



CREDIBLE LABS INC.
(ASX: CRD)

ASX ANNOUNCEMENT
17 April 2018

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 31 MARCH 2018

Credible Labs Inc. ("**Credible**" or the "**Company**") (ASX: CRD), the San Francisco based technology company that operates a U.S. consumer finance marketplace, is pleased to report the following Business Update and Appendix 4C for the three month period ending 31 March 2018 ("**Q1 2018**") (unaudited).

The Company held approximately US\$41.0 million in cash and cash equivalents as at 31 March 2018 (versus US\$43.9 million as at 31 December 2017), reflecting Credible's strategy of focusing on long-term growth and balancing investment with prudent fiscal management.

HIGHLIGHTS

- **Originated US\$194 million in Closed Loan Volume ("CLV") in Q1 2018, up 11.5% from US\$174 million in Q4 2017**
- **Maintained strong cash position of approximately US\$41mn as at 31 March 2018**
- **Added four (4) new lending partners, including SunTrust (a top 15 U.S. bank by assets)**
- **Continued to see growth in recently launched personal loans marketplace**
- **Obtained 18 U.S. state mortgage brokerage licenses and opened Durham, North Carolina office to prepare for mortgage marketplace launch in late 2018**

In relation to the performance of the business over the quarter, Stephen Dash, Founder & CEO, noted, *"Management has been focused on executing against the Company's stated areas of investment and we are pleased with the performance of the business over the quarter, and the momentum we are seeing. The Company has made highly targeted investments in both its brand and platform which we expect will continue to deliver benefits to Credible over the long term. We are excited about the progress the team has made to date as well as the investments that Credible is making to launch a mortgage marketplace, which we see as a highly compelling opportunity for the Company."*

BUSINESS UPDATE

- During Q1 2018, Credible originated US\$194 million in CLV through the Credible platform

- This is up 11.5% from US\$174 million in CLV in Q4 2017
- Q1 and Q4 are seasonally slower periods for student loan origination
- Growth in Credible’s loan volumes benefitted from: new channel development, most notably direct response television advertising; continued expansion in its personal loans marketplace; and the addition of new lenders which expanded the products available to Credible customers
- Credible also continued to experience strong growth in its user base with the number of unique user accounts reaching a cumulative total of 810,000 as at 31 March 2018
 - This is up from a cumulative total of 650,000 user accounts as at 31 September 2017 as stated in the Company’s Prospectus
 - The accounts offer Credible a unique set of credit profiles that the Company can leverage across its various loan verticals to better target and service customers
- The Company maintained focus on executing against its four stated areas for investment in 2018 being:
 - Building consumer awareness of the Credible brand
 - Deepening and expanding marketing and lender partnerships
 - Continuously improving the Company’s core technology platform and customer experience
 - Broadening Credible’s product offering

Building consumer awareness of the Credible brand

- After successfully launching its first TV marketing campaigns during October and November of 2017, Credible continued to invest in TV marketing to build consumer awareness and reach new potential customers through this acquisition channel
- The Company ran test campaigns across the U.S. including with several leading television channels such as CNBC, Bloomberg, ESPN, Fox Sports and NBC sports
- These television campaigns succeeded in driving new business in the quarter for Credible in addition to helping raise consumer awareness as demonstrated through Credible consumer surveys

Deepening and expanding marketing and lender partnerships

- The Company signed twelve (12) new marketing partnerships over the course of Q1 2018, further increasing the breadth and reach of the Company’s distribution channels
- In particular, the Company launched a partnership with TaxAct, a leading online tax preparation provider in the U.S., which had a positive impact on Credible’s personal loan volumes during tax filing season
- During Q1 2018, Credible signed four (4) new lending / issuer partners including with SunTrust Bank, a leading regional bank (top 15 U.S. bank by assets), for its private student loan marketplace

- As at 31 March 2018, Credible's lender / issuer panel included: American Express, Avant, BarclayCard, Brazos, Chase, Citizens Bank, College Ave, Connex, Discover, Earnest, Education Loan Financing, EDvestinU, Freedom Plus, iHelp, INvestEd, KHESLC, Lending Club, Marlette, MEFA, Payoff, Prosper, Purefy, Raise^, RISLA, Sallie Mae, Splash Financial, SunTrust, Upstart and Wells Fargo

Continuously improving the Company's core technology platform and customer experience

- Credible expects mobile traffic will continue to grow as a percentage of overall traffic. The Company is, and will continue to, actively invest in its mobile user experience, including improving and simplifying landing pages and the loan application process. During the quarter, the Company began to see improved mobile conversion metrics across various marketing channels
- The Company also invested in a migration of a portion of its technology stack to a new platform which has improved page load performance, including ~50% faster page loads on mobile
- Credible's investment in its core technology platform has been reinforced by consistently positive consumer ratings on Trustpilot. Credible maintained its 9.5/10 consumer rating (now based on over 1,150 consumer reviews)

Broadening Credible's product offering

- During the quarter, Credible's personal loan marketplace continued to gain traction demonstrating solid quarter over quarter growth
- As communicated in its 26 February 2018 ASX announcement, Credible is taking steps towards leveraging its core technology platform to expand its offering into the residential mortgage vertical. Further detail of the progress made to date is provided below

LICENSING & BUSINESS MODEL

- The Company has been in the process of obtaining state licenses for mortgage brokerage. Being licensed provides important benefits and competitive advantages relative to traditional lead generation by enabling Credible to:
 - Manage most of the customer interaction and loan application processing, allowing it to deliver loans to its lending partners that are ready to close (versus selling leads that the lender needs to then convert)
 - Offer consumers tailored rates based on their specific credit profile (versus displaying only rate ranges or marketed rates)

- Receive brokerage compensation based on closed loan volumes (versus receiving compensation for marketing or lead generation activities)
- In preparation for the launch of its mortgage marketplace, over the course of the last six months, Credible has obtained mortgage broker licenses in eighteen (18) of the fifty (50) states in the U.S. including:
 - California, Colorado, Florida, Georgia, Illinois, Iowa, Kansas, Maine, Maryland, Minnesota, New Jersey, North Dakota, Oregon, Pennsylvania, Tennessee, Virginia, Washington D.C. and Wisconsin (as at 31 March 2018)
- An additional five (5) licenses are currently pending approval. Taken together, the states where Credible is currently licensed and those where licenses are pending, represent approximately 75%¹ of overall U.S. mortgage origination volumes

MORTGAGE UPDATE

- As communicated in its 26 February 2018 ASX announcement, Credible is taking steps towards leveraging its core technology platform to expand its offering into the residential mortgage vertical
- There is a large market opportunity in mortgage:
 - Mortgages represent the single largest consumer debt category in the U.S., with new origination volumes totaling approximately \$1.7 trillion for calendar year 2017²
 - There is significant digitization of financial services occurring in the U.S. and around the world. The U.S. mortgage category is an area where new technology still has significant headroom for meaningful impact, creating the opportunity for Credible to deliver a differentiated experience for consumers relative to existing direct lender and broker alternatives
 - Post financial crisis, the mortgage market has become more fragmented as the market share of the top 5 banks has contracted, and non-bank, small and regional lenders have driven competition and increased their relative share of origination volume
- Credible's mortgage marketplace will address the two factors that most directly determine consumer selection of a mortgage lender: demand for competitive pricing (for which a marketplace is well suited) and process simplicity (which the Credible platform will enable)
- As noted above, Credible has obtained mortgage broker licenses in eighteen (18) of the fifty (50) states in the U.S.
- Credible signed a partnership with its first mortgage lending partner during the quarter. The lender is a top 10 mortgage lender by number of mortgages originated in the U.S.
- To support the Company's growth, Credible has opened a second U.S. office in Durham, North Carolina

¹ Nationwide Multistate Licensing System – based on data from 2013 to 2017

² Mortgage Brokers Association – includes both purchase and refinance originations

- This will serve as the principal location for the Company's dedicated mortgage sales, operations and compliance staff, as well as provide support to Credible's existing Client Success team based out of San Francisco
- Durham was selected because it has: a critical mass of talent from traditional banking and emerging financial technology companies; a competitive cost base for growing operations; and provides the Company with the ability to establish an East Coast time zone presence for its Client Success team

CASH POSITION (AS AT 31 MARCH 2018)

The Company attaches its Appendix 4C for Q1 2018. At 31 March 2018, Credible held approximately US\$41.0 million in cash and cash equivalents. The Company is debt-free.

Cash receipts from operating activities for Q1 2018 were US\$4.9 million while cash outflows from operating, investing and financing activities totaled US\$7.8 million for the quarter. As outlined in the Company's Prospectus dated 28 November 2017 (**Prospectus**) and Q4 2017 Appendix 4C, this cash expenditure and investment is primarily related to sales and marketing activities and technology and platform development.

ANNUAL GENERAL MEETING (AGM)

As noted in the Company's Notice of Annual General Meeting dated 9 April 2018, the Company will hold its AGM on Tuesday, 24 April 2018 at 2:00pm (Sydney time) at the offices of DLA Piper Sydney at Level 22, No. 1 Martin Place, Sydney, New South Wales, Australia. Credible asks that all Shareholders refer to the notice of meeting for important details related to the AGM.

-ENDS



FOR MORE INFORMATION, PLEASE CONTACT:

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ABOUT CREDIBLE

Credible is a U.S. company based in San Francisco which operates a consumer finance Marketplace that helps consumers save money and make better financial decisions. Credible has developed a proprietary technology platform that is integrated with credit bureaus and financial institutions. Credible has developed a differentiated, and personalised user experience that enables consumers to compare instant, accurate pre-qualified rates from multiple financial institutions, select a product and financial institution of choice, and then receive a binding offer for the selected student loan product. Credible also offers consumers the ability to access instant, accurate pre-qualified rates for personal loans and compare credit card products.

For more information, please visit: www.credible.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Credible Labs, Inc.

ARBN

621 866 813

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (three months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,882	4,882
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(3,596)	(3,596)
(d) leased assets		
(e) staff costs	(2,040)	(2,040)
(f) administration and corporate costs	(1,416)	(1,416)
1.3 Dividends received (see note 3)		
1.4 Interest received	151	151
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(2,019)	(2,019)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(2)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (three months) \$USD'000
(d) intellectual property	(905)	(905)
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets	96	96
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(811)	(811)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	8	8
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	(96)	(96)
3.10 Net cash from / (used in) financing activities	(88)	(88)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	43,916	43,916
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,019)	(2,019)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(811)	(811)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(88)	(88)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (three months) \$USD'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	40,998	40,998

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	9,039	43,916
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) See Note "1" below	31,959	
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	40,998	43,916

6.	Payments to directors of the entity and their associates	Current quarter \$USD'000
6.1	Aggregate amount of payments to these parties included in item 1.2	13
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7.	Payments to related entities of the entity and their associates	Current quarter \$USD'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$USD'000
9.1 Research and development	1,700
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	5,300
9.4 Leased assets	
9.5 Staff costs	2,900
9.6 Administration and corporate costs	1,300
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	11,200

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

