

1 February 2023

HI FY2023 **RESULTS**

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Credit Corp Group

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Leadership of the credit impaired financial services segment ...

ANALYTICS & DISCIPLINE

Australian / NZ debt buying

- Large database
- History of pricing accuracy
- Purchasing levels vary inversely with pricing

US debt buying

- Large market opportunity
- Diversified purchasing across several sellers

Australian / NZ lending

- Leverage knowledge of consumer
- Up-front loss provisioning
- Analytical monitoring
- Unique statistical underwriting

OPERATIONAL EXCELLENCE

- High asset turnover ¹
- Low cost to collect ²
- High performing on-shore and off-shore platforms
- Strong technology and use of data

- Significant productive capacity across two sites
- Emphasis on payment arrangements and a lower proportion of litigated outcomes

- Automated decisioning
- Collection strength
- High level of efficiency

SUSTAINABILITY & COMPLIANCE

- Low dispute rate
- \$1.4b in ongoing repayment arrangements

- Low regulator complaint rate

- APRs below cap applicable to mainstream credit
- Regulatory upside - no 'payday loans'
- Lower pricing disrupting the market

Target

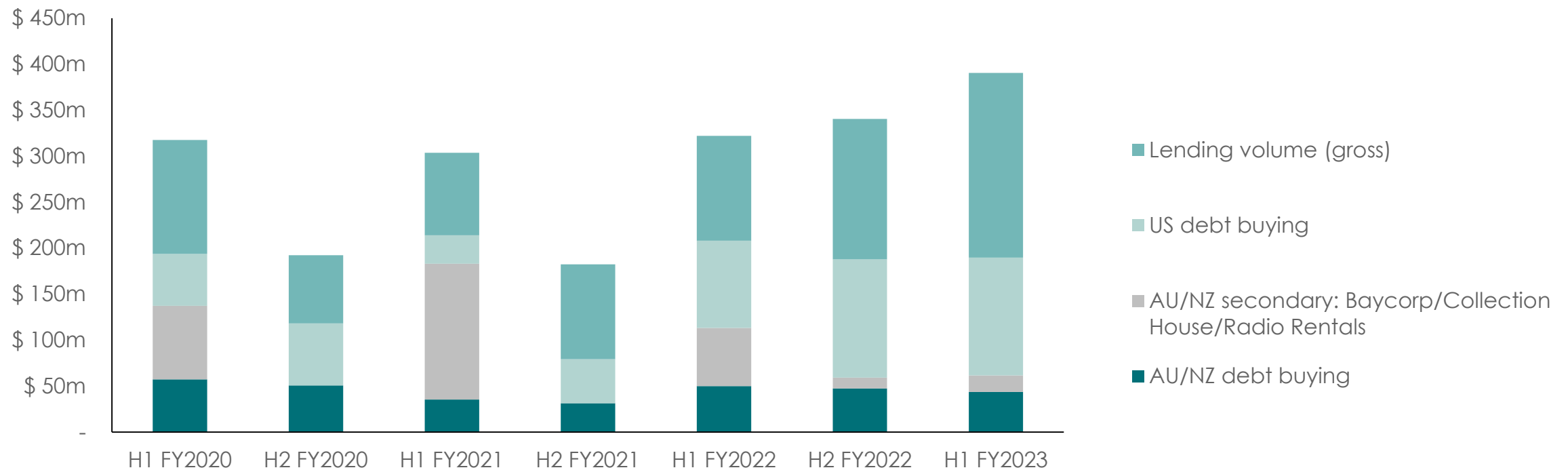
- Long term growth
- ROE 16% - 18%
- Low gearing

1. 1H FY2023 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.1x.

2. 1H FY2023 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 38%.

...has produced record half-year investment...

- Accelerated growth in Wallet Wizard lending
- Increased purchasing from existing US forward flows



...but has suppressed H1 earnings

- Increased US resourcing yet to convert to collections
- Up-front loan loss provisioning and marketing affecting lending segment earnings
- Continued run-off in AU/NZ debt purchasing

	H1 FY2022	H1 FY2023	Var %
AU/NZ debt buying	\$118.8m	\$108.2m	(9%)
US debt buying	\$42.8m	\$47.0m	10%
AU/NZ lending	\$42.3m	\$65.4m	55%
Revenue total	\$203.9m	\$220.5m	8%
AU/NZ debt buying	\$29.0m	\$21.4m	(26%)
US debt buying	\$10.5m	\$6.1m	(42%)
AU/NZ lending	\$6.2m	\$4.3m	(31%)
NPAT total ¹	\$45.7m	\$31.8m	(30%)
EPS (basic) ¹	67.7c	46.9c	(31%)
Dividend	38.0c	23.0c	(40%)

¹. H1 FY2022 statutory NPAT of \$50.2 million and EPS of 74.4 cents includes \$4.5 million US Paycheck Protection Program (PPP) loan forgiveness which occurred in H1 FY2022

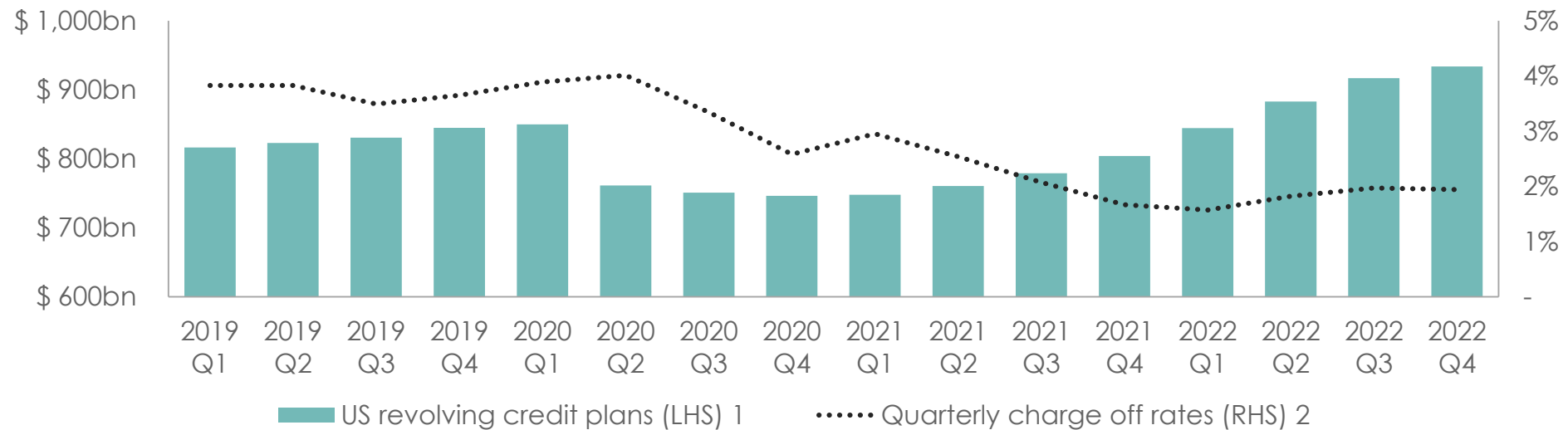
Earnings expected to recover during H2

- **US collections on track to improve**
 - new teams gaining traction
 - payment arrangement growth
 - enlarged legal pipeline
- **Lending NPAT set to grow from \$4.3 million in H1 to \$25 - \$30 million in H2**
 - increased revenue from enlarged starting book
 - moderation in volume will reduce provisioning and marketing
- **Project costs reduced**

While US PDL supply is increasing...

- Unsecured credit growth and increasing charge-off rates are producing increased supply

US REVOLVING CREDIT MARKET



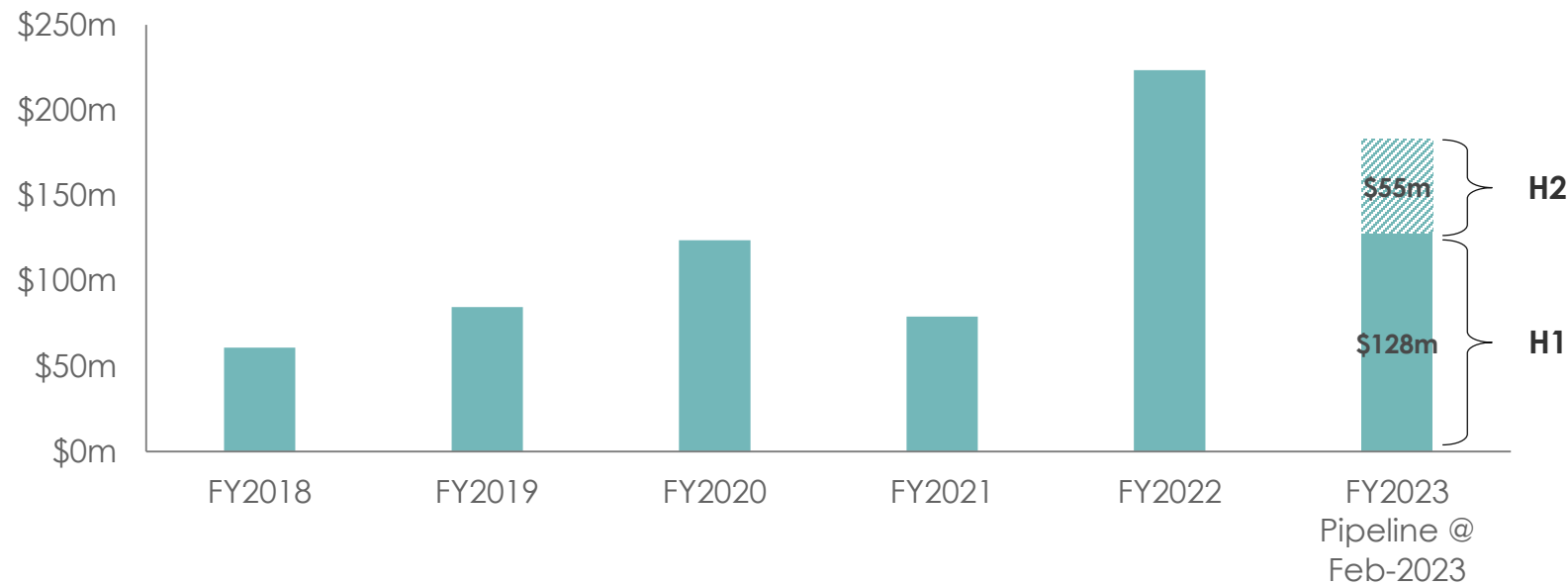
1. Total Revolving Credit Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CCLACBW027SBOG>)

2. Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)

...Credit Corp's US purchasing will decrease in H2...

- Unexpectedly high volumes received under forward flows during H1
- Purchasing will reduce in H2 as commitments expire

US PURCHASING (A\$m)

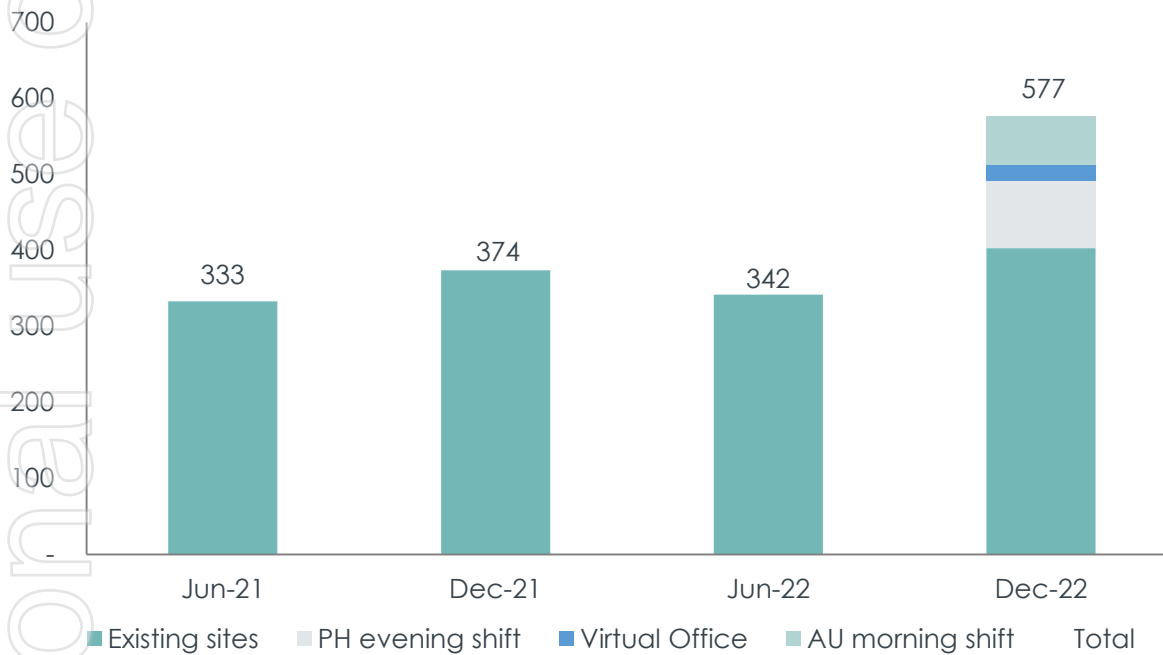


**FY2023
purchasing
pipeline of \$183m
contracted as at
February 2023**

...with the focus on converting US resource growth into collections

- Rapid resource growth has created a short term challenge
- Payers growth points to improved productivity

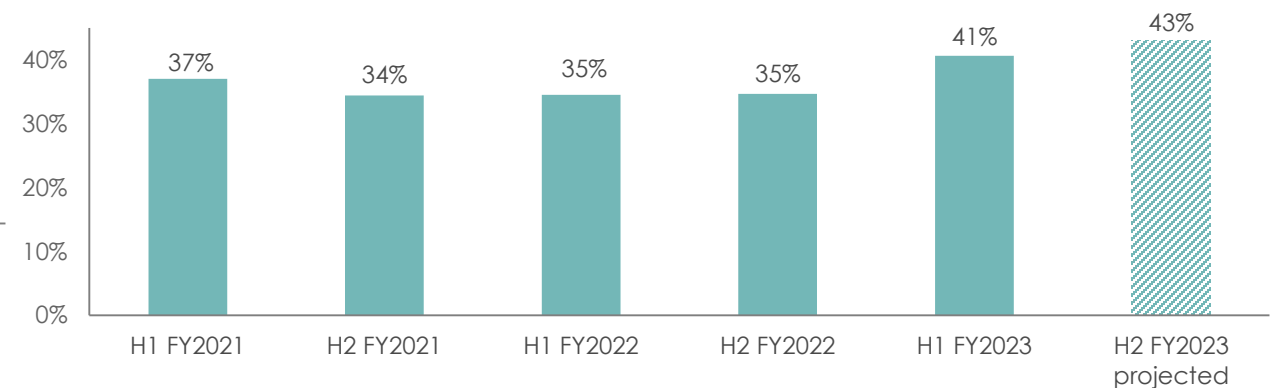
US OPERATIONAL HEADCOUNT



US DEBT BUYING

	H1 FY2023	Δ H1 FY2022 ¹
Collections	\$88m	- %
Productivity	\$256 per hour	(30%)
Operations headcount ²	577	54%
Payers book ²	\$322m	17%

US COST TO COLLECT

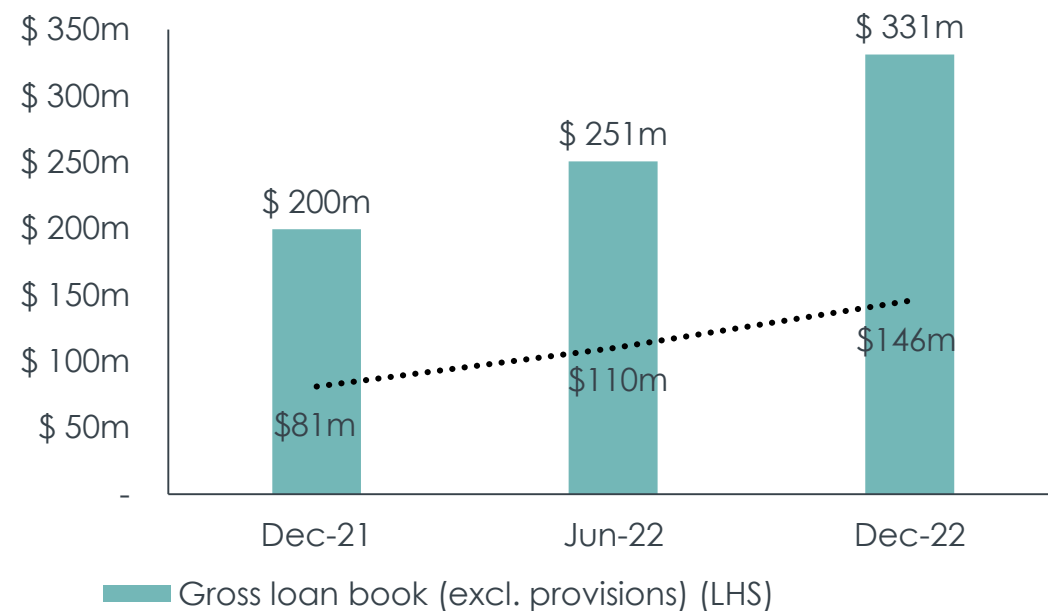


1. Constant currency basis
2. As at December 2022

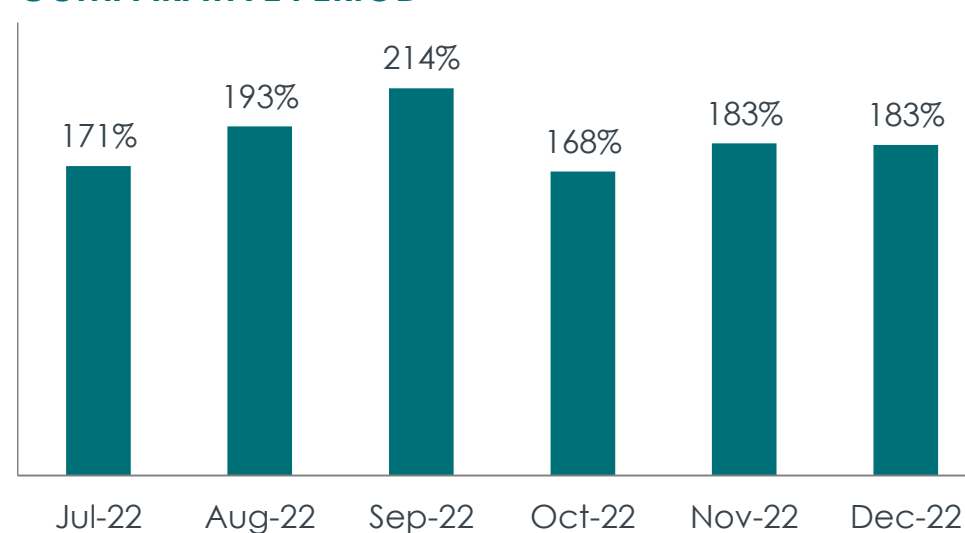
Lending is a key driver of growth

- Current book now producing \$146 million in annualised revenue
- Cash loan demand significantly above pre-COVID peaks
- Arrears and losses remain within pro-forma
- Auto limited to just \$47 million of the loan book

CONSUMER LENDING BOOK AND ANNUALISED REVENUE





LENDING VOLUMES INDEXED TO PRE-COVID COMPARATIVE PERIOD ¹



1. All months indexed against 2019 as both 2020 and 2021 were COVID impacted

AU/NZ operational performance remains sound

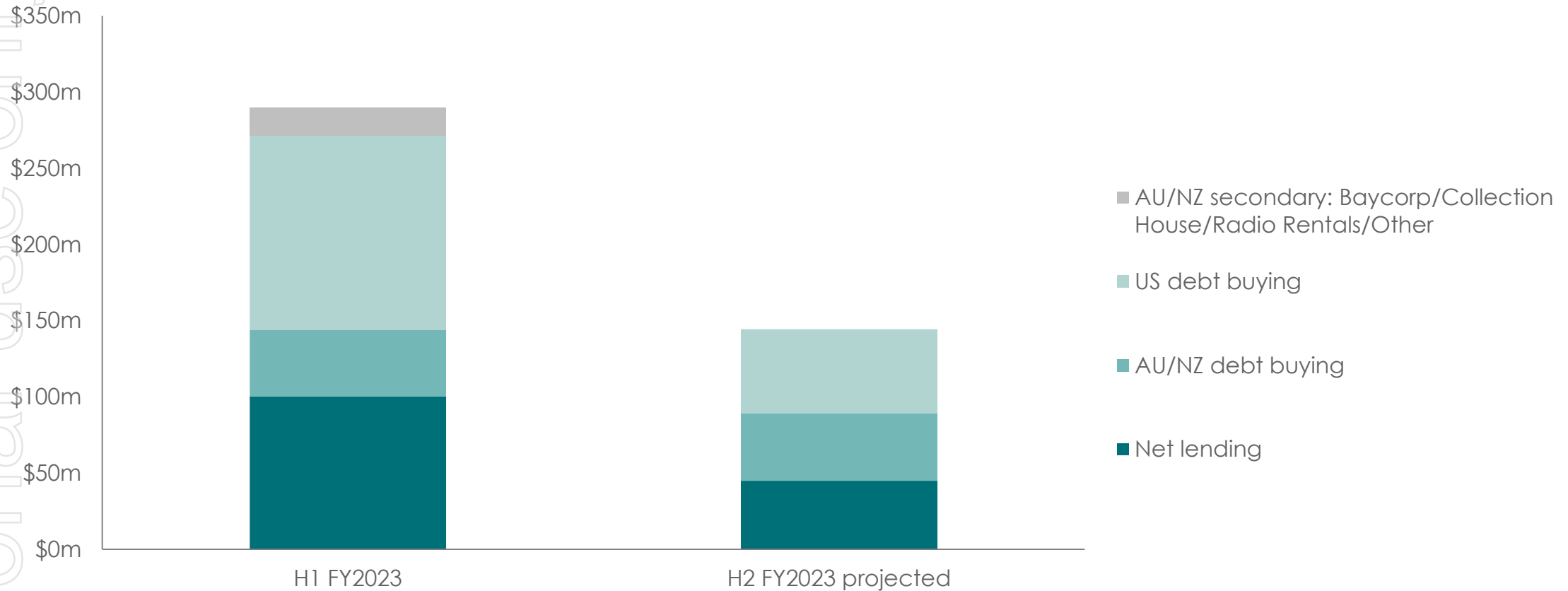
- Some loss of operational leverage as collections have decreased in line with reduced investment

  AU/NZ DEBT BUYING	H1 FY2023	Δ H1 FY2022
Collections	\$163m	(15%)
Productivity	\$310 per hour	(3%)
Operations headcount ¹	824	(10%)
Payers book ¹	\$1,379m	(11%)

^{1.} As at December 2022

Investment will moderate in H2...

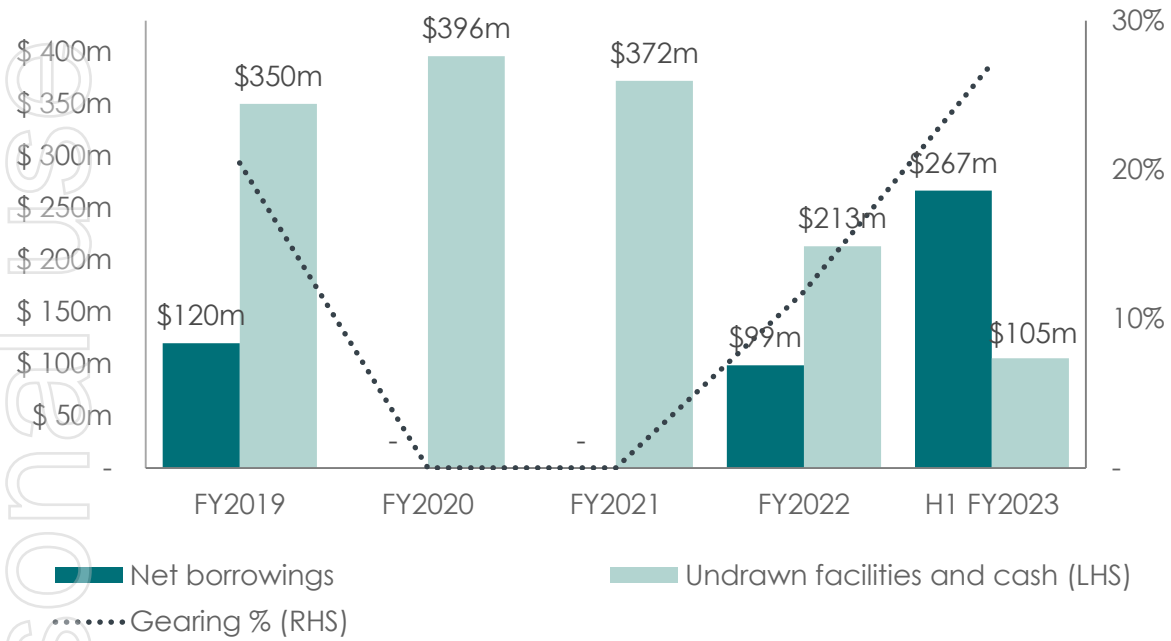
INVESTMENT



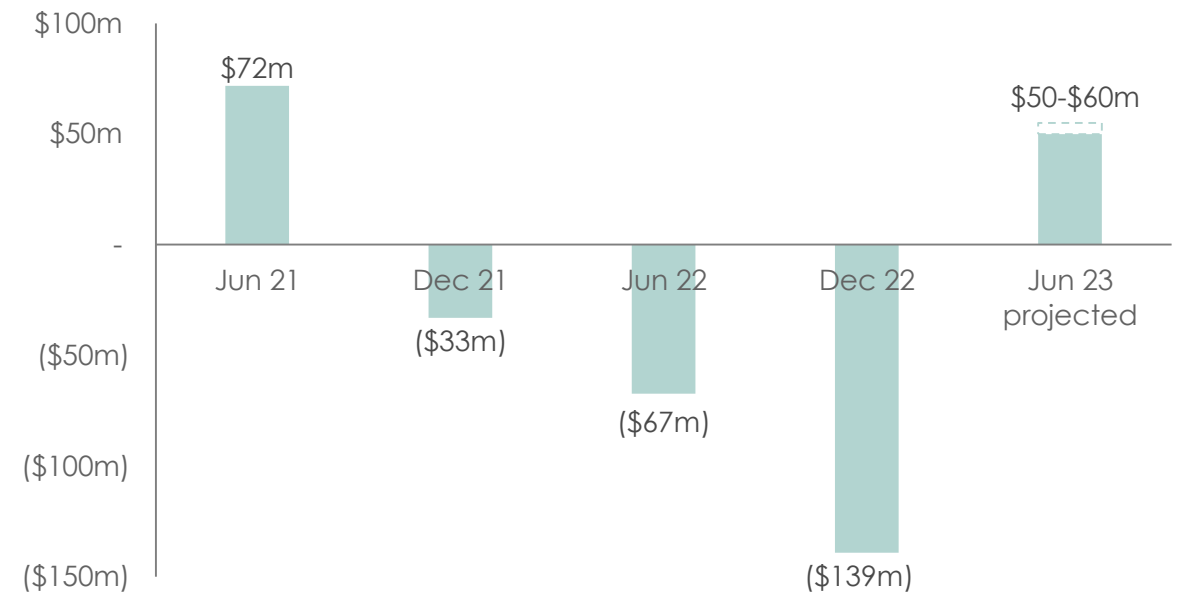
...building financial capacity

- Available lines increased to \$372 million
- Reduced US investment will result in de-leveraging over the balance of FY2023

GEARING AND CASH FACILITIES



FREE CASH FLOW (HALF-YEAR ENDING)



Revised investment guidance

	FY2023 GUIDANCE ISSUED OCT-22	FY2023 REVISED GUIDANCE FEB-23
Ledger investment	\$240 - \$260 million	\$290 - \$295 million
Net lending	\$50 - \$60 million	\$140 - \$150 million
NPAT	\$90 - \$97 million	\$90 - \$97 million
EPS (basic)	133 - 143 cents	133 - 143 cents

Appendices - Key Operating Metrics

Appendix 1: **Operating cash flow and gearing**

Appendix 2: **Pricing discipline and accuracy**

Appendix 3: **Collections life cycle**

Appendix 4: **Productivity**

Appendix 5: **Payers base**

Appendix 6: **Operational and total headcount**

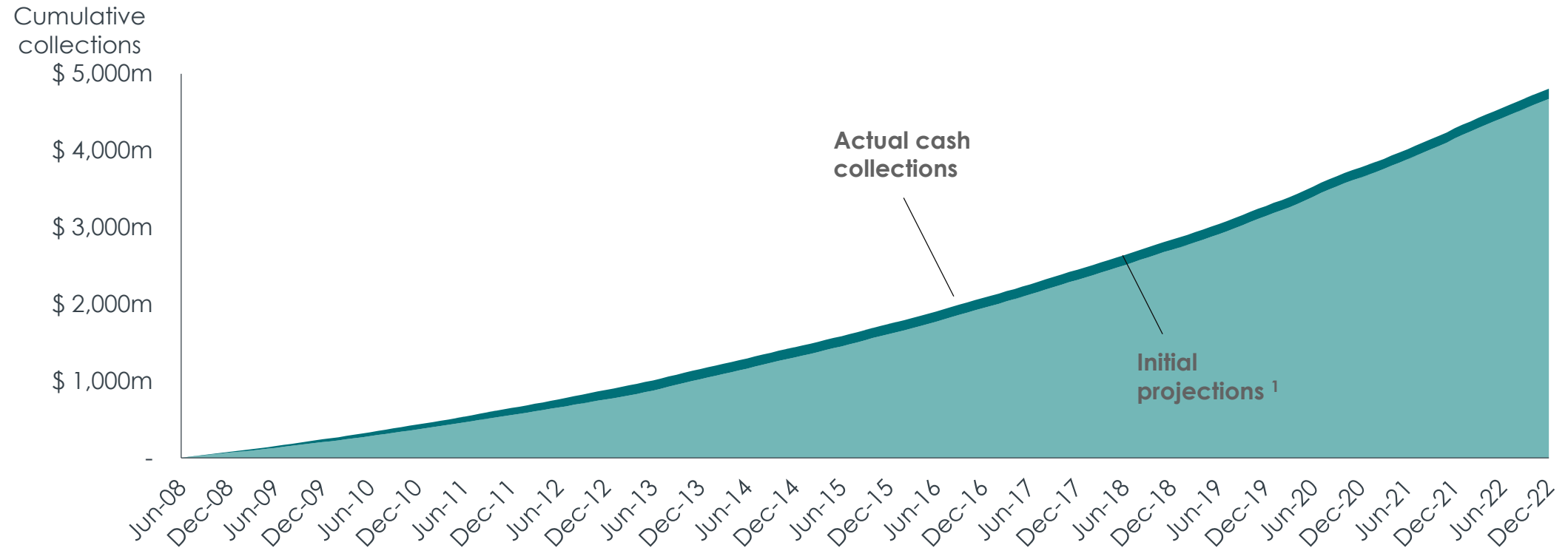
Operating cash flow and gearing

Operating cash flows and gearing	Jun-21	Dec-21	Jun-22	Dec-22
Collections	\$243.8m	\$272.8m	\$264.3m	\$257.2m
Other income	\$55.0m	\$60.4m	\$69.6m	\$80.7m
Interest expense/income	(\$2.1m)	(\$2.1m)	(\$2.6m)	(\$6.0m)
Operating expenses including taxation	(\$101.9m)	(\$126.1m)	(\$149.6m)	(\$166.5m)
PDL acquisitions, net lending and capex	(\$123.2m)	(\$238.0m) ¹	(\$249.0m)	(\$304.5m)
Net operating (free) cash flow	\$71.8m	(\$33.0m)	(\$67.3m)	(\$139.1m)
PDL carrying value	\$467.3m	\$557.2m	\$637.3m	\$719.0m
Consumer loans net carrying value	\$135.2m	\$146.6m	\$198.4m	\$263.3m
Net cash / (borrowings)	\$61.7m	\$1.1m	(\$98.9m)	(\$266.6m)
Net borrowings/carrying value (%)	N/A	N/A	11.8%	27.1%

1. Includes outlay of \$63 million for acquisition of Radio Rentals assets in Dec 2021

Pricing discipline and accuracy

PRICING DISCIPLINE AND ACCURACY

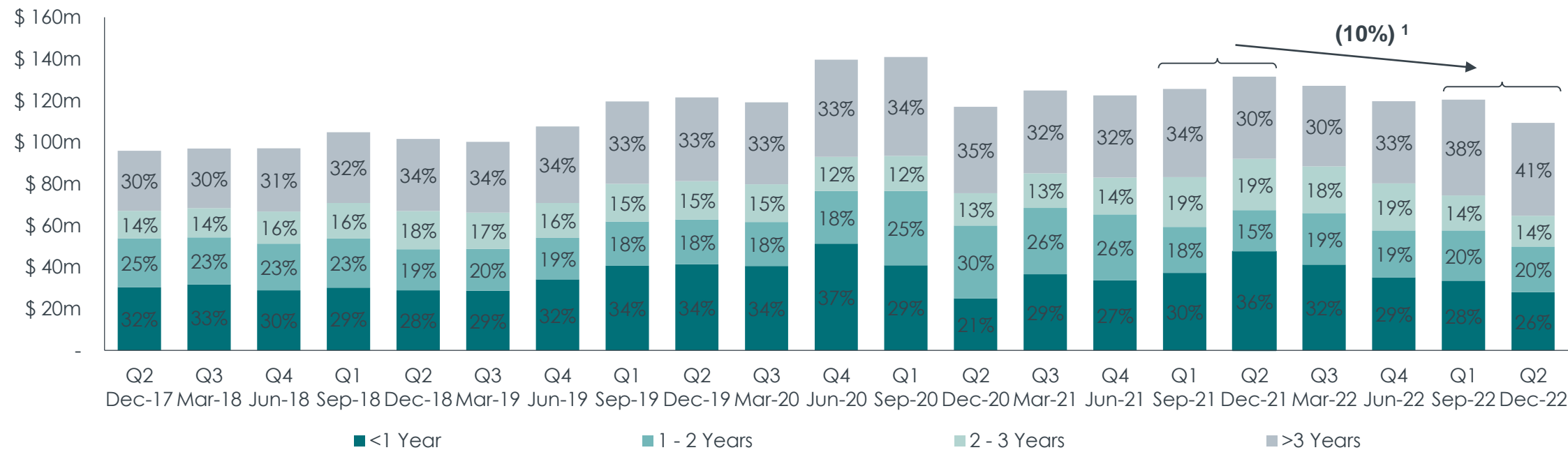


1. For all PDLs held at June 2008, initial projections represent the forecast at June 2008

APPENDIX 3

Collections life cycle

PDL COLLECTIONS BY VINTAGE

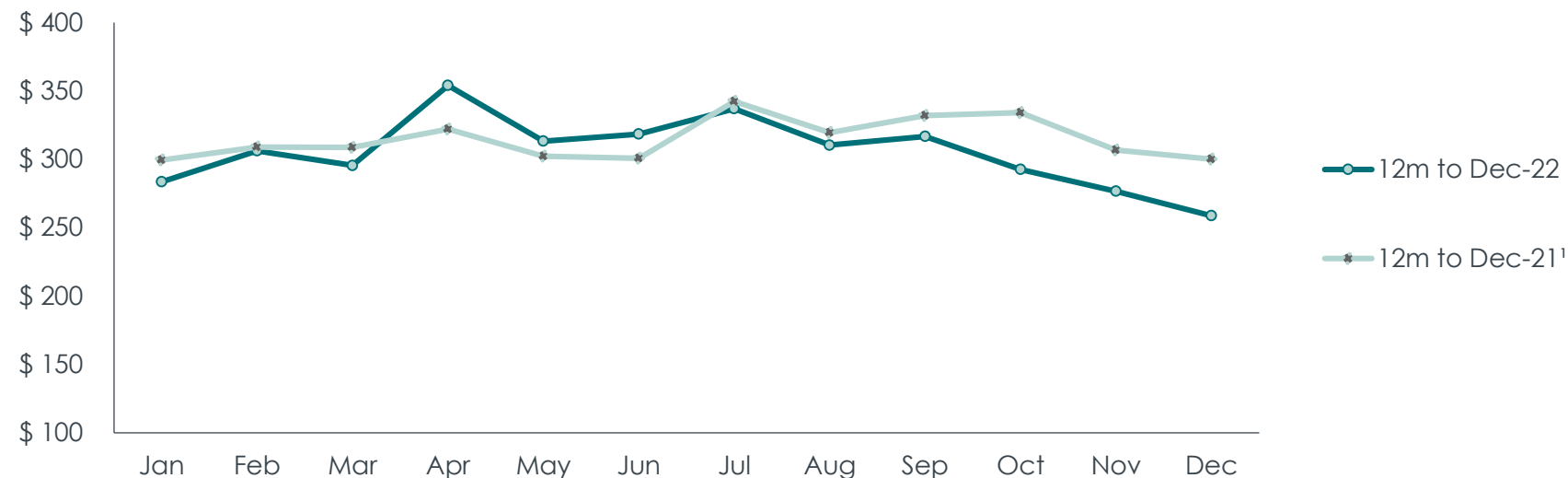


1. 10% less in FY2023 H1 vs FY2022 H1. Based on constant currency

APPENDIX 4

Productivity

Personal use only



YTD Dec-22 average

- FY2023: \$299
- FY2022: \$322 ¹

1. Constant currency basis

Payers base

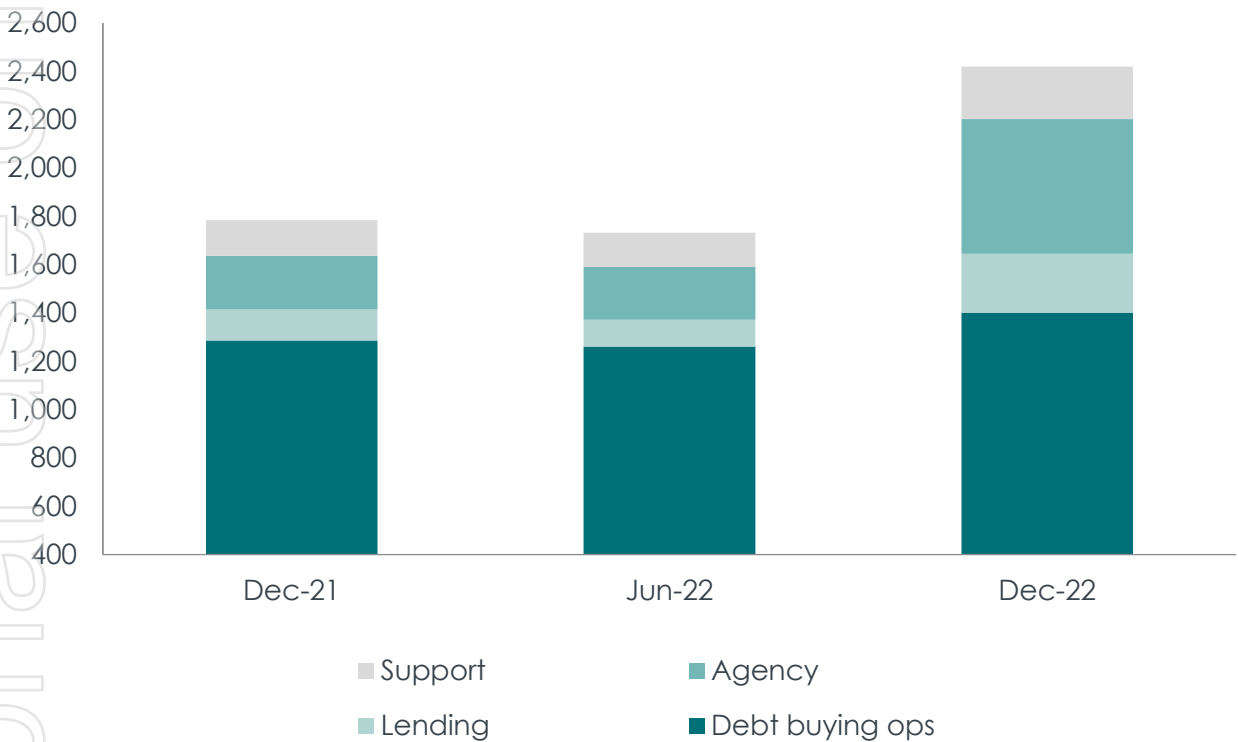
PORTFOLIO SUMMARY: AU/NZ DEBT BUYING ONLY

Total portfolio	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22
Face value	\$7.7b	\$8.6b	\$8.5b	\$7.9b	\$7.6b	\$7.9b
Number of accounts	1,193,000	1,392,000	1,326,000	1,252,000	1,236,000	1,259,000
Payment arrangements						
Face value	\$1,350m	\$1,550m	\$1,600m	\$1,555m	\$1,433m	\$1,379m
Number of accounts	195,000	219,000	217,000	243,000	204,000	201,000
% of PDL collections	73%	82%	83%	84%	85%	84%

APPENDIX 6

Operational and total headcount

PERIOD END HEADCOUNT (FTE)



	Dec-21	Jun-22	Dec-22
Debt buying operations	1,285	1,296	1,401
Agency	223	229	558
Lending	129	162	243
Support	147	153	217 ¹
Total	1,783	1,840	2,419
Support %	8%	8%	9%

1. Including staff acquired as part of the acquisition of Collection House during H1 FY2023

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