26 February 2025
ASX Announcement

1H FY25 Results

Highlights:

- **Strong organic growth:** Revenue of $23.2m, up 16% on the prior corresponding period (pcp)
- **Growing earnings performance:** Underlying EBITDA[1] of $2.9m, up 66% on pcp
- **FY25 guidance reaffirmed:** FY25 guidance of $48m - $50m in revenue and +$7m in Underlying EBITDA is reaffirmed
- **Operational leverage:** Underlying EBITDA[1] margin to revenue improved from 9% to 13%
- **Improved margin:** Gross margin of 54%, up from 53% in FY24, achieved while continuing to invest in client acquisition and onboarding resources and operational capabilities
- **Strong balance sheet:** $13.8m cash at bank, an improvement of $0.7m during the period
- **Client growth:** 116 new clients signed in 1H25, including 11 potential tier-2 clients[2,3]
- **Digital collections:** Up 24% on pcp to $65.6m, with deployed technology supporting performance and profitability
- **Favourable trading conditions:** Industry consolidation, less debt being sold, persistent inflation and an increase in overdue accounts creating an increase in demand for Credit Clear's services
- **1H'25 investor briefing:** The Company will host a briefing on 26 February at 9.15am, click to register **here**

For personal use only

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 half year ending 31 December 2024 (1H FY25).

Financials

Credit Clear delivered record revenue of $23.2m, up 16% on pcp. With confidence of a stronger 2H FY25, the Company is on track to achieve its FY25 revenue guidance of $48m - $50m.

An improvement in earnings was achieved during the half, with Underlying EBITDA[1] margin to revenue improving from 9% to 13%. Underlying EBITDA[1] of $2.9m is up 66% on pcp, and the Company is on track to achieve its Underlying EBITDA FY25 guidance of +$7m.

Gross margin expansion to 54% was achieved, up from 53% in FY24, driven by efficiency gains from the deployment of technology, particularly in the ARMA Consumer and Insurance Divisions.

The Company had $13.8m cash at bank on 31 December 2024, a $0.7m improvement on FY24.

creditclear
digital payment technology

1H’25 Financial Summary

	1H'23	1H'24	1H'25	
	$000's	$000's	$000's	Notes (1H'25 vs 1H'24)
U-EBITDA[1]				
Revenue	17,374	20,030	23,249	Up 16%, driven by new and existing clients
Expenses				
Employee Benefits	(10,675)	(10,417)	(11,796)	Up 13%, resourcing for new clients & client onboarding
Tech Development – OPEX	(1,019)	(1,114)	(1,067)	Continued investment in technology platform
Other	(5,731)	(6,728)	(7,453)	Up 10%, systems and process enhancements
U-EBITDA - Result	**(51)**	**1,771**	**2,933**	**36% of additional revenue flowed through to Underlying EBITDA (50% from 1H23 – 1H25)**
Other Items				
Revenue	618	154	14	Government employee training grants
Expenses	(452)	(129)	(794)	Systems consolidation, client migration, regulatory compliance, legal fees
Earnout – ARMA	(2,510)	0	0	No further payments due
Share Based Expenses	(1,989)	(822)	(1,074)	Share options, share rights
EBITDA (per Statutory Accounts)	**(4,384)**	**974**	**1,078**	
Depn & amortisation	(941)	(1,317)	(1,446)	Technology development amortisation and ROU office assets
Interest (net)	29	81	87	
Tax	(2)	95	(17)	
NPATA	**(5,298)**	**(167)**	**(299)**	Net Profit After Tax Excluding Amortisation of Acquisitions
Amortisation – Acquisitions	(1,929)	(1,935)	(1,876)	
Net P/(L) – (per Statutory Accounts)	**(7,227)**	**(2,102)**	**(2,174)**	

Digital technology

Payments made via the high-margin digital platform grew 24% on pcp to $65.6m, with the Company’s Consumer and Insurance Divisions continuing to adopt and deploy the technology as they onboard and develop large tier-1 clients[2]. The ongoing transition to digital engagement is positively impacting the Company’s collection performance and earnings.

New clients

The Company signed 116 new clients during the half, including 11 clients that have the potential to become tier-2 clients[2,3]. New clients are from a range of industry sectors where Credit Clear has established dedicated teams to service those clients including banking and finance, energy retailers, telecommunications and insurers. Credit Clear’s integrated end-to-end offering continues to be in demand from companies 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.

Macro-economic environment

The macroeconomic environment continues to be favourable for Credit Clear. The recent reporting period has shown that many of Australia’s largest businesses (by size of customer base) have taken proactive steps to prepare for an increase in the number of customers that are expected to fall behind on their accounts.

For personal use only

For personal use only

Commentary from major bank CEOs is that customers were increasingly feeling the pressure of high interest rates and an increase in the cost-of-living and that these challenges are impacting a broader spectrum of Australian households, including higher-income mortgage holders.

Similarly, large utility providers have reported a sharp rise in their net bad debt expense. Often seen as a precursor to pressure being felt in other areas of the economy, utility providers have a broader sub-set of the Australian economy as customers and would be more reflective of true economic pressures felt in the population.

Credit Clear CEO, Andrew Smith, said: "Our objective is to build a business that can sustainably deliver growth in revenue and earnings. Our strategy, to target and win Australia's largest companies in each of our identified industry segments, is working. As a result, we continue to invest with a long-term view in client acquisition, onboarding, optimisation and technology development, while at the same time improving our earnings performance. The investment we are making now is improving our sustainable competitive advantage. We have a considerable growth opportunity in Australia, as industry consolidation removes competitors, less debt is being sold by our clients, and more challenging economic conditions affect the level of indebtedness and accounts in arrears. Our team is focused on building dedicated teams that will leverage our operational infrastructure and technology to deliver services and solutions to targeted industry sectors such as energy, telecommunications, education and healthcare."

Shareholder briefing:

The Company invites shareholders and investors to its 1H FY25 investor briefing to be hosted by CEO and MD Andrew Smith and CFO Victor Peplow.

When: Wednesday, 26 February 2025
Time: 9.15am
Register for the briefing: **here**

Notes:

1. Underlying EBITDA excludes share-based expenses and non-core items, but includes tech dev opex
2. Tier-1 clients = revenue of >$500k p.a., Tier-2 clients = revenue of >$100k and <$500k p.a.
3. Expected revenue is based on information provided by clients

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

- 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 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 Sydney and offices in Melbourne, Brisbane, Adelaide, and Perth.

www.creditclear.com.au

For personal use only