

30 August 2023
ASX Announcement

FY23 Results

Highlights:

- Revenue of \$35.0m up 63% YoY and a strong end to the year with record monthly revenue in June 2023
- Normalised EBITDA¹ inclusive of Technology Development (OPEX) of \$0.2m for the year
- Cash used in operations² improved by \$6.4m or 73% to -\$2.3m
- New clients signed during the year included several tier-1 clients and potential revenue³ of \$11.6m
- The volume of debt files referred by clients grew 40% to 1.2m and the value of files under management grew 59% to \$2.1bn
- High margin digital collections grew 88% YoY to \$71.m driven by strong adoption from ARMA's largest collections team (Consumer Division)
- Cost of living pressures intensified significantly during FY23, and Australian companies are preparing for an increase in overdue accounts by strengthening their collection capabilities, resulting in more work for Credit Clear
- \$12m cash at bank and no debt
- The Company will host an investor briefing today at 9.30am, 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 results for the financial year ending 30 June, 2023 (FY23).

Financials

The Company recorded revenue for \$35.0m, up 63% YoY with a strong end to the year posting a new monthly revenue record in June 2023. The strong revenue growth for the year, along with the continued adoption of its high margin SaaS platform, has resulted in an improvement in normalised EBITDA¹ inclusive of Technology Development (OPEX) of \$3.8m, to \$0.2m for the year. Cash used in operations² improved by \$6.4m or 73% YoY to -\$2.3m.

Digital Technology

High margin digital collections grew 88% YoY to \$71.1m with ARMA's Consumer Division leading the way in deploying the technology across its large portfolio of clients. Digital collections now account for over 55% of the Consumer Divisions payments, up from 41% at the end of FY22. The continuing transition to digital in the Consumer team is having a positive impact on the collection performance and profitability of the Company.

New clients

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The success of the ARMA acquisition in February 2023 is most clearly highlighted by the new business success the Company has achieved in FY23. The tender success rate has improved from ~30% to ~70% with the Company winning the past six consecutive competitive tenders it has responded to. The size and sophistication of the clients won has changed notably during the year, with several tier-1 clients won and in the process of being onboarded. The new client success is attributable to the unmatched nature of Credit Clear's offering with the integrated SaaS, third-party contingent and legal recoveries offering resonating with tier-1 clients' immediate and future debt resolution needs.

The growth in new clients and a distinct deterioration in economic conditions for consumers has resulted in a material increase in the volume and value of files being referred to Credit Clear with the volume of debt files up 40% to 1.2m and the value of files under management up 59% to \$2.1bn.

Macro-economic environment

Cost of living pressures have significantly impacted our clients' customers' ability to service living expenses. Inflation has grown at a record pace with 13 interest rates increases over a 16-month period, hiking the cost of servicing debt. Over one million Australians with home loans have or will roll off fixed interest rates in 2023 and 2024 and Credit Clear data shows that the number and value of overdue accounts has risen sharply in the past 12 months. Banks, local councils, emergency services, ATO and insurers have all signaled their intention to increase collection activities after reduced activity through COVID. The average bill for Victorians calling National Debt Helpline last year was \$2,459 – a 43% increase from the year prior, and the average energy bill had increased by 25%.

Business integration

In the past financial year, we have fully integrated the operations of the two legal firms under the Oakbridge Legal brand and the two debt collection firms under the ARMA brand. The integration projects and migration of systems and clients is substantially complete, and the Company is now beginning to benefit from the efficiencies, scale, and capabilities of the combined entities. The effort and, at times, disruption of the integration projects should not be discounted. In Q4, for example, one of our largest clients was on a complete pause for nearly the entire quarter while systems were migrated. This negatively impacted our Q4 revenue by ~\$450k. It is but one example of the one-off cost of integrating the Company's businesses that we will now be able to get back.

During this time the Company has removed duplicate roles and redeployed resources into areas that required additional support. For example, experienced sales team members have been moved into management roles overseeing client onboarding and collections.

Guidance

With several new tier-1 clients signed during FY23 and being onboarded, along with several other tier-1 opportunities in the pipeline, where Credit Clear is having considerable success in winning new business, and based on our expectations for our customer base and economic conditions, we expect double-digit revenue growth in FY24 to between \$39m and \$41m with underlying EBITDA of between \$1m and \$2m

Shareholder briefing:

We invite shareholders and investors to its FY23 Results Presentation to be hosted by Chief Executive Officer Andrew Smith, Chief Financial Officer Victor Peplow and Chief Product and Technology Officer Jason Serafino.

When: Wednesday, 30 August 2023

Time: 9.30am

Register for the briefing: [here](#)

NOTE:

1. Normalised EBITDA is inclusive of Technology Development (OPEX)
2. As per statutory cash used in operations plus AASB16 lease payments and tech development capex, less ARMA earnout
3. Potential Revenue is an indication of eventual annualised revenue to be earned from clients already signed and in the process of being onboarded. It is determined by the agreed commission rate and/or service fee and based on information provided by the client in terms of their customers which includes factors such as the volume of files, average debt value, age of debt and description of internal account receivable processes.

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

- ENDS -

Investor and Media Enquiries

Warrick Lace

warrick.lace@creditclear.com.au

+61 404 656 408

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.

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