

18 October 2023

Impairment of US ledger book and amendment to FY2024 guidance

Credit Corp Group Limited (Credit Corp or the Company) advises of an anticipated impairment of the carrying value of its US Purchased Debt Ledger (PDL) assets. The impairment will likely be reflected in the interim financial statements for the period ending 31 December 2023 and will represent approximately 14 per cent of the carrying value of US PDL assets included in the Company's 30 June 2023 accounts. The impairment is estimated to produce a one-off reduction in net profit after tax (NPAT) of \$45 million.

The impairment has arisen from a sustained deterioration in collection conditions. In releasing its FY2023 results on 1 August 2023 Credit Corp advised of increased US repayment plan delinquency over the final quarter. These conditions have persisted throughout the first quarter of FY2024, prompting a re-assessment of the medium-term outlook for collections on the Company's US PDL assets. The purchasing cohorts most affected comprise of assets acquired in FY2022 and FY2023.

In addition to the anticipated one-off charge Credit Corp advises of a further amendment to its FY2024 guidance. Despite deteriorated collection conditions the company recorded year-on-year US collections growth of 10 per cent across July and August 2023, but performance was flat against the prior year for September 2023. Recent performance has been extrapolated over the balance of the year, reducing guidance for US segment NPAT by \$10 million.

Mr Thomas Beregi, CEO of Credit Corp, said that reduced market pricing should support the viability of continued purchasing. "Prices at which the FY2024 US investment pipeline has been secured should deliver Credit Corp's target return in present conditions," he said.

In advance of a performance update to be issued at the AGM on 24 October 2023 Credit Corp advises of revised guidance in accordance with the following ranges:

	FY24 guidance issued Aug-23	FY24 guidance revised Oct-23
PDL acquisitions	\$200 - \$250m	\$200 - \$250m
Net lending volumes	\$45 - \$55m	\$45 - \$55m
NPAT ex impairment	\$90 - \$100m	\$80 - \$90m
NPAT statutory	\$90 - \$100m	\$35 - \$45m
EPS	132 - 147 cents	51 - 66 cents

This ASX release was authorised by the Company Secretary.

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