

ASX ANNOUNCEMENT

31 July 2020

Market Announcement Officer
Australian Securities Exchange Limited
Level 4 Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Collection House Limited (ASX Code: CLH) – Company Update

1. Quarterly Cashflow

As requested by the ASX, Collection House Limited (“CLH” or “the Company” or “the Group”) has lodged an Appendix 4C Quarterly Cashflow Report for the Quarter Ended 30 June 2020. The Group traded in line with expectations for the quarter generating net operating cashflow of \$20.5 million. This is consistent with the Company's operating forecast which took into account the impact of COVID-19 on its revenue streams.

In line with the requirements of the Standstill Agreement in place with its senior lenders, the Company repaid \$2.8 million of the senior secured facility during the quarter, with a further \$4.8 million repaid in early July 2020.

2. Finalisation of 30 June 2020 Financial Results

The Company is in the process of finalising its financial results for the year ended 30 June 2020. The Company's underlying earnings result (before impairment and other non-recurring items) is expected to be in the range of \$16 million to \$18 million, consistent with

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the presentation released to the market on 10 June 2020. The Company, in conjunction with its auditors, is evaluating whether further adjustment is required to the carrying value of its purchased debt ledger assets to reflect the short to medium term impacts of COVID-19 on its customer base.

3. Operational Update

As noted above, trading for the quarter to 30 June 2020 was affected by the economic effects of COVID-19 which has impacted both the capacity and intent of customers to meet payment obligations in the Company's purchased debt business. While gross cashflow from the purchased debt business for the quarter was down substantially from the previous corresponding period, the Company's payment arrangement book continues to generate a strong sustainable cashflow stream and has grown substantially during the quarter. The face value of the Company's payment arrangement book in its purchased debt business is now \$297 million.

The COVID-19 trading environment has generated new opportunities for the Group's contingent collection business supporting existing and new clients managing their customers through the difficult operating environment.

4. Recapitalisation Process and Suspension Update

Further to previous announcements, CLH is continuing to progress its comprehensive recapitalisation process ("the Process") with the support of its existing lenders and professional advisers. The Process is ongoing but we are meeting key milestones and discussions with a number of potential investors are encouraging. CLH believes that the resumption of trading in its securities would be premature and could adversely affect CLH's ability to successfully implement the recapitalisation process. The Company is not aware of any reason why the suspension should not remain until at least 30 September 2020 as previously advised.

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There has been recent media speculation around the identity and progress of negotiations with individual parties involved with the Process. Negotiations are confidential and incomplete, but the information reported in those articles is inaccurate.

Yours faithfully
Collection House Limited

A handwritten signature in black ink, appearing to read "Doug McAlpine", is positioned above the typed name.

Doug McAlpine, Chief Executive Officer and Company Secretary
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For further information please contact Collection House Limited Investor Enquiries:

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