

Media Release

30 January 2025

Credit Corp on track for strong FY25 earnings growth

Credit Corp Group Limited (Credit Corp or the Company) reports the following highlights for the first half of the 2025 fiscal year (H1 of FY2025):

- 12 per cent growth in US collections
- 5 per cent growth over the half in the consumer lending book to a record \$465 million
- 32 per cent growth in underlying group Net Profit After Tax (NPAT) to \$44.1 million¹

Underlying NPAT growth was driven by a significant step-up in earnings from consumer lending due to the strong starting loan book.

US operational performance continued to improve. Collections were 12 per cent higher than the prior corresponding period (pcp) despite 24 months of reduced investment and no discernible change in collection conditions. Labour productivity grew by 28 per cent over the pcp, while retaining a workforce capable of servicing a significantly higher level of purchasing.

While Credit Corp did not add to its purchasing pipeline during the first half it expects to do so over the coming months and anticipates outlaying \$150 million in the US over the full year. Prices remain stable and should produce opportunities to acquire credit card charge offs capable of meeting the Company's return criteria.

Mr Thomas Beregi, CEO of Credit Corp, said that further operational improvement should enable increased investment. "Credit Corp has both the financial and operational capability to increase investment as operational results continue to improve," he said.

Rapid consumer loan book growth in the prior year has converted to earnings, with lending segment NPAT up by 79 per cent over the pcp to \$24.9 million. Lending volume fell below the prior year as industry data showed that a period of post-COVID re-leveraging had come to an end. Notwithstanding this, Credit Corp's loan book still grew over the half year. These dynamics should produce strong segment earnings over the second half and record lending segment NPAT for FY2025.

While the Wallet Wizard fast cash loan product has driven lending segment earnings to date, other products are set to contribute to future growth. Persistently elevated post-COVID used car prices have caused Credit Corp to restrict auto lending volumes. Used car prices are now falling and may shortly reach the level where restrictions can be removed. The Wizit digital credit card is on track to be released

¹ Underlying NPAT for the prior comparative period is after adding back \$45.6 million (after tax) for the US purchased debt ledger (PDL) impairment report in H1 FY2024.

from pilot late in FY2025. Mr Beregi noted the significant potential of this product. “Wizit appeals to a less immediate borrowing need, offering the convenience and flexibility of a credit card, and has the potential to address a larger market than Wallet Wizard,” he said.

Run-off in the Australian and New Zealand debt buying book stabilised during the half, with segment NPAT falling by just 10 per cent over the pcp. While there are still no signs of a recovery in market sale volumes, earnings from this segment are not expected to fall significantly further.

Interim dividend

Credit Corp will pay an interim dividend for the 2025 financial year of 32 cents per share which represents a payout rate of just under 50 per cent of H1 of FY2025 reported earnings per share.

Outlook and guidance

Operating performance and investment levels remain in line with the Company’s guidance issued in July 2024.

Credit Corp re-affirms its FY2025 guidance in accordance with the following ranges:

	FY25 Guidance issued Jul-24	FY24 Guidance confirmed Jan-25
PDL acquisitions	\$200-\$250m	\$200-\$250m
Net lending volumes	\$45-55m	\$45-55m
NPAT	\$90-\$100m	\$90-\$100m
EPS (basic)	132-147 cents	132-147 cents

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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