

21 January 2022
ASX Announcement

EGM Chair Address

Dear Shareholders,

Today we are here to consider a very exciting opportunity for Credit Clear – The ARMA Group Holding Acquisition, which was announced to the market last month.

As you know, we have been pursuing an active growth agenda to leverage our technology platform. This growth agenda combines organic and inorganic components, and we are very pleased to secure ARMA as part of our inorganic growth agenda.

The Credit Clear technology has been designed to vastly improve the effectiveness of customer interactions, and has proven to be particularly useful in debt collection services. Debt collection is a very large, global market which mostly still operates in traditional ways, with people being called repeatedly, sent letters and so on.

The ARMA acquisition follows a well-proven recipe for us: you might recall that we acquired Credit Solutions in 2019. Like ARMA, Credit Solutions is a well-established contingent debt collection provider, and under Credit Clear's ownership we have been successful in cross- and up-selling our digital debt collection services to their customer base. This strategy has fuelled a significant portion of our growth in the past two years.

As I said, our technology is designed to provide a superior user experience; this is important in the modern context of billers seeking an ongoing relationship with their customers, even if they are late paying a bill.

Our technology uses digital communication channels, for example our mobile user interface, and is powered by smart, adaptive workflows, behavioural analytics and Artificial Intelligence to optimise collection outcomes and the user experience. After all, who wants to be called by a debt collector when sitting down for dinner with their family?

I should also stress again, that it is our strategy not to purchase debt ledgers. We provide a service to billers to collect their outstandings.

ARMA

ARMA is a fast-growing and highly profitable contingent debt collection agency, with an attractive and well-established client base.

Of course, we have conducted extensive due diligence and, in particular, we are excited about the readiness of the ARMA customer base and sales team to cross- and up-sell our digital solutions.

We are confident that the acquisition of ARMA will add significant value to Credit Clear for three key reasons:

1. Firstly, it fast tracks our revenue growth and provides significant earnings uplift potential through digital cross- and up-sell opportunities,
2. Secondly, ARMA provides further reach for our proven technology in the Australian & NZ markets with a significant increase in our customer base. ARMA brings an additional 400+ customers across a broad variety of industry sectors, and
3. Thirdly, it brings ARMA's proven team into the Credit Clear Group, in particular, its well established management and sales teams, providing strong relationships in the Australian and New Zealand markets .

Deal structure

The details of the acquisition and associated capital raise have been provided, so I won't cover everything.

But, in short, Credit Clear acquires ARMA for a consideration of \$46m, of which 60% is payable in cash upon completion and the remainder will be payable in Credit Clear common equity. Credit Clear will also pay ARMA a performance-based payment of approximately \$6m, depending on the cross- and up-sell outcomes of Credit Clear digital solutions 12 months from completion.

ARMA will operate as a division of Credit Clear, with its management and other teams intact.

Vendor Alignment

We have taken great care to ensure strong alignment with the ARMA vendors. The scrip portion of the purchase price is going to be significant, representing just over 13% of total outstanding equity in Credit Clear, and it is escrowed for 12 months.

The broader ARMA team will be eligible for the Credit Clear equity plan from next year.

Now, it gives me great pleasure to welcome Andrew Smith to the company. Andrew and his co-founders at ARMA have established a fast growing and highly efficient business. Their entrepreneurial success and industry relationships will be valuable additions to the Credit Clear business, but most importantly, Andrew and the team bring the same empathetic approach and understanding of the end customer's experience and financial wellbeing that makes this acquisition such a good fit. Welcome Andrew, I look forward to a long and fruitful relationship.

Capital raise

The acquisition requires a significant capital raise. As you know, we are proposing to raise this capital in three parts:

1. An institutional tranche 1 of \$12.74m – which has already been secured
2. An institutional tranche 2 of \$12.76m – also secured and that we are seeking your approval in this meeting, and
3. A share Purchase Plan of \$4m – which is currently open to all shareholders and will close on the 4 of February.

Many of our existing institutional shareholders have provided strong cornerstone support for the raise. And we also welcomed a number of new institutional funds to the register. We are also pleased that almost all Directors have chosen to participate in the institutional placement, subject to your approval at this meeting. To be clear, Directors purchase shares with their own funds on the same terms as anyone else.

Share Purchase Plan

A Share Purchase Plan is currently open to raise up to \$4m, providing existing shareholders with an opportunity to participate. Existing shareholders can find all the details of the SPP on the ASX platform, or through the Credit Clear Investor Centre. The SPP will close on 4 February, and we encourage you to participate.

I thank you very much for your attendance here today.

Yours faithfully



Gerd Schenkel
Chair and Non-executive Director

ENDS

This ASX announcement was approved and authorised for release by the Board.

Investor and Media Enquiries

Warrick Lace

warrick.lace@creditclear.com.au

+61 404 656 408

About Credit Clear

Founded in 2015, Credit Clear Limited is an Australian receivables management solution provider that has developed a proprietary digital billing and communication technology platform that helps businesses drive smarter, faster and more innovative financial outcomes by changing the way customers manage their payments through a user experience that the market demands in a digital age.

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

www.creditclear.com.au