

Media Release

1 February 2022

Credit Corp reports first half profit growth of 8%

Credit Corp Group Limited (Credit Corp or the Company) reports the following highlights for the first half of the 2022 fiscal year:

- 8% increase in net profit after tax (NPAT) to \$45.7 million¹
- 9% growth in the consumer loan book over the half to \$200 million
- Record half-year investment driven by:
 - Step up in US purchased debt ledger (PDL) investment to \$150 million+ per annum
 - Radio Rentals acquisition
- On track for strong earnings growth across all segments over the full year

Secondary purchases of the Collection House and Radio Rentals books grew Aus/NZ PDL segment collections by 6% and NPAT by 5% over the prior corresponding period. While market volume remains subdued, organic purchasing continues to recover, reaching its highest level since the start of the pandemic.

Mr. Thomas Beregi, CEO of Credit Corp, said that the recently completed Radio Rentals acquisition would sustain collections over the second half in advance of a recovery in organic purchasing.

"Credit Corp enjoys strong purchasing relationships and is well-positioned as unsecured credit balances recover and charge-offs normalise," he said.

In the US, Credit Corp has grown its market share to offset a contraction in PDL supply arising from the pandemic. The Company has secured a full year pipeline of more than \$150 million. The outlook is for a strong recovery in PDL supply over the medium term as US consumers rapidly increase their use of unsecured credit.

Aus/NZ consumer lending demand accelerated over the December quarter as key markets emerged from COVID lockdown. Record monthly originations were recorded in December.

High settlement volumes suppressed first-half segment earnings due to up-front expected life-of-loan loss provision expense but produced a \$200 million loan book at the close of the period. Higher interest revenue derived from the increased book will produce an improved second-half NPAT.

¹ Excluding \$4.5 million after-tax US Paycheck Protection Program (PPP) loan forgiveness during H1 FY2022.

Several lending pilots commenced during the period including the Wizpay Buy Now, Pay Later product, the auto loan re-launch and the US instalment loan pilot. Mr. Beregi noted that the expansion of lending operations will ensure sustained segment earnings growth over the medium and long term.

"Acquisition of the Radio Rentals business assets has accelerated our plans to enter the sale of goods by instalment market and adds to the suite of lending pilots already underway. All pilots utilise Credit Corp's leading technology platform including fast online decisioning and superior collections," he said.

Outlook and guidance

The Company is on track to grow earnings in all segments after record first-half investment. Credit Corp remains debt free with undrawn credit lines intact for any one-off opportunities and continued investment growth as market conditions allow.

Investment guidance for FY2022 has been upgraded in accordance with the following ranges:

	Guidance issued Nov-21	Guidance upgraded Feb-22
PDL acquisitions	\$280 - \$300m	\$300 - \$320m
Net lending volumes	\$45 - \$55m	\$45 - \$55m
NPAT	\$92 - \$97m	\$92 - \$97m ²
EPS	137 - 144 cents	137 - 144 cents ²

This media release should be read in conjunction with the Appendix 4D and Consolidated Interim Financial Statements and the results presentation.

To watch the presentation go to: <https://www.creditcorpgroup.com.au/investors/interviews-presentations/>

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² Excluding \$4.5 million after-tax US Paycheck Protection Program (PPP) loan forgiveness during H1 FY2022.