

25 February 2022
ASX Announcement

CCR 1H FY22 highlights

Revenue Run Rate Grows to >\$30m p/a

Market update:

- CCR Group, post ARMA acquisition, has a revenue run rate of >\$30m p/a
- ARMA integration progressing rapidly with 280k customer accounts integrated into the digital platform
- In first eight (8) days of ARMA digitisation, \$722k has been committed in payment plans and \$127k received in digital payments (with no human interaction)
- Exceptionally positive client response to Group's modern hybrid collections offering with significant upsell and cross sell potential
- Tailwinds strengthening with corporate debt held on balance sheets growing (less debt being sold) resulting in heightened demand for modern and digitally enabled solutions
- Andrew Smith appointed CEO & Executive Director, Hugh Robertson appointed Chairman

1H FY2022 highlights:

- Total revenue of \$6.7m achieved for 1H FY22, up 37% pcp
- Total digital revenue of \$2.4m achieved for 1H FY22, up 80% pcp
- Signed 86 new clients across multiple sectors during the half year, including Victoria's largest toll road operator, a global Fintech lender, a global automotive manufacturer and a further two significant ARMA clients since announcement of the acquisition.
- Increased adoption of digital solutions with traditional to digital revenue conversion up 135% pcp
- Signed a Global Partnering and Teaming Agreement with Techub, providing access to a multi-billion-dollar account receivables portfolio across South Africa, the UK and US
- Extended support for long-term customer Prospa Group Ltd into New Zealand
- Launched flagship campaign leveraging new strategy manager module ('Optimiser'), demonstrating significant uplift in client collection rates
- Won 'Best Use of AI' award at the 2021 Australian FinTech Awards

Australian receivables management solution provider **Credit Clear Limited (ASX: CCR)** ("**Credit Clear**" or the "**Company**") is pleased to present its Half Yearly Operations Report for the six-month period ending 31 December 2021 (**1H FY22**).

During **1H FY22** Credit Clear delivered on three of its key strategic growth pillars including:

1. **Technology validation** – the Company's technology has been widely validated through case studies, the Australian FinTech Awards for "best use of AI" and third-party due diligence (ARMA and Techub) identifying Credit Clear as market leaders
2. **Commercialisation** – the deployment of the digital platform across multiple new clients and debt portfolios has proven the scalability and revenue potential of the technology

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3. **Transformation** – the acquisition of ARMA Group Holding and the Partnering and Teaming Agreement with Techub present transformative local and global opportunities

Credit Clear CEO Andrew Smith said:

"The coming together of Credit Clear Limited and ARMA Group Holdings has presented the combined Company with a clear opportunity to accelerate growth, gain market share and become a market leader in Australia and New Zealand, while entering other international markets. We are at the very beginning of a broader macroeconomic trend that will see organisations holding much higher volumes of account receivables on balance sheet (i.e. not selling debt) and simultaneously electing to manage those accounts in arrears through the support of closely integrated providers. Credit Clear's offering is perfectly matched to assist any organisation to manage their account receivables in a modern, efficient and customer centric way. Our revenue has grown to a run rate of >\$30m p/a, before our sales team has even started to cross and upsell our services. This is before any international revenue from opportunities such as Techub have commenced. There is a clear and significant pathway for CCR's future growth."

Financial update

Credit Clear continues to deliver strong financial results:

- Record revenue of **\$6.7m** in 1H FY22 (up **37%** pcp)
- Digital platform revenue of **\$2.4m** in 1H FY22 (up **80%** pcp)
- Cash balance of **\$19.1m** as at 31 December (up **49%** pcp).

The adoption of Credit Clear's SaaS digital receivables management solution over traditional approaches also continues:

- Digital revenues now comprise **39%** of total revenues
- Traditional to digital revenue conversion up **135%** pcp

Summary Income Statement:

Consolidated Group	Half-year Ended 31 Dec 2021 A\$ 000	Half-year Ended 31 Dec 2020 A\$ 000
Revenue	6,651	4,885
EBITDA (Statutory)	(4,800)	(2,780)
EBITDA (Normalised ¹)	(2,654)	(2,372)
Profit/(loss) after tax	(5,872)	(3,990)
Net cash (as at 31 Dec 2021)	19,101	12,820

Client wins

Since 1 July 2021, Credit Clear signed 86 new clients. Notable wins included:

- A large global Fintech lender

- Victoria's largest road toll operator
- A global automotive manufacturer
- Suncorp (via a contract extension of 2 years)

These significant additions to Credit Clear's portfolio reflect the Company's strong value proposition, growing maturity and increasing ability to seamlessly service high-volume clients that comprise thousands of end-user accounts.

Following the acquisition of ARMA Group Holdings, ARMA signed two significant new clients: a leading Australian utility operator and a leading global BNPL provider. The utility operator is a tier one provider and is expected to scale to become one of Credit Clear's ten largest clients. Likewise, the newly signed global fintech has considerable scale and potential to become one of Credit Clear's largest international clients.

Acquisition of ARMA Group and Capital Raising

As announced on 16 December 2021, Credit Clear acquired 100% of ARMA Group Holdings, a leading provider of debt recovery solutions servicing the Australian and New Zealand markets. The acquisition adds over 400 active clients to Credit Clear's portfolio and secures one of Australia's leading DCA sales teams.

ARMA Group Holdings was wholly acquired at an acquisition price of \$46m (60% cash, 40% scrip) plus Earnout.

The acquisition presents a significant and strategic opportunity to transition ARMA's significant base of end users to Credit Clear's higher margin digital solutions. ARMA's vendors are further incentivised to drive digital conversion as part of the terms of the Earnout.

Continued focus on global expansion, building strategic partnerships and commercialisation opportunities

During the half, Credit Clear signed a global Partnering and Teaming Agreement with Techub, a global provider of financial recovery, technology solutions and business process outsourcing. The agreement sees Credit Clear deploying its digital solutions across selected portfolios of Techub's account receivables. Techub has a global client base with strong representation across South Africa, the UK and US, as well as broad coverage across industry sectors such as banks, utilities, retail and telecommunications. The agreement provides Credit Clear with immediate access to globally significant portfolios of account receivables in new international geographies. Techub will identify and select portfolios across the remainder of its account receivables portfolio, with a total pool of receivables of more than \$1bn in value for Credit Clear to pursue.

Credit Clear also deepened its presence in New Zealand, with the remote deployment of its platform to support long-term customer, Prospa Group Limited ("Prospa") (ASX: PGL) as it deepens its presence in the region. Prospa is a leading financial technology company, providing online lending to small business in Australia and New Zealand.

Credit Clear's expansion into these new markets demonstrates the flexibility of its digital platform to operate in different regulatory jurisdictions and manage alternative currencies, as well as the strength of the team in leveraging existing relationships for growth.

Strengthened senior management team and board

During the half, Credit Clear announced updates to its senior management team. Following the completion of the acquisition of ARMA Group Holdings, ARMA CEO and co-founder Andrew Smith was appointed Chief Executive Officer ("CEO") of Credit Clear Limited and was also appointed to the Board as an executive director.

Credit Clear also appointed Hugh Robertson to the Board as Non-Executive Chairman. Hugh brings over 35 years' experience in financial services and equity markets, including his current role as Director of Equity Capital Markets at Bell Potter Securities as well as significant prior and current public company director experience.

Significant uplift in client collection rates generated via new module

During the half, Credit Clear deployed its first strategy campaign manager module, known as 'Optimiser'. The module empowers clients with an optimal, data-driven and rapid strategy management capability. The Company implemented a Champion / Challenger test across one of its large water utility clients, where two equal portions of the client's receivables portfolio were isolated. One portion received the water utilities existing strategy treatment "Champion", and the other received the Optimiser module "Challenger" treatment.

A range of performance metrics such as collection rate and customer conversion were measured during the campaign. Results demonstrated a 17% uplift in performance (i.e. collection rate) and a significant improvement in other metrics for the portfolio that received the Optimiser module. Extrapolating from volumes over the 21-day trial to 12 months across the water utility's entire account receivables portfolio resulted in an additional \$800k benefit to the client.

Awards and recognition

Credit Clear's continued investment and development of its market leading technology has led to the Company being awarded winner of the 'Best Use of AI' category at the 2021 Australian FinTech Awards. The award recognises Credit Clear for improvements demonstrated in collection outcomes and for its use of AI to dynamically determine the best channels of engagement.

Looking forward, Credit Clear will focus on continuing to drive organic growth in its existing geographies, whilst consolidating and unlocking the value from its ARMA acquisition and Techub partnership agreements, specifically seeking to increasingly convert traditional clients to its higher margin digital solutions. Credit Clear plans to continue to invest in its advanced digital technology to optimise and drive collections, customer experience and shareholder value.

- ENDS -

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

Note: ¹ Normalised EBITDA removes once off costs associated with Share Based Expenses, ARMA Acquisition Costs, Legal Matters and International Exploration

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About Credit Clear

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 active 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