

# ASX ANNOUNCEMENT

30 October 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 September 2020. The Group traded in line with expectations for the quarter generating net operating cashflow of \$21.2 million, up slightly on the previous quarter. This is consistent with the Company's operating forecast which took into account the ongoing impact of COVID-19 on its revenue streams and reflects encouraging consistent performance from both the Collection Services and Purchased Debt business units.

In line with the requirements of the Standstill Agreement with its senior lenders, the Company repaid \$14.6 million of the senior secured facility during the quarter, resulting in total repayment of senior debt of \$17.4 million since the commencement of the standstill arrangement.

New PDL purchasing during the quarter was restricted to meeting pre-existing forward flow commitments.

#### **Collection House Limited**

Level 12, 100 Skyring Terrace  
Newstead QLD 4006 Australia

p. +61 7 3292 1000  
f. +61 7 3832 0222

PO Box 2247  
Fortitude Valley BC QLD 4006

The Company continues to be encouraged by another quarter of consistent growth in its bank of paying customer arrangements, which were up \$13 million to \$310 million. CLH continues its focus on delivering high quality customer engagement and negotiating flexible payment solutions for its customers leading into the Christmas period.

## 2. Recapitalisation Process and Suspension Update

Further to previous announcements, CLH is continuing to progress its comprehensive recapitalisation process with the support of its senior lenders and professional advisers. Progress was made during the last quarter, with the Company assisting a small number of preferred counterparties with their financial and operational diligence procedures.

Due to ongoing travel restrictions, supporting these diligence processes has proven challenging with investors unable to conduct on-premises diligence activities. As a result, the Company requires further time to finalise diligence and agree definitive documentation.

CLH is currently in the process of negotiating appropriate changes to the standstill arrangements which cease on 30 October 2020. The Company remains confident of concluding these negotiations shortly and continues to have the support of its senior lenders.

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 in place.

## 3. Release of Audited 30 June 2020 Financial Results

In consultation with its external auditors, the Company has determined that it cannot release its audited 30 June 2020 financial reports until the refinancing transaction is

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sufficiently advanced so that the impact on the value of its assets at 30 June 2020 and the existing loan facilities with senior lenders can be reliably determined and the longer term implications of the refinancing transaction on the business can be adequately and appropriately explained. As such, the Company intends to lodge with ASIC and the ASX its audited financial report for the year ended 30 June 2020 on the earlier of 30 November 2020 or the date definitive documentation has been agreed with the preferred counterparty and senior lenders in relation to the refinancing transaction.

#### 4. Annual Report

Having regard to the above, the Company intends to rely upon the relief granted by ASIC under ASIC Corporations (Extended Reporting and Lodgement Deadlines—Listed Entities) Instrument 2020/451 (dated 15 May 2020), and ASX's Class Waiver Decision – Extended Reporting and Lodgement Deadlines (dated 16 June 2020) from listing rule 4.7, to extend the date to send to shareholders its 30 June 2020 Annual Report and any concise report under section 314 of the Corporations Act. As such, the Company intends to send its Annual Report to shareholders on 30 November 2020.

#### 5. Timing of Annual General Meeting of Shareholders

To afford the Company further time to complete the refinancing transaction and allow shareholders adequate time to consider the post-transaction implications on the Company's position, the Company intends to rely on the 'no action' position for AGMs provided for by ASIC as set out in ASIC Guidelines 20-068MR (dated 20 March 2020) and 20-113MR (dated 13 May 2020) for meeting its 2020 AGM and financial reporting requirements. As such, the Company intends to hold its Annual General Meeting on **22 January 2021**.

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Collection House Limited



Doug McAlpine, Chief Executive Officer and Company Secretary

Email: [Doug.McAlpine@collectionhouse.com.au](mailto:Doug.McAlpine@collectionhouse.com.au)

*For further information please contact Collection House Limited Investor Enquiries:*

Alasdair Jeffrey

0404926768

[Alasdair.jeffrey@rowland.com.au](mailto:Alasdair.jeffrey@rowland.com.au)

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