creditclear
digital payment technology

29 July 2024
ASX Announcement

Q4 FY24 Results
Record revenue and cash flow

Highlights:

- **Record revenue:** $11.5m[1] up 28% on prior corresponding period (pcp) with growth driven by winning more share of wallet from existing clients and growing revenue from new clients
- **Cash from operations**: $1.8m[1] for the quarter, an improvement of $1.6m on pcp, and the fifth consecutive quarter of positive cash from operations taking YTD net cash from operations to $3.6m[1]
- **Guidance achieved:** FY24 Underlying EBITDA[3] of approximately $4m[1] and revenue of approximately $42.0m[1]. The Company will provide FY25 guidance with the upcoming FY24 results on 28 August 2024
- **Strong balance sheet:** $13.1m cash at bank, an improvement of $0.7m QoQ and $1.1m on pcp, leaving the Company well positioned to fund growth opportunities
- **Clients signed:** 85 new clients signed, including five expected tier-2 clients[2,4] and 20 expected tier-3 clients[2,4].
- **Digital collections:** Up 65% on pcp to $33.2m for the quarter, surpassing $10.0m for each month in the quarter and achieving a record month of $11.8m for the quarter, with digital technology boosting performance and profitability
- **Strong trading conditions:** Increasing demand for Credit Clear's services highlighted by the Company's Consumer division receiving 56% more files in H2FY24 2024 on pcp.
- **Q4 FY24 investor briefing:** The Company will host a briefing today, 29 July, at 9.15am (AEST), click to register **here**

Australian technology and debt resolution provider **Credit Clear Limited (ASX: CCR)** ("**Credit Clear**" or "**the Company**") is pleased to announce its results for the quarter ending 30 June 2024 (Q4 '24).

Financials

Credit Clear delivered record revenue of $11.5m[1], up 28% on pcp, achieving the top end of guidance of $40m - $42m for FY24. Revenue growth was driven by existing tier-1 clients where the Company is winning more share of wallet from existing clients and revenue building from new clients.

The Company has achieved its Underlying EBITDA[3] guidance, which was upgraded in June to in excess of $3.7m, and is tracking towards Underlying EBITDA of approximately $4m for the year. The Company looks forward to providing FY25 guidance with the upcoming FY24 results on the 28 August 2024.

The Company produced its fifth consecutive quarter of positive cash from operations with $1.8m in Q4 '24. Cash from operations now stands at $3.6m for FY24. The Company had $13.1m cash at bank on 30 June 2024, a $1.1m improvement year-on-year and $0.7m improvement QoQ and is in a strong position to fund growth opportunities, including the potential to enter international markets.

The strong growth achieved in Q4 leaves the Company well positioned to capitalise on the expected seasonal uplift heading into Q1 '25, with the first quarter of the financial year historically being one of the strongest quarters.

Digital technology and AI deployment

Payments made via the high-margin digital platform grew 65% on pcp to $33.2m, surpassing $10.0m collected on the digital platform for each month of the quarter, with the Company's Consumer Division in particular continuing to adopt and deploy the technology as it onboards large new clients with two additional clients achieving tier-1 status for the quarter.

During the quarter an experiment with a recently signed large energy provider showed an uplift of 22% when the company deployed its AI module to determine the optimal "action type" and "action time" of digital messages. The result was achieved in a controlled experiment with no other modifications to the digital message content or the number of workflow steps, other than using AI to drive "action type" and "action time" decisions.

The Company has consistently replicated these AI experiments, and the latest result helps pave the way to roll out the AI module more broadly across the client base.

New clients signed and pipeline

The Company signed 85 new clients during the quarter, including five potential tier-2 clients[2,4] and 20 potential tier-3 clients[2,4]. The new business pipeline remains strong where the Company is in discussions with three potential tier-1 clients and five meaningful tier-2 clients with opportunities present in the energy, education, water, local government and insurance sectors.

Local government work is an area where the Company has a strong track record, particularly in South Australia where the company represents over 90% of councils, and where material opportunities exist to expand the service to other states. During the quarter the Company has tendered for work with three large Victorian councils, all potentially large tier-2 clients. During the year the company has won work from eight Victorian councils, and now represents ~10% of councils in Victoria.

During the quarter the Company went live with ANZ Bank, the Australian bank announced as a new client in May 2023, following an extensive onboarding process where the Company satisfied the bank's significant due diligence requirements.

At the start of quarter ARMA was assigned work within one of ANZ's debt portfolios and, following consistent month-on-month performance, ARMA has been assigned increased share of the current portfolio and has been approved to receive referrals in two additional segments.

New hardship management solution

The growing number of Australian's falling behind with their payments is highlighted by the Company's Consumer division receiving 56% more files in the 2H '24 compared to the 2H '23. The comparison is a like-for-like analysis across the same cohort of clients.

In response to this clear trend, the Company has introduced "iassist", a cutting-edge SaaS platform which provides a digital solution for individuals facing hardship, ensuring a convenient and respectful experience.

Encompassing an easy capture of financial circumstances as well as tailored payment arrangements for those that need some flexibility to resolve their account, iassist is a new solution designed to provide the support Australians' needs during these challenging times.

The iassist platform simplifies the complexity of debt resolution by automating legislative compliance and providing robust monitoring capabilities. iassist empowers businesses to deliver more effective and empathetic hardship programs. The solution is live and being actively marketed to existing and new potential customers.

The innovative platform will set a new standard in the industry, providing much-needed support to those facing financial challenges and further extends Credit Clear's hybrid end-to-end offering that supports our client's customers right the way through the debt lifecycle.

Credit Clear CEO, Andrew Smith, said: "Record revenue and a controlled cost base have helped to deliver sustainable cash from operations for the past 15 months (five quarters). Having grown the business through the seasonally weaker Q2 and Q3 quarters, we have now seen the expected uplift in the seasonally stronger Q4 with record revenue of $11.5m, and we're in an excellent position to capitalise on growth into Q1'25, with the first quarter of the financial year typically being one of our strongest quarters seasonally. Our ongoing success in winning new clients has been extended, and it is particularly pleasing to see two more companies achieve tier-1 status. Finally, the continued uptake of AI-driven digital engagement strategies by many of our largest clients is achieving better collection rates, while at the same time improving the end customer's experience – a critical outcome as financial stress continues to rise in our community."

Shareholder briefing:

The Company invites shareholders and investors to its Q4 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, 29 July 2024
Time: 9.15am (AEST)
Register for the briefing: **here**

Notes:

1. Q4 FY24 revenue and cash from operations are unaudited
2. Tier 1 clients = revenue of >$500k p.a., Tier 2 clients = revenue of >$100k and <$500k p.a. and Tier-3 clients of between >$12k and <$100k
3. Underlying EBITDA excludes share based expenses and non-core items, but includes Tech Development OPEX
4. Expected revenue is based on information provided by clients

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

– ENDS –

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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 in 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	**Quarter ended ("current quarter")**
48 604 797 033	June 2024

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	12,704	45,055
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(156)	(575)
	(d) leased assets	(138)	(599)
	(e) staff costs	(5,973)	(22,271)
	(f) administration and corporate costs	(4,683)	(18,102)
1.3	Dividends received (see note 3)		
1.4	Interest received	124	497
1.5	Interest and other costs of finance paid	(88)	(379)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other		
1.9	**Net cash from / (used in) operating activities**	**1,790**	**3,626**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses	(175)	(656)
	(c) property, plant and equipment	(70)	(192)
	(d) investments		
	(e) intellectual property	(391)	(1,330)
	(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)	21	42
2.6	**Net cash from / (used in) investing activities**	**(615)**	**(2,136)**

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
3.6	Repayment of borrowings	(195)	(390)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other – office lease payments	(270)	(1,104)
3.10	**Net cash from / (used in) financing activities**	**(465)**	**(346)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	12,436	12,002
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,790	3,626
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(615)	(2,136)

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)	(465)	(346)
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**13,146**	**13,146**

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	13,146	12,436
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)**	13,146	12,436

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

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.

$145k in payments at 6.1 relate to Director fees as well as wages paid to the Managing Director.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other – Credit Card Facilities	108	0
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	108

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 provides a $50,000 credit card facility which is unsecured.

Westpac provides a $8,000 credit card facility which is unsecured.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	1,790
8.2	Cash and cash equivalents at quarter end (item 4.6)	13,146
8.3	Unused finance facilities available at quarter end (item 7.5)	108
8.4	Total available funding (item 8.2 + item 8.3)	13,254
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

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.

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?

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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?

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: 29 July 2024

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.