creditclear
digital payment technology

AGM FY23
Investor Presentation

23 November 2023

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Year in review (Dec 2022 to Nov 2023)

REVENUE GROWTH AND NEW BUSINESS WINS

STRENGTHENED BOARD AND MANAGEMENT

SUCCESSFUL ACQUISITION

TECHNOLOGY SCALE AND VALIDATION

- Achieved first $10m[1] revenue quarter in Q1 FY24
- On track to meet previous FY24 guidance at the top of the range for revenue between $39m and $41m, and underlying operating profit between $1m and $2m. In addition, the company is currently earning ~$40k interest per month from at-call accounts and term deposits.
- Strong growth in digital payments on SaaS platform (26% QoQ growth in Q1 FY24)
- Tender success rate of +70% with new client wins including several tier-1 clients in essential services, banking and insurance
- $12.2m[2] cash available to support onboarding tier-1 clients and strategic acquisitions. Business was cash flow positive in October 2023[1]
- Undertaken a significant investment in IT security to align with tier-1 requirements and PII data security
- Acquisition of DRA Group, a specialist insurance recoveries business, which will be immediately accretive to earnings
- Appointed Paul Dwyer as Chairman and strengthened management team with senior appointments

1. Figures are unaudited
2. Cash balance at 31 October 23

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Business Overview

Transforming debt collection practices through **technology**, improved **regulatory adherence** and a focus on **customer experience**

An ASX-listed company that has a commercially proven, AI-driven technology platform that improves debt resolution

Winner of Best AI in Fintech Award (2021, 2022) and a Finalist in 2023

Trusted by thousands of clients, in highly regulated and diverse industries to engage millions of end customers

+1,100 clients and 1.4m active customer files

Strong economic tailwinds and industry consolidation has significantly expanded the addressable market

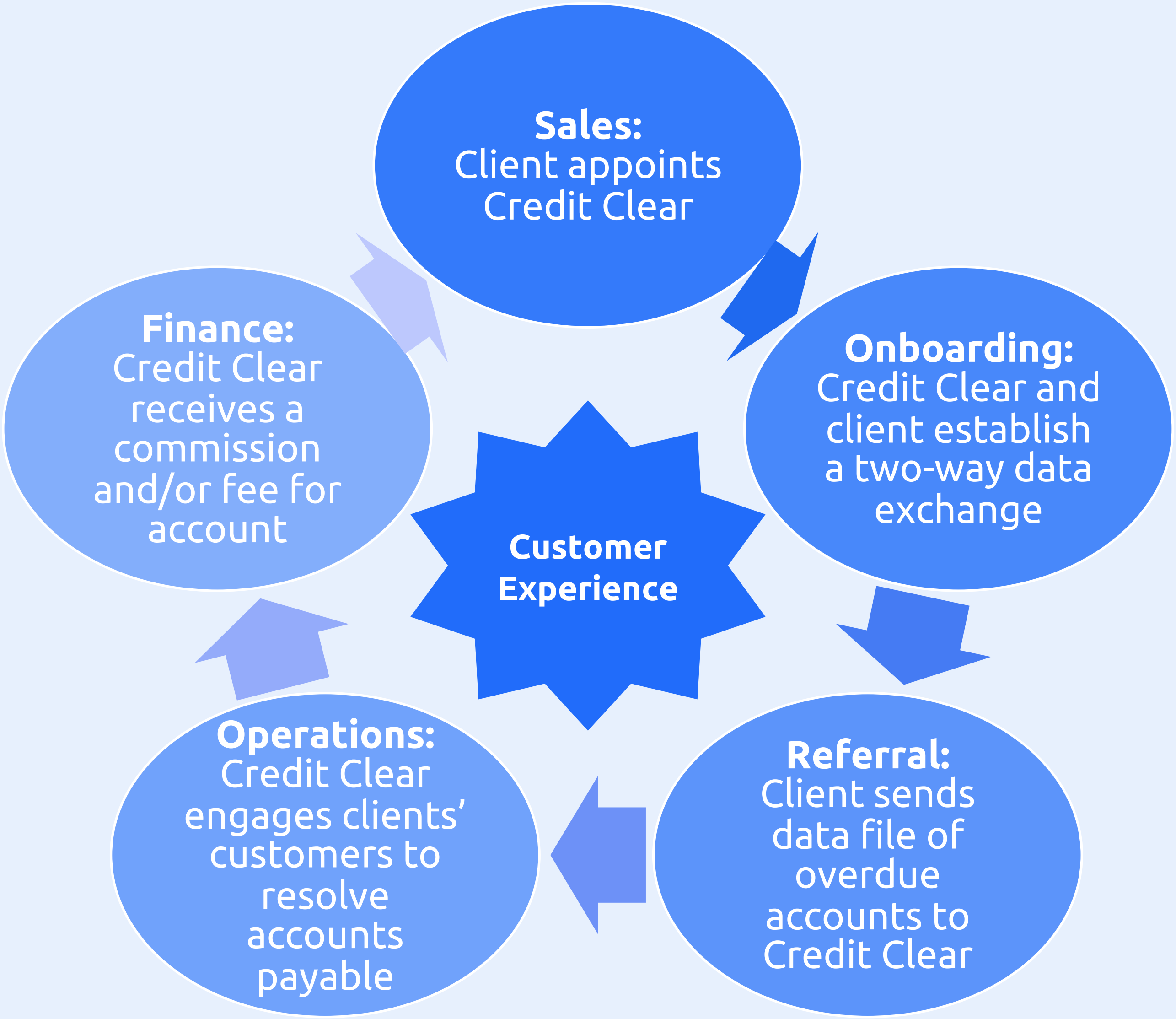
TAM of $20.8bn under collection in Australia[1]

Aligned with rapidly changing customer behaviour that enhances the customer's experience

NPS +41 from over 400k responses with a 65% promoter score

1. ACDBA figures at December 2022

Business model



Notes:

1. Credit Clear does **NOT** buy debt, we work with our clients to resolve their customers' overdue accounts

2. Our clients include banks, insurers, utility providers and government entities

3. Credit Clear engages our clients' customers through digital, traditional and legal channels

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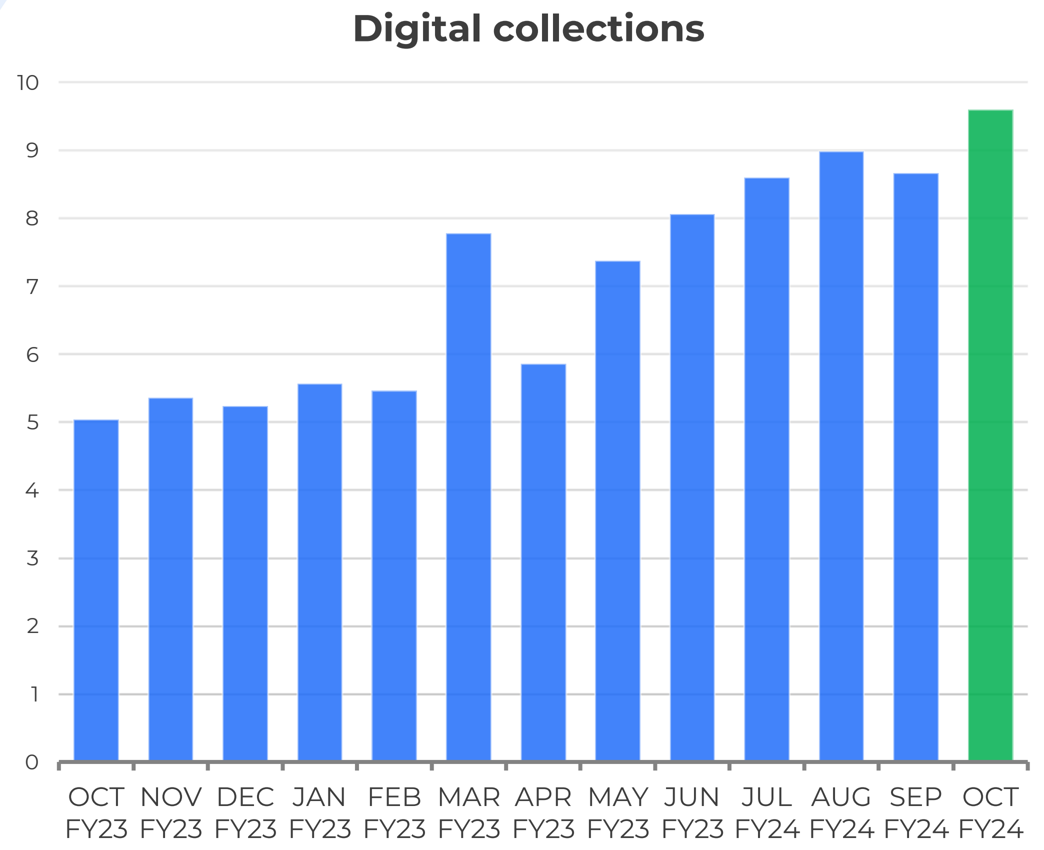
Growing payments on SaaS platform

Digital revenue has a gross margin of ~80%

- Record digital collections in October of $9.6m, for the first time exceeding $9m in a month
- Q1 FY24 digital collections were 26.4% up on previous quarter
- Transition to digital is contributing to increasing margin uplift
- Industry leading NPS of +41 from over 400k customer responses



Case study – ARMA (Consumer)

Revenue per agent has increased by 47%

- Q1 FY23 vs Q1 FY24 comparison
- Consumer is ARMA's largest division and largely responsible for servicing tier-1 clients
- The number of customer service staff increased by 4% while revenue has increased by 50%
- Digital now accounts for 56%[1] of payments in the Consumer Division[2]
- Average debt value per referral has increased by 67%
- Referral volumes have increased by 42%
- Margin improvement with revenue growth on a steady cost base

1. Based on probabilistic allocation to digital in received payments
2. Excludes Consumer portfolios where digital has not been deployed

Winning tier-1 clients[1]

Combined end-to-end offering is unmatched in Australia with AI-driven SaaS platform supported by 100% Australian-based customer support team and in-house legal recoveries resonating strongly with tier-1 clients

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Tier-1 clients in Q1 FY24

Up 25% from 12 in FY23

- ARMA has strategically positioned itself as a key provider to Australia's largest companies
- $1.2m (annualised) – average revenue from tier-1 clients in Q1
- $3.4m (annualised) – revenue from largest tier-1 client in Q1

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Potential tier-1 clients already signed that are being onboarded and/or ramping up to tier-1 level

Pipeline

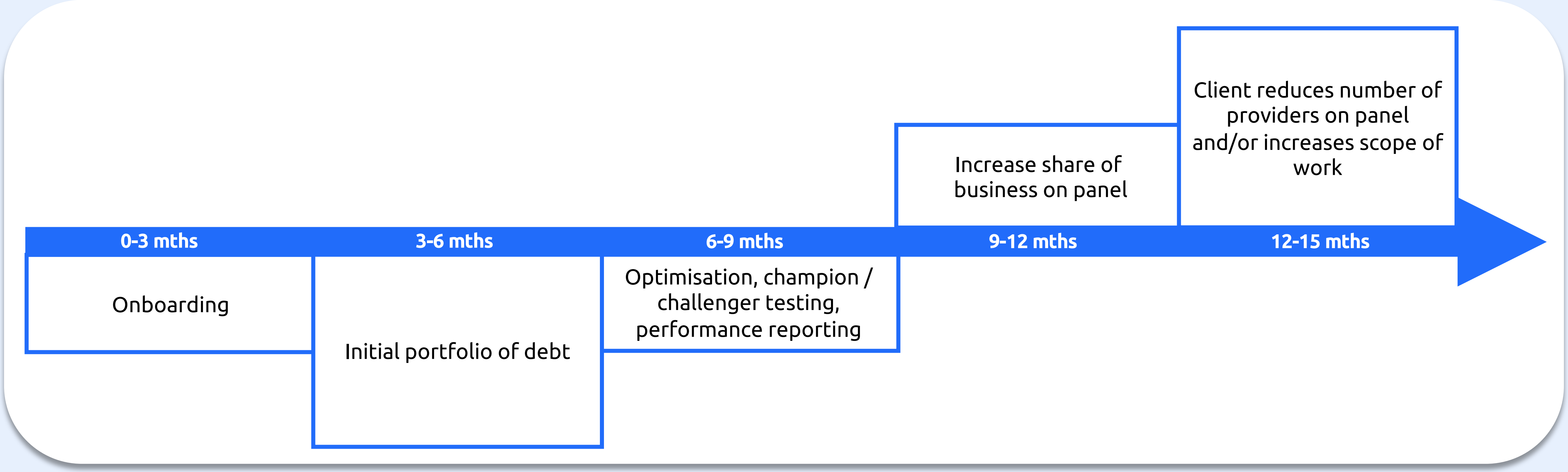
- We have seen a material increase in interest from and new business success with tier-1 clients
- Credit Clear is working through sales processes with several tier-1 clients in the next six months

1. A tier-1 client is defined as a client with potential revenue greater than $0.5m

Illustrative P&L client profile

Growth in inventory is being driven by three factors:

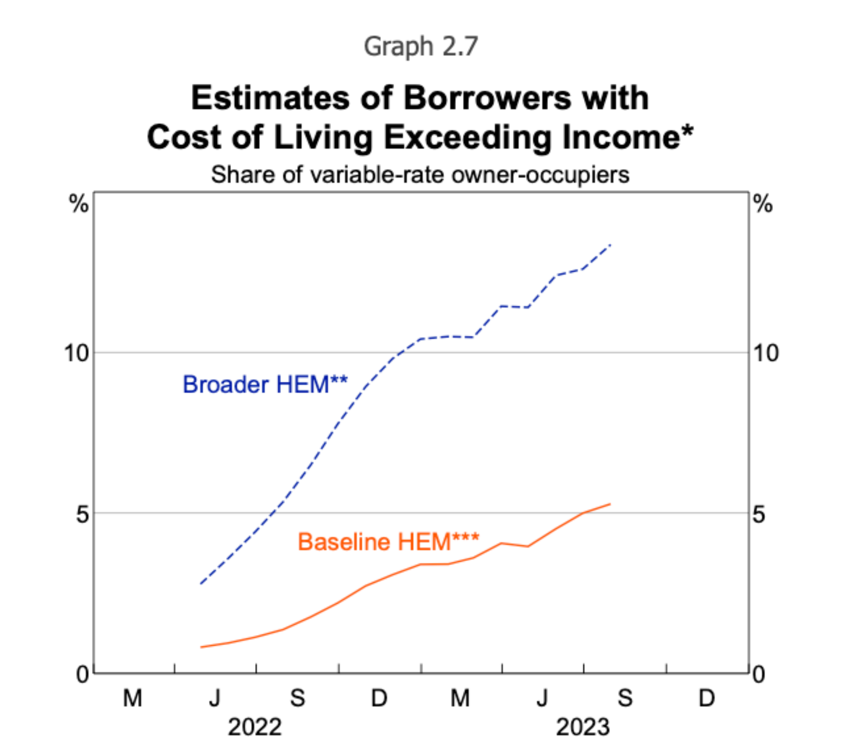
1. Existing clients are referring more files with higher value of debts
2. Several new tier-1 clients have now been onboarded and are beginning to refer files
3. A strong pipeline of potential tier-1 clients



Macroeconomic factors

ARMA is positioned as a leading provider of financial hardship services to our client's most vulnerable customers

- Five interest rate increases in past 12 months with cash rate increasing 40% from 3.1% to 4.35% has impacted the cost of servicing debt
- Australia's "mortgage belt" affected most, particularly as fixed interest loans roll off, affecting stable higher income earners often for the first time
- Underlying inflation of 5.2% over past 12 months has become entrenched diminishing free cash flow in Australian households
- Percentage of borrowers in negative cash flow has increased from 3% to 13% in past 12 months
- Tight labour market with near full employment means debt remains serviceable
- Continue to invest in digitisation of hardship process (ARMA Assist)



Household expenditure measure (HEM)
Baseline HEM = essential expenses
Broader HEM = includes private healthcare and school fees

https://www.rba.gov.au/publications/fsr/2023/oct/household-business-finances-in-australia.html#2.1

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Competitive environment

More debt, fewer competitors

- M&A activity has reduced the number of potential providers
- Many large tier-1 organisation have either recently gone to tenders or are about to go to tender to resolve competitive issues on their provider panel
- Most large organisations have been looking to strengthen their debt resolution capabilities with providers that are not linked to purchasers of debt
- Strong trend away from the practice of companies selling debt

DATAROOM

Illion's Milton Graham merges with Recoveries Corp

Companies Financial Services Debt collection Print article

Insolvency fears at Collection House 6 months before administration

Finance › Business › Technology

Start-up sacks 40 employees amid $200 million valuation

Funds management | Boards | CEOs

Pioneer Credit eyes return to profit after three years in 'the swamp'

— Street Talk

Buyers ready for another look at tidied-up illion

FY24 Outlook

Macroeconomic tailwinds

- Economic tailwinds have strengthened with internal and external data suggesting a significant increase in overdue accounts
- Australian companies clearly preparing for a deterioration in the economic environment by strengthening their collection capabilities

Organic growth

- Currently in a sales process with several potential tier-1 clients
- Continued integration of SaaS platform across third party contingent collections team, driving performance and gross margin uplift

Guidance

- Building a strong pipeline with a growing list of tenders that we will be actively working through with major companies (top 100 public and non-public in Australia) in the next year
- Strong potential for margin growth on a controlled cost base
- Based on our expectations for our customer base and economic conditions, we expect our previous FY24 guidance to be met at the top of the range for revenue (between $39m and $41m), and underlying operating profit of between $1m and $2m.

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