

3 November 2023
ASX Announcement

Strategic acquisition of insurance recoveries business

Highlights:

- Strategic acquisition of Debt Recoveries Australia, a debt recoveries business that specialises in insurance claim recoveries, to expand Credit Clear's presence in the insurance sector.
- Credit Clear has entered into a binding agreement to acquire 100% of the DRA Group of companies for a total consideration of \$1.5m, payable in a 60/40 cash/scrip ratio to be funded through the Company's existing cash reserves and available placement capacity under ASX LR 7.1.
- The DRA Group comprises:
 - Debt Recoveries Australia, which specialises in insurance and automotive recoveries,
 - ADC Legal, which specialises in insurance recoveries, and
 - Nova Team Solutions, an upskilled business process outsourcing company with operations in the Philippines
- Expected to be immediately cash and earnings accretive with 300 active clients generating \$2.1m in revenue and \$0.45m in profit in FY23 (unaudited)¹
- Philippines operations centre provides scope for future operational planning, expanded offerings and business efficiencies.
- Credit Clear will be hosting an Investor Day on 23 November following the Company's AGM, investors can register to attend the online investor briefing at 11:30am [here](#)

Australian technology and debt collection provider **Credit Clear Limited (ASX: CCR) (Credit Clear or the Company)** is pleased to announce that it has, through its subsidiary trading entities, executed an agreement to purchase 100% of DRA Group (**DRA Group**), (**the Transaction**), a specialist provider of debt collection, legal dispute, and outsourcing services with a key focus on the insurance industry. Total consideration to complete the Transaction is \$1.5m, payable in a mix of \$900,000 in cash \$600,000 in new fully paid ordinary shares issued at a notional issue price determined by the VWAP for the five trading days prior to, but not including the completion date, calculated to four decimal places.

Rationale

Since the acquisition and integration of ARMA Group Holdings, Credit Clear has achieved underlying operational profitability and shown that it can expand its digital platform into acquired businesses. By deploying Credit Clear's digitally-led hybrid engagement process across new clients and portfolios of debt, the Company can improve customer engagement, enhance the customer experience, lift recovery rates, and reduce the time taken to recover overdue debts.

The strategic acquisition complements the Company's continued organic expansion in a key target market – insurance - with the addition of new customers, expertise and additional earnings. The Company will also acquire additional resources and presence in Melbourne with the purchase of ADC Legal. Also of significance is the opportunity to leverage the acquired Philippines operational team to support the Company's business and margin growth.

Credit Clear has previously highlighted its differentiated offering and the success that it is having cross-selling in the insurance sector. The Transaction accelerates Credit Clear's penetration into the Australian and New Zealand insurance market, where 95% of DRA's \$2.1m revenue is insurance-related and provides Credit Clear with opportunities to optimise processes, and up and cross-sell its services to a broad base of insurance providers and participants.

Credit Clear intends, where there is client support and where practicable to leverage its acquired and fully owned Philippines BPO for back-office support and administration, with ARMA's 100% Australian-based call centre retaining responsibility for all direct customer contact in Australia and New Zealand.

About DRA Group

DRA Group is comprised of three wholly owned operating subsidiary companies:

- 1) Debt Recoveries Australia – commenced business in 2003 specialising in insurance claim recoveries. DRA has experienced significant growth and now assists many businesses and enterprises that include small, medium, and large insurance companies, Third Party Administrator, self-insured companies, rental car companies and public enterprises.
- 2) In 2014, DRA commenced a legal arm - ADC Legal Litigation Lawyers. DRA and ADC Legal provides a “one-stop shop” for debt recovery and legal services. The business represents claims management companies, brokers, and third-party claims administrators. It also acts directly for many commercial clients. ADC Legal operate nationwide with a broad and thorough knowledge and expertise in all Australian jurisdictions.
- 3) Nova Team Solutions is an Australian-owned provider of outsourced staffing services with operations in the Philippines. NOVA helps other agencies, finance companies

and general businesses take advantage of the talented, experienced and low-cost labour market available in the Philippines.

Further details of the Transaction:

- Completion within 30 days of exchange of binding contracts
- 50% of the issued shares are to be held in voluntary escrow by way of a binding deed for 12 months post-completion date
- Retention of Key Persons
- Contractual engagement of Adam Stewart, the current director of the acquired entities, as a key consultant for a minimum term of 12 months.

There are no further conditions to be satisfied. There are no changes to the Company's board and executive leadership as a result of the Transaction.

The Company intends to issue the Shares from its available 15% placement capacity under ASX LR 7.1 and will lodge the associated Appendix 3B and Appendix 2A to apply for quotation of the Shares.

Online investor briefing:

The Company invites shareholders and investors to a briefing following its AGM later this month. The briefing will be hosted by CEO and MD Andrew Smith, CFO Victor Peplow and Chief Product and Technology Officer Jason Serafino.

When: Thursday, 23 November 2023

Time: 11.30am

Register for the briefing: [here](#)

Notes:

1. Financial information concerning revenue and profitability are based on external accountant prepared business accounting information provided by DRA and is unaudited.

This ASX announcement was authorised for release by the Board of Credit Clear Limited.

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Investor and Media Enquiries

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About Credit Clear

Credit Clear Limited is an Australian technology company that has developed a digital billing and communication platform that helps organisations drive smarter, faster, and more efficient financial outcomes by changing the way customers manage their repayments through a user experience that the market demands in a digital age, powered by award winning artificial intelligence.

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

www.creditclear.com.au