

## Q4 FY 2022 Unaudited Trading Update

### Continued Loan Book Growth & Operating Leverage

Cash Converters International Limited (ASX: CCV) (“Cash Converters” or “the Company”) is pleased to provide the following market update at the conclusion of the quarter ended 30 June 2022 of the financial year ending 30 June 2022 (FY 2022).

#### Q4 FY 2022 Highlights (pcp as of Q4 FY 2021)

- Lending momentum continued into Q4, gross loan book finished FY 2022 at **\$214.0m up 20% on pcp** and **up 28% since Q1**.
- Increased future expected loan book income (fees and interest) now sitting at **\$65.6m<sup>1</sup>**.
- Medium Amount Credit Contract (“MACC”)<sup>2</sup> outgoings growth continued, **up 8% on pcp** to **\$22.3m**.
- Net losses<sup>3</sup> on an expanding loan book remain low at **4.2%** for the fourth quarter (reflecting an increase of only 0.7% on pcp), demonstrating ongoing ‘post COVID’ period credit risk improvements, remaining well below FY 2019’s quarterly average loss rate of 6.1%.
- New *PayAdvance*<sup>4</sup> product pilot progressing well with over 72% of approved loan applicants new to the business and 78% under the age of 40. Over 14% of customers have already migrated to longer term products within the Cash Converters ecosystem.
- Green Light Auto (GLA)<sup>5</sup> recovery continues with monthly outgoings increasing and loan book growing.
- Funding support in place for continued growth (as announced on 16 June 2022).

#### Gross Loan Book Values at 30 June 2022

		Q4 FY 2021	Q1 FY 2022	Q2 FY 2022	Q3 FY 2022	Q4 FY 2022	Y-o-Y
SACC <sup>6</sup>	Loan Book	\$67.6m	\$58.9m	\$69.0m	\$73.0m	\$75.8m	+12%
	% Of Total	38%	35%	36%	36%	35%	
MACC	Loan Book	\$49.4m	\$51.7m	\$65.2m	\$71.5m	\$76.1m	+54%
	% Of Total	28%	31%	34%	35%	36%	
GLA	Loan Book	\$44.3m	\$43.1m	\$43.4m	\$45.0m	\$46.6m	+5%
	% Of Total	25%	25%	23%	22%	22%	
PB <sup>7</sup> (Corp)	Loan Book	\$16.8m	\$13.3m	\$14.4m	\$14.2m	\$15.5m	(8%)
	% Of Total	9%	8%	8%	7%	7%	
Total Gross Loan Book		\$178.1m	\$167.1m	\$192.0m	\$203.7m	\$214.0m	+20%
Quarterly ‘Net Loss’ / Average Loan Book		3.5%	3.4%	3.3%	4.1%	4.2%	+0.7%

Cash Converters Managing Director, Sam Budiselik, stated, “We are pleased to report that the elevated credit demand observed in Q3 has continued into Q4 FY 2022. The final three months of the financial year are traditionally our quietest lending period, however record outgoings indicate strong underlying borrower demand. Combined outgoings for Q4 FY 2022 totalled \$78.4m, up 12% on pcp. We service this demand responsibly by leveraging our machine learning and credit assessment capability that has been developed over many years across what we believe to be the largest data warehouse of all lenders in our sector”.

“We close the last quarter of the financial year with a total gross loan book of \$214.0m, up 20% on pcp, with future expected loan book income (fees and interest) now over \$65.6m. This income will benefit the Company into future reporting periods, driven predominantly by the 54% increase in our MACC loan book since June 2021. This is consistent with our ongoing focus on providing our customers with longer term, lower cost loan options.”

## Trading Update

The investment made in Cash Converters’ secured vehicle finance business has started to yield returns. Green Light Auto has grown its loan book to \$46.6m (up 5%) since 30 June 2021 whilst maintaining a steady loan-to-value ratio (LVR) – a key metric in a market where second-hand vehicle prices remain inflated.

The PayAdvance Earned Wage Access (“EWA”) pilot continues to generate valuable insights, informing Cash Converters future product development. The hypothesis that this product would be a cost-effective customer origination channel has been validated, and the ability to transition these customers into longer-term, lower-cost products has been demonstrated. To date, over 14% of PayAdvance customers have been approved for a subsequent credit product within the Cash Converters ecosystem. The ability to facilitate this transition is central to the ongoing success of the product and is indicative of the relevance of Cash Converters’ broader product suite in meeting the needs of Australian borrowers.

National retail sales through Cash Converters’ WebShop have also remained elevated with an average of \$1.4m in monthly sales conducted through this channel in the final quarter of FY 2022, compared to \$0.7m over the same period in 2019. Central to the success of WebShop is the effectiveness of Cash Converters’ physical store presence. All stock that is sold on WebShop is acquired through Cash Converters stores. Cash Converters’ corporate pawnbroking book remained stable across Q4 FY 2022, finishing the period at \$15.5m.

## Strategy Update

Cash Converters continues to execute on its strategy to leverage strong underlying earnings and capitalise on inorganic growth opportunities.

## Network Expansion & Acquisition

The domestic and international franchise acquisition targets mentioned in Cash Converters’ Q3 update remain under review. The stated objective being to acquire earnings accretive store networks, based on sensible valuation metrics, which will accelerate Group earnings.

## New Product Development

Development of Cash Converters’ Line of Credit product is progressing well, designed to aid in customer retention and enhanced lifetime value as a result. This product is expected to enter a pilot phase in Q3 FY 2023 prior to a national release later in the year and remains aligned to our vision of offering loyal customers lower cost and more flexible funding options.

## Funding & Cash

Cash Converters announced the renewal of its \$150.0m securitisation facility with Fortress Investment Group (“Fortress”) on 16 June 2022. The renewal on improved commercial terms provides the Company with the necessary capacity to continue expanding its loan book. Cash Converters has \$58.1m in cash and equivalents in addition to this facility, which is currently drawn to \$70.3m.

## Outlook

The rebound in credit demand observed in FY 2022 is expected to continue into H1 FY 2023. The Company has leveraged its scale throughout the financial year to prudently manage credit risk exposure across all loan books, whilst gaining market share, particularly in the MACC and secured vehicle finance product verticals.

With rising interest rates and inflation putting pressure on household spending, the Company remains confident in its ability to provide customers with a responsible cash solution. A robust data analysis capability and insourced collection function allows Cash Converters to monitor and respond to changes in customer performance and to proactively manage collections performance and customer wellbeing.

Cash Converters will release its FY 2022 results towards the end of August 2022.

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## ENDS

*Authorised for release by the Board of Cash Converters International Limited.*

### Sam Budiselik

Managing Director

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### Notes:

- 1 Calculated as the contractual interest and fees receivable from customer accounts on SACC, MACC and GLA products from 1 July 2022 to maturity assuming all scheduled amounts are received with no prepayments or arrears.
- 2 Medium Amount Credit Contract (MACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$5,000.
- 3 Net losses: Bad debt written off expense net of recoveries compared to average gross loan book for the quarterly period April to June 2022 (and prior period April to June 2021).
- 4 PayAdvance has a fee of only 5% applied upon repayment, to an advance on earned, but not yet received salary or wages, with no other fees or charges applied.
- 5 Green Light Auto (GLA) is a fully owned subsidiary of CCV offering secured vehicle loans through a network of brokers and dealers.
- 6 Small Amount Credit Contract (SACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$2,000.
- 7 Pawnbroking Loan Book – Corporate Stores only.

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## About Cash Converters

Cash Converters International (ASX: CCV) is Australia's leading non-conforming, non-bank lender and second-hand retailer.

Commencing trade in 1984 as a single store in Perth, Western Australia Cash Converters has since expanded its footprint to over 150 stores in Australia and over 500 franchise stores overseas. Its product offering has also been expanded, entering personal and vehicle finance markets where it now maintains significant market share.

Cash Converters has also established a significant online presence in recent years to complement its extensive store network, providing both lending and retail services online to a growing number of customers.

To learn more, please visit: [www.cashconverters.com](http://www.cashconverters.com)