

# March Q3 FY2024 Unaudited Trading Update

## Focused Strategy Building Scale - Powering Revenue and Earnings Growth

Cash Converters International Limited (ASX: CCV) (“Cash Converters” or “the Company”) is pleased to provide the following market update for the quarter ended 31 March 2024 (Q3 FY2024):

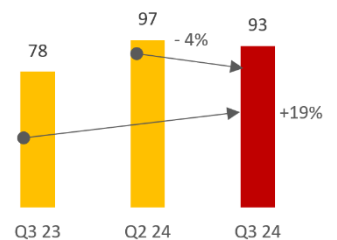
Group Operating Results \$m	Q3 FY2024	Q3 FY2023 (pcp)	%	Q3 FY2024 YTD	Q3 FY2023 YTD (pcp)	%
Revenue	93.0	78.3	+19%	284.5	221.2	+29%
Gross Loan Book	291.7	268.2	+9%	291.7	268.2	+9%
Cash and Cash Equivalents*	54.1	58.9	-8%	54.1	58.9	-8%

\*Cash position after payments in FY24 to acquire UK and Australian franchisees of \$22.9m, net of cash acquired.

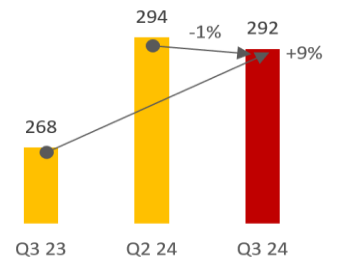
### Highlights (vs pcp)

- Quarterly Revenue up 19% pcp to \$93.0m** (Q3 YTD Revenue up 29% pcp to \$284.5m) driven by Australian store network momentum and contribution of strong trading results from the UK franchise network acquisition (Capital Cash) completed in early July 2023
- Gross Loan Book up 9% pcp to \$291.7m** – strong customer demand for credit continued throughout FY2024, with YTD Principal Advanced (new funds lent out) up 8% pcp:
  - Medium<sup>2</sup> loan book growing strongly, up 13%
  - New loan product released (LoC<sup>3</sup>) and showing strong loan book growth up 29% on Q2 FY2024 to \$9.1m
  - Small Loans<sup>1</sup> - continued strategic reduction, now representing only 20% of total gross book value (31% a year ago)
  - Net Loss Rates<sup>7</sup> remain in line with expectations - steady at 8.7% vs 9.0% in Q2 FY2024 (and averaging 9.8% in the four quarters to Q3 FY2024)
- Store performance** – Australian corporate store retail revenue for YTD to March 2024 up 9.1% pcp
- Balance sheet remains strong** with Cash and Cash Equivalents of \$54.1m at the end of the quarter, after funding loan book growth and settlement of the UK and Australian franchise acquisitions completed in 1H FY2024
- Dividend** – 1 cent per share fully franked dividend for H1 FY2024 paid 12 April 2024 representing the seventh straight half-year dividend

### Quarterly Revenue \$m



### Gross Loan Book \$m



### Cash Converters Managing Director, Sam Budiselik stated:

“We are pleased to present an update on business performance during Q3 FY2024 extending our track record of strong financial results and delivery on strategic objectives. Revenue has continued to grow compared to prior periods driven by contributions from Australian and UK franchise acquisitions. Gross loan books have increased 9% compared to pcp at \$292m.

Cash position remains strong at \$54.1m having funded franchise acquisitions, a net cash outflow of \$22.9m, and loan book growth during the period to 31 March 2024. On 12 April 2024 the dividend for H1 FY2024 was paid, representing the seventh straight one cent per share half-year dividend paid.

Our strategy remains focused on building scale in our core businesses, leveraging our proprietary underwriting and credit model technology and continuing to expand our network reach - as we continue **growing loan books** and **acquiring franchise stores globally**.

We are commencing an exciting growth phase for our new Line of Credit (LoC) product as part of a phased product release that will be supported by a national online marketing campaign. The LoC loan book has now reached \$9.1m with over 6,900 active customers and principal advanced at the end of Q3 FY2024 standing at \$2.9m. The product launch is central to our commitment to offer suitable customers longer term, lower cost finance options.

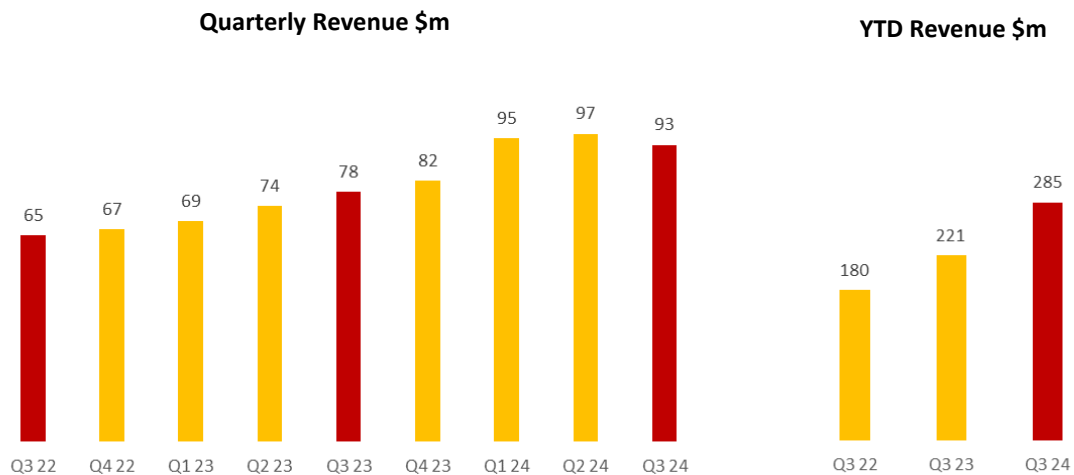
Sound credit risk management remains at the forefront of what we do, supported by our advanced proprietary machine learning based credit risk models and collections activity. The gross loan book closed the quarter at \$292m (up 9% pcp). This growth has been achieved whilst Net Loss Rates continue to trend favourably (8.7% vs 10.1% pcp) despite difficult economic conditions, demonstrating not only the effectiveness of our credit models when assessing customer creditworthiness but also the prudent and caring approach of our collections team when working closely with our customers.

Our corporate store network continues to grow, with Australian retail revenue in the period to 31 March 2024 up 9.1% on pcp as our network reach expands within Australia. A changing inventory mix and increasing focus on luxury items (handbags, watches, jewellery and technology) in certain geographies, sold from smaller footprint locations, is showing promising early signs of achieving higher gross profit margins. The repurposing of goods, that the Cash Converters global network of stores facilitates, is central to growing the ‘circular economy’ required to reduce manufacturing and address the global issue of landfill.

We continue to apply a disciplined approach to managing our capital with a focus on maximising returns in a higher interest rate environment as we select between alternative investments. We continue to see numerous opportunities to grow the business further over coming quarters.”

## Revenue Momentum Continues

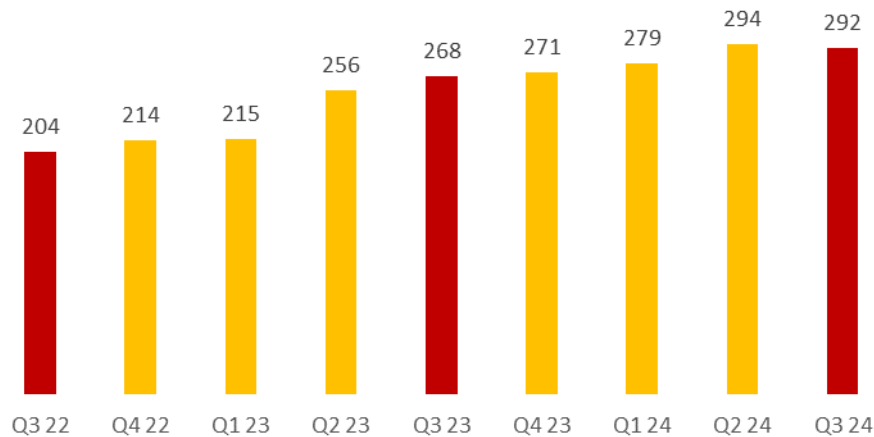
Revenue growth continued strongly into Q3 FY2024 up 19% pcp to \$93.0m (YTD Revenue up 29% pcp to \$284.5m). Revenue remains elevated post the seasonal highs in Q2 FY2024 which are driven by customer demand over the December festive period. Operational integration of both the New Zealand and UK acquisitions is progressing well.



## Loan Books

The Gross Loan Book remains strong on the back of seasonally high customer demand during Q2 FY2024, and is at historical highs for Q3 of \$291.7m at 31 March 2024, up 9% pcp.

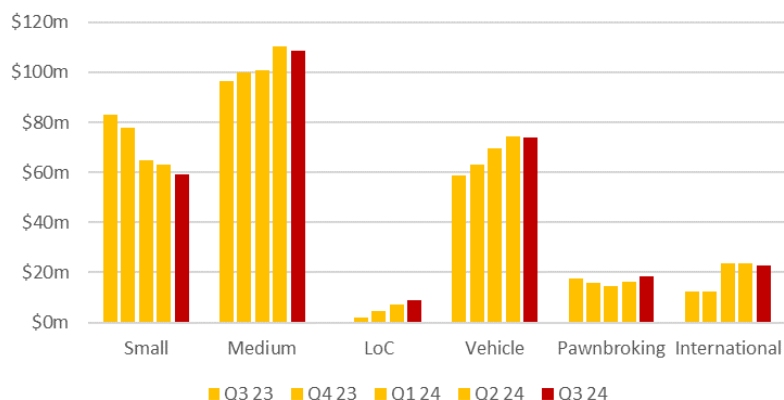
Gross Loan Book \$m



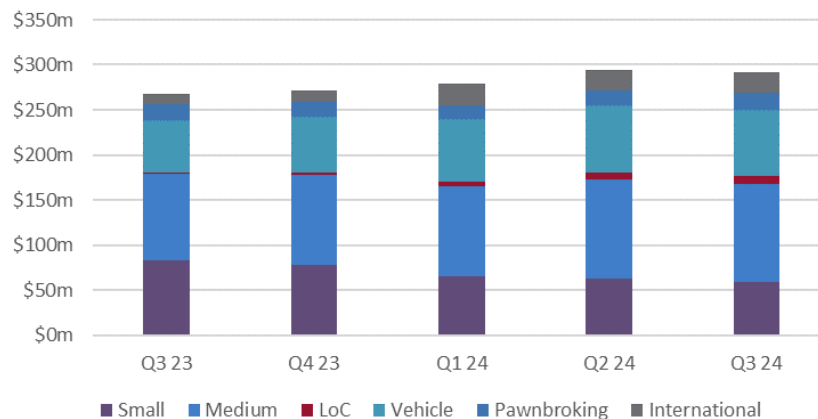
The Small and Medium Loan books reduced marginally from H1 FY2024, reflecting seasonally lower customer demand post the festive period. The proportion of the loan book comprised of Small Loans<sup>1</sup>, now represents 20% of total gross book value (down from 31% a year ago) as the strategic repositioning away from this segment continues. We are able to continue to serve many of the traditional SACC<sup>1</sup> customers with which we have relationships and are impacted by the legislative change implemented in June 2023, focusing on switching to more flexible, lower cost alternative Medium and Line of Credit (LoC) loan products where possible.

The Medium loan segment grew 13% pcp to \$108.4m at 31 March 2024 and our LoC product closed the quarter at \$9.1m gross book value. Following a successful pilot in calendar year 2023, the LoC product has been made available to all customers in Q4 FY2024, accompanied by a national online marketing campaign - which is expected to accelerate the LoC book growth rate with new customers.

Gross Loan Book by Product



Gross Loan Book by Product



## Loan Book Performance

The Personal Finance segment includes earnings from Small, Medium and Line of Credit unsecured loans distributed online and via the Australian store networks. Small Loans consist of SACC loans and the PayAdvance product. Medium Loans consist of the Medium Amount Credit Contract (MACC) product.

Demand for credit products remained consistently strong over the financial year to date. In the 9 month period to 31 March 2024 we received over 570,000\* applications for our Australian credit products.

Loan book performance has been steady throughout a period where household budgets have come under pressure. We continue to carefully control credit quality and Net Loss Rates have remained within expectations.

The half-year Net Loss Rate (6 month Net Bad Debt Expense<sup>8</sup> over average Gross Loan Book) was 8.7% (vs 10.1% pcp). This remains in line with our expectations and reflects ongoing investment in continuing to improve our credit risk models and engaging with our customers in a caring and considered manner, as a core premise of our commitment to being a responsible lender.

\* Re-draws against an existing LoC facility are treated as having made an application for credit

## Vehicle Loan Segment (Green Light Auto)

Secured vehicle loans performed well during the financial year to date with outgoings of \$24.9m and book value of \$73.9m, a 26% lift on pcp.

Secured vehicle loans are offered via a partner (B2B) network of brokers and dealers, and also direct to borrower via our fully owned subsidiary Green Light Auto (GLA).

## Store Segment performance

Store performance and Franchise store acquisitions, in particular the acquisition of the Capital Cash network of 42 stores in the UK, contributed to strong revenue and earnings growth. The Capital Cash network now forms our UK Corporate Store segment, contributing \$44.6.m of additional revenue during the 9 month period to 31 March 2024.

## International Network Expansion

### United Kingdom

We settled the acquisition of Capital Cash during the period (July 2023). This acquisition is a key part of our strategy to expand via store network acquisitions and adds significant value to our European operation. The UK store network is performing well, and the growing contribution from this strategic acquisition is evident in the results of this quarter. Following the settlement of the 42 Capital Cash stores a further 5 franchise store acquisitions have received regulatory approval in the UK, with over 140 franchise stores providing ongoing growth optionality. Our wider European operations remain an opportunity to continue expanding our corporate store footprint across Europe over time.

### New Zealand

The core New Zealand store business continues to trade well. The lending business\* is tracking behind initial expectations however enhanced credit risk controls, which leverage the Australian technology and expertise in this area, are driving improvements aimed at improving performance in this business line. We remain optimistic that New Zealand will become a profitable contributor to our consolidated business as a result over time.

\*New Zealand offers a single unsecured personal loan product up to NZ\$5,000.

## Strategy Update & Outlook

We are excited to continue building on the operating momentum across our business and remain focussed on expanding our range of personal finance products and acquiring franchise stores in Australia and the United Kingdom.

### Summary Outlook – Growth Drivers:

- ✓ New loan product origination: proprietary machine learning based assessment and credit platform driving results, new product releases progressing well;
- ✓ Diversification into new loan books, strong demand growing Medium term and new LoC loan books in particular;
- ✓ Net loss rates within expectation, supported by robust advanced machine learning-powered credit risk models;
- ✓ Additional value accretive franchise store network acquisition opportunities in Australia and the United Kingdom;
- ✓ Balance sheet strength, continuing to invest for future growth;
- ✓ Dividend paying track record (7 straight half-year dividend).

**-ENDS-**

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

Use [EasyUpdate](#) (link to our share registry Computershare) to change your communication preferences, and access the [InvestorCentre](#) for any other shareholder services. Investor contact: [info@cashconverters.com](mailto:info@cashconverters.com)

## Appendix 1: Gross Loan Books

AUD Millions		31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023	31 Mar 2024	PCP Mar 2024 vs Mar 2023	Mar 2024 vs Dec 2023
Small Loan <sup>1</sup>	Loan Book	83.2	78.0	65.0	63.1	59.1	-29%	-6%
	% Of Total	31%	29%	23%	21%	20%		
Medium Loan <sup>2</sup>	Loan Book	96.4	99.9	100.9	110.2	108.4	13%	-2%
	% Of Total	36%	37%	36%	37%	37%		
Line of Credit <sup>3</sup>	Loan Book	0.4	2.0	4.6	7.0	9.1	n/m	29%
	% Of Total	0%	1%	2%	2%	3%		
Vehicle Loan (GLA) <sup>4</sup>	Loan Book	58.6	62.9	69.7	74.3	73.9	26%	-1%
	% Of Total	22%	23%	25%	25%	25%		
PB <sup>5</sup> (Corp)	Loan Book	17.4	16.0	14.7	16.3	18.3	5%	12%
	% Of Total	6%	6%	6%	6%	6%		
International Loan Book <sup>6</sup>	Loan Book	12.2	12.5	23.6	23.5	22.9	88%	-3%
	% Of Total	5%	5%	8%	9%	9%		
<b>Total Gross Loan Book</b>		<b>268.2</b>	<b>271.4</b>	<b>278.5</b>	<b>294.5</b>	<b>291.7</b>	<b>9%</b>	<b>-1%</b>
<b>Half Year Net Loss Rate<sup>7</sup></b>		<b>10.1%</b>	<b>11.0%</b>	<b>10.3%</b>	<b>9.0%</b>	<b>8.7%</b>	<b>-</b>	<b>-</b>

### Notes:

#### <sup>1</sup> 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.
  - Cash Advance: average 6-12 week term, \$500 loan amount, funds provided by store.
  - Personal Loan: average 6-9 month term, \$1000 loan amount, funds provided centrally.
- 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.

#### <sup>2</sup> 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.

<sup>3</sup> **Line of Credit (LoC):** a revolving credit facility with a pre-approved credit limit, from \$400 to \$10,000 with a set minimum repayment over a maximum 36 month period per redraw.

<sup>4</sup> **Green Light Auto (GLA):** a fully owned subsidiary of CCV offering secured vehicle loans through a network of brokers and dealers. Average loan size excluding origination and establishment fees is \$20.7k.

<sup>5</sup> **Pawnbroking Loan:** average loan size circa \$202 over 1-3 months. These relate only to Pawnbroking loans originated in Australian 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).

<sup>6</sup> **International Loan Book:** includes pawnbroking and Personal Finance loan books for New Zealand and pawnbroking and buyback loan book for United Kingdom.

<sup>7</sup> **Net Loss Rate (NLR):** defined as Bad Debt Written off Expense net of Recovery of Write Offs for the half-year period, compared to average Gross Loan Book for the half-year period as applicable.

<sup>8</sup> **Net Bad Debt Expense:** consists of 'Bad Debt Written Off' net of 'Recovery of Write Offs' across loan products.

- Bad Debt Written Off: impacted by events occurring in two parts of the loan book: new loans written in the period and existing loans still running (not yet reaching maturity).
- Recovery of Write Off: Written off amounts recovered through the collections process.
- 'Bad Debt Written Off' and 'Recovery of Write Offs' may not correspond to the same accounting period. For example, 'Recovery of Write Offs' may relate to an older period of underlying loans than the underlying loans relating to 'Bad Debts Written off'.

## **About Cash Converters**

Cash Converters International Limited (ASX: CCV) is an Australian based consumer lender and second-hand goods retailer with owner operated (corporate) and Franchise operated stores across Australia and overseas. Key corporate markets include Australia, New Zealand and the United Kingdom with large franchise operations spanning Europe, South Africa and parts of Asia. In total there are 684 stores operating across 15 countries.

The business generates multiple revenue streams with a significant portion of its profit derived from its lending operations. The Cash Converters loan book is diversified and consists of multiple lending solutions ranging in duration from under one year to multiple years, secured and unsecured and loan sizes ranging from hundreds of dollars to vehicle finance.

Cash Converters is a technology driven lender, originating and managing the ongoing customer journey through the use of proprietary technology, machine learning powered credit models and digital applications. Customer loan origination is driven by strong brand and bricks and mortar outlet stores and vehicle finance through a network of brokers and dealers.

Cash Converter's strategy is geared towards growth, recently acquiring Franchise store networks both domestically and in the United Kingdom. The Company's loan book is demonstrating significant growth as an innovative lender - bringing new lending solutions to consumers, with several recently launched loan products. The business model has successfully shown that the Company engages the customer across multiple lending solutions over time.

Cash Converters is a strong advocate of ESG 'in practice' at the consumer level. Its second hand goods stores contribute to the 'circular economy' repurposing over 2m items in Australia annually. Its lending business adheres to the Australian National Consumer Credit Protection Act and offers customers the key protections under the responsible lending framework overseen by regulators.

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