2023).

Macro-economic environment

Official data from the RBA's Financial Stability Review³ has shown a sharp increase in the percentage of borrowers that have negative cash flows (i.e. cannot afford to make their debt repayments after living costs) has jumped over 300% this year to 13%, up from just 3% in 2022.

This significant increase in financial stress comes before more than half (55%) of the borrowers that took lower rate fixed interest loans have rolled back onto higher variable loan rates.

According to the RBA's Financial Stability Review 18% of fixed-rate borrowers will have negative cash-flows once they roll to variable, assuming no more interest rate hikes before that happens.

Credit Clear's internal data has shown a marked increase in the value and volume of debt files being referred across its client base. With signs of financial stress emerging in mortgage repayments, typically the first bill to be paid each month, expectations are that financial pressure will be pushed downward onto utility, insurance and other accounts

creating an elevated demand for Credit Clear's services.

Credit Clear has continued to see collection rates remain steady given high levels of employment in Australia.

Shareholder briefing:

The Company invited shareholders and investors to its FY23 Q1 investor briefing to be hosted by CEO and MD Andrew Smith, CFO Victor Peplow and Chief Product and Technology Officer Jason Serafino.

When: Wednesday, 18 October 2023

Time: 9.15am

Register for the briefing: [here](#)

Notes:

1. Q1 revenue is unaudited
2. As per 4C quarterly cash flow report
3. <https://www.rba.gov.au/publications/fsr/2023/oct/contents.html>

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

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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 repayments 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")

September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,672	10,672
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(78)	(78)
(d) leased assets	(177)	(177)
(e) staff costs	(5,248)	(5,248)
(f) administration and corporate costs	(4,894)	(4,894)
1.3 Dividends received (see note 3)		
1.4 Interest received	121	121
1.5 Interest and other costs of finance paid	(99)	(99)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other		
1.9 Net cash from / (used in) operating activities	297	297
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(24)	(24)
(d) investments		
(e) intellectual property	(318)	(318)
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(342)	(342)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	500	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		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other – office lease payments	(281)	(281)
3.10 Net cash from / (used in) financing activities	219	219

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	12,002	12,002
4.2 Net cash from / (used in) operating activities (item 1.9 above)	297	297
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(342)	(342)

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 (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	219	219
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	12,176	12,176

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	12,176	12,002
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)	12,176	12,002

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	130
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>		

\$130k 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	6
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		94
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)	297
8.2 Cash and cash equivalents at quarter end (item 4.6)	12,176
8.3 Unused finance facilities available at quarter end (item 7.5)	94
8.4 Total available funding (item 8.2 + item 8.3)	12,270
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: 18 / 10 / 2023
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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.