

ASX ANNOUNCEMENT

31 January 2022

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) – Quarterly Company Update

Collection House Limited (“CLH” or “the Company” or “the Group”) has lodged an Appendix 4C Quarterly Cashflow Report for the Quarter Ended 31 December 2021. The results reflect the fourth quarter of trading since the substantial organisational restructure that commenced in January 2021. There have been no significant changes in the nature of the Group’s business activities since the last quarterly cashflow report lodged on 28 October 2021.

Operating results for the quarter were consistent with the previous quarter and continued to reflect subdued trading conditions across the contingent collection business. Client-initiated COVID-19 forbearance arrangements are continuing to restrict the Company’s ability to deliver services including contacting customers. This continues to impact the scale of commission revenues generated under contingent collection arrangements as well as the commencement of new business activities that have been successfully tendered by CLH but then delayed. Contact restrictions implemented by clients in respect of lockdowns in NSW, Victoria and New Zealand continued to impact for longer than

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expected during the quarter. We have recently seen some Clients starting their gradual return towards normal operating conditions and requesting additional assistance to address the recently accumulated backlogs. Given these volatile market conditions, CLH has continued to focus on supporting clients and customers and executing on its program of strategic change, delivering the right customer outcomes within the highest standards of governance and compliance. While the Company is encouraged by the continuing relaxation of COVID-19 related restrictions across Australia and some positive reaction from our Clients, with the more recent impact of the omicron variant, we realistically expect disrupted trading conditions to persist at least until the fourth quarter. For this reason, the Company continues to carefully manage its cost structure, curtailing any discretionary expenditure and continuing its program of occupancy cost reductions. In addition, the Company continues to de-prioritise debt purchasing activities, as a result of limited supply and higher than average pricing expectations from vendors, in addition to the need to preserve capital.

The Group reports an operating cashflow gain for the quarter of \$7.9 million, which incorporates a tax refund of \$12.3 million leaving an adjusted operating cashflow loss of \$4.4 million. This is a reflection of the continued subdued trading conditions, and slower than expected recovery. The Company is confident that it continues to create a platform of strong future revenue growth from both its existing client portfolio and new opportunities secured over the past six months. The Group satisfied debt repayment obligations in the quarter of \$10.0 million, drew down \$3.0 million in loans, and reduced total loan facilities to \$54.9 million as at 31 December 2021. The Company continues to implement some non-core asset sale initiatives to improve the Company's liquidity position.

The Company remains confident that there are significant opportunities to support clients and customers during what has been a protracted COVID-19 recovery phase. The Company continues to enhance its customer engagement approach and is focused on ensuring that it is delivering the highest standards of customer service during this challenging period.

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CLH is in the process of negotiating with its banks for an extension to the existing facilities, sufficient to see it return to positive cashflow. During the quarter CLH continued negotiations with a range of external parties in relation to the restructure of existing bank facilities and additional working capital funding. Subject to successful completion of these negotiations, CLH expects to be able to continue its operations and to meet its business objectives.

This announcement was authorised to be provided to the ASX by the Company's Board of Directors.

Yours faithfully

Collection House Limited



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About Collection House

Collection House is one of Australia's largest and most respected end-to-end receivables management companies. For over 25 years, the Group has developed deep customer service capabilities and delivered world-class systems that enable it to provide practical, customer focussed and cost-effective solutions in collections, credit management and customer care. We do that through first party and third party contingent collection arrangements and outsourced support style contracts. We own a small portfolio of purchased debt in New Zealand and retain the organisational capability to value and manage purchased debt portfolios for ourselves and others.

We are a purpose-driven organisation that aspires to help both businesses and individuals improve their financial positions. We seek to lead positive change within the financial services sector and have greater social impact in the communities in which we operate, through collaboration with a range of community partners that share our desire to champion financial inclusion for all.

We have challenged ourselves to reimagine how we can take our experience in the receivables management sector and apply it to support clients and customers through creating best in class solutions across voice, digital and traditional engagement channels. These technical capabilities are supported by a philosophy that genuine care for our customers requires deep human connection. Our strong digital capabilities are backed by a high touch, high care approach to customer engagement which is essential in supporting customer experiencing vulnerability and hardship.

The Group employs over 700 people across Australia, New Zealand and the Philippines, providing a strong platform for growth, but more importantly the capacity, resources and scale to provide the highest standards of service to our diversified portfolio of clients across the globe. Collection House has the inherent flexibility and operational agility to challenge historical expectations of service, compliance and conduct in the receivables management space.

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