

March Q3 FY2023 Unaudited Trading Update

Continued Strong Demand Leading to Significant Loan Book Growth

Cash Converters International Limited (ASX: CCV) (“Cash Converters International” or “the Company”) is pleased to provide the following market update at the conclusion of the quarter ended 31 March 2023 (Q3 FY2023).

Group Metrics	Q3 FY2023	Q3 FY2022	%
Gross Loan Book	\$268.0	\$203.8	+31%
Cash and Cash Equivalents	\$59.8m	\$61.7m	

Highlights Q3 FY2023 vs Q3 FY2022 (pcp)

- **Gross Loan Book up 31% on pcp to \$268.0m** – overall lending momentum continued into Q3 FY2023, with Principal Advanced up 26% on the same period last year.
- Significant growth across all loan books, in particular the larger longer-term products (not impacted by the Financial Services Reform Bill changes anticipated in June 2023).
- **Medium Loan Book (“MACC”)* up 35% on pcp to \$96.8m**, up 6% on the prior quarter Q2 FY2023.
- **Vehicle Loan Book (“GLA”)* up 30% on pcp to \$58.6m**, up 9% on the prior quarter Q2 FY2023.
- **Pawn Broking Loan Book* up 23% on pcp to \$17.5m**, up 4% on the prior quarter Q2 FY2023.
- **International Loan Book* \$12.0m** – new business area; no prior year comparable.
- **New Product Innovation** demonstrating ability to grow larger, longer dated loan books, counter balancing Financial Services Reform Bill impacted “Small Loans” segment which now accounts for only 31% of the overall Gross Loan Book (36% in Q3 FY2022)
- **Corporate Activity:** Following the announcement during the quarter of an agreement to acquire the largest UK franchise network of Cash Converters branded stores (Capital Cash), a loan was provided to the Master Franchisor in Spain to fund Growth Initiatives. Closing Cash & Equivalents Balance of \$59.8m (before Spain loan funding) ensures the business remains well funded to continue to meet growing credit demand.

Cash Converters International Managing Director, Sam Budiselik, stated:

“We continue to execute our strategic plan, developing new longer term lower cost finance products and assessing acquisition opportunities across our network of franchises, operating in multiple geographies globally. As previously announced, this result follows the agreement to acquire a value accretive franchisee network of our stores in the UK (Capital Cash) and the settlement of the acquisition of our New Zealand master franchise late last year.

We are pleased to report that the elevated credit demand observed in H1 FY2023 has continued into Q3 FY2023. Combined principal advanced (new loans written) for Q3 totalled \$90.7m, up 26% on pcp and we close the quarter with a new record total Gross Loan Book of \$268m, up 31% on pcp and up 5% on the H1 FY2023 position recently reported.

This growth continues to be driven predominantly by the Vehicle and Medium Amount loan books, up 9% and 6% from the H1 FY2023 close respectively. As communicated previously, this is consistent with our ongoing focus on providing our customers with longer term, lower cost loan options where possible to do so.

Across our store network we have now replenished our inventory to normal operating levels, following a volatile trading period during Covid that required a focus on purchasing to ensure stores had adequate stock on hand to meet demand. Continued PawnBroking Loan Book growth has resulted in a strong position for our store network as we again look forward to resuming growth in new store locations across Australia.

Within our International business segment, we are excited to have had the opportunity to support our Master Franchisor in Spain & Portugal, providing a €3m loan (with equity options) to fund their business growth initiatives. This loan will enable the ongoing recovery of the business following a significantly disrupted trading period due to COVID, providing Cash Converters International with the option to take an equity position over time. The loan is priced at an attractive rate for Cash Converters International, to continue expanding our direct interest in our existing global franchise network where attractive opportunities present.”

Gross Loan Book Values at 31 March 2023

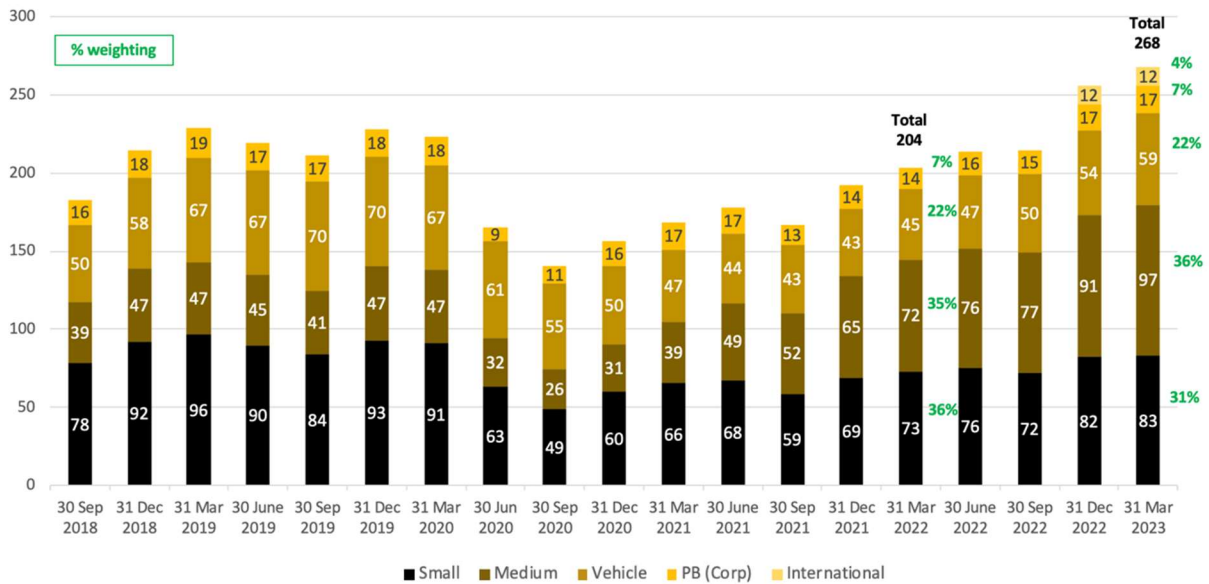
Loan Books Growing

The Gross Loan Book reached a record recent level, up to \$268.0m at 31 March 2023 (up 31% pcp and up 5% from the close of H1 FY2023).



Small Amount loans continue to decline as a proportion of the growing overall Loan Book, down to 31%, from 36% pcp. It is anticipated this trend will continue with new product releases outlined in the strategy section to follow.

Gross Loan Book By Product, \$M



Strategy Update

The management team continues to execute on a strategy to leverage strong underlying earnings, develop new products and capitalise on inorganic growth opportunities where they present across our network of Cash Converters stores globally.

New Product Development

Development of a new 'Line of Credit' product is progressing well, designed to aid in customer retention and enhanced lifetime value as a result. This product entered a pilot phase in Q3 FY2023 prior to a planned national launch towards the middle of the calendar year 2023. This new product remains aligned to our vision of offering loyal customers lower cost and more flexible funding options. Importantly this product will be the first release of a risk-rated credit option in our unsecured personal finance segment, enabling us to retain performing customers that we have originated and matured in credit profile terms, but have historically been losing to lower cost credit providers.

This new product release follows the recent launch of a new PayAdvance product, demonstrating our ability to design and deliver new products to meet customers' needs. In doing so we are positioning our finance business for a new era, as we help customers improve credit profiles and lower costs and loss rates as a result.

International Network Growth – Spain & Portugal Convertible Loan

The Company is pleased to announce that it has entered into an agreement to provide a loan of €3m (approximately AU\$5.0m) to Cash Converters España S.L. ('CC Spain'). CC Spain is a long term Master Franchisor of Cash Converters International, operating 74 corporate and franchise stores throughout Spain and Portugal that specialise in buying and selling second-hand goods and consumer lending. CC Spain's shareholders acquired the Master Franchise rights in 2001 and have successfully grown the business, building technology platforms to support their lending operations and enhanced purchasing and e-commerce solutions that now serve a growing store network.

This funding will support the implementation of a number of growth initiatives that the franchisor is currently piloting, including a Cash Converters store-within-store partnership with leading European Hypermarket operators.

Outlook

The rebound in credit demand observed in H1 FY2023 has continued into Q3 FY2023 resulting in growing Loan Books and robust retail trade. Stores performance remains strong with sufficient inventory to meet what is a seasonally strong finish to the financial year and the Company continues to leverage its data and scale to prudently manage credit risk exposure across all loan books, whilst gaining market share, particularly in the Medium Loan (MACC) and secured vehicle finance (GLA) products.

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. As the effects of high inflation and cost of living impact our customers across the globe, our industry leading data analytics and insourced collection function allows Cash Converters to monitor and respond proactively to changes in customer performance. With regulatory changes pending (that impact Small Loans only) we remain well placed with our growing range of secured and unsecured personal finance and retail products to support new customers and to closely manage the collections performance and customer wellbeing across our existing customer base.

FY2023 results will be published towards the end of August 2023.

ENDS

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

Sam Budiselik
Managing Director

info@cashconverters.com

Use [EasyUpdate](#) to change your communication preferences, and access the [InvestorCentre](#) for any other shareholder services.

Appendix 1: Gross Loan Books

		30 Jun 2020	31 Dec 2020	30 Jun 2021	31 Dec 2021	30 June 2022	31 Dec 2022	31 Mar 2023	Mar 23 vs Dec 22
Small Loan (SACC & PayAdvance)	Loan Book	\$63.1m	\$59.8m	\$67.6m	\$69.0m	\$75.6m	\$82.2m	\$83.1m	+1%
	% of Total	38%	38%	38%	36%	35%	32%	31%	
Medium Loan (MACC & LoC)	Loan Book	\$31.7m	\$30.9m	\$49.4m	\$65.1m	\$76.1m	\$90.9m	\$96.8m	+6%
	% of Total	19%	20%	28%	34%	36%	36%	36%	
Vehicle Loan (GLA)	Loan Book	\$61.5m	\$49.7m	\$44.3m	\$43.4m	\$46.7m	\$54.0m	\$58.6m	+9%
	% of Total	37%	32%	25%	23%	22%	21%	22%	
PawnBroking (PB)	Loan Book	\$9.3m	\$16.0m	\$16.8m	\$14.4m	\$15.5m	\$16.9m	\$17.5m	+4%
	% of Total	6%	10%	9%	7%	7%	7%	7%	
International loan book	Loan Book	-	-	-	-	-	\$11.9m	\$12.0m	-
	% of Total	-	-	-	-	-	4%	4%	
Total Gross Loan Book		\$165.6m	\$156.4m	\$178.1m	\$191.9m	\$213.9m	\$255.9m	\$268.0m	+5%

NB: all Small, Medium, Vehicle and PawnBroking Loan Books are Australian.

*International Loan Book includes recent New Zealand franchise acquisition (Dec 2022), in AUD.

Notes :

Small Loans include:

Small Amount Credit Contract (SACC): a regulated unsecured personal loan product, transacted in-store and online, up to \$2,000 and up to 12 months.

PayAdvance: has a one-off fee of 5% applied upon repayment, to an advance on earned, but not yet received salary or wages, with no other fees or charges applied, up to \$150.

Medium Loans include:

Medium Amount Credit Contract (MACC): a regulated unsecured personal loan product, transacted in-store and online, up to \$5,000 and up to 24 months.

Line of Credit (LoC): a revolving credit facility with a pre-approved credit limit, from \$500 to \$10,000 with a set minimum repayment over a maximum 36 month period per redraw. The product is currently in pilot phase.

Green Light Auto (GLA): a fully owned subsidiary of CCV offering secured Vehicle Loans through a network of brokers and dealers. Average Loan size \$18.5k.

Pawnbroking Loan: average loan size circa \$195 over 1-3 months. These relate only to Pawnbroking loans originated in corporate owned stores. Franchise store Pawnbroking loans are excluded as loan risk is directly held by the franchises (i.e. loan collateral is also held by the franchises).

About Cash Converters

About Cash Converters Cash Converters International (ASX: CCV) is Australia's leading sub-prime, 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 Corporate and Franchise stores in Australia, 22 Corporate and Franchise stores in NZ and over 500 Franchise stores overseas. Our product offering has also been expanded, entering personal and vehicle finance markets where we now maintain significant market share.

Cash Converters has also established a significant online presence in recent years to complement our extensive store network, providing both lending and retail services online to a growing number of customers. Cash Converters holds an Australian Credit Licence, operates under the National Credit Act and offers customers the key protections of regulated credit products under the responsible lending framework overseen by regulators.

To learn more, please visit: www.cashconverters.com or contact us info@cashconverters.com