



FY2024 Investor Presentation

Full-year period ended 30 June 2024

Cash Converters International Limited (ASX:CCV)
August 2024



What we do

Retail

We are the largest global store network focused on repurposing pre-owned items – **circular economy**



Lending

Providing solutions to meet the **cash needs** of a growing, under-serviced market



40 years in operation

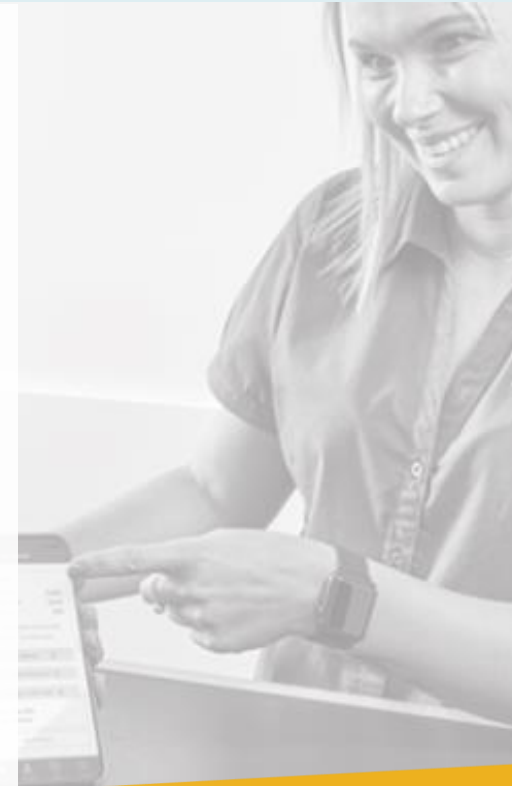
Multi-channel global in-store and online presence

Regulated and responsible lender

Retail stores 669 stores globally and 1.7m

repurposed items in Australia alone

Personal lending 780,000 Australian personal loan applications p.a.

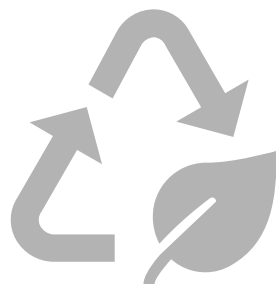


About Us



A diverse global business

- Earnings from a network of retail stores
- Buying and selling pre-owned goods
- A burgeoning personal finance business



Facilitating the circular economy

- Largest worldwide store network focussed on repurposing items
- Sophisticated technology platform to make products and services available online



Loved by our customers

- High brand awareness and customer satisfaction
- Aided brand awareness 83%*
- Net Promoter Score 50+



Reacquiring our franchise network

- Historically grew internationally leveraging a franchising model
- Commenced a program to purchase these franchise stores back
- Focussed on Australia, New Zealand and the United Kingdom

cash
converters

To work together in pursuit of a world free from financial bias, where choice and opportunity is possible for all.

Financial snapshot

As at 30 June 2024:

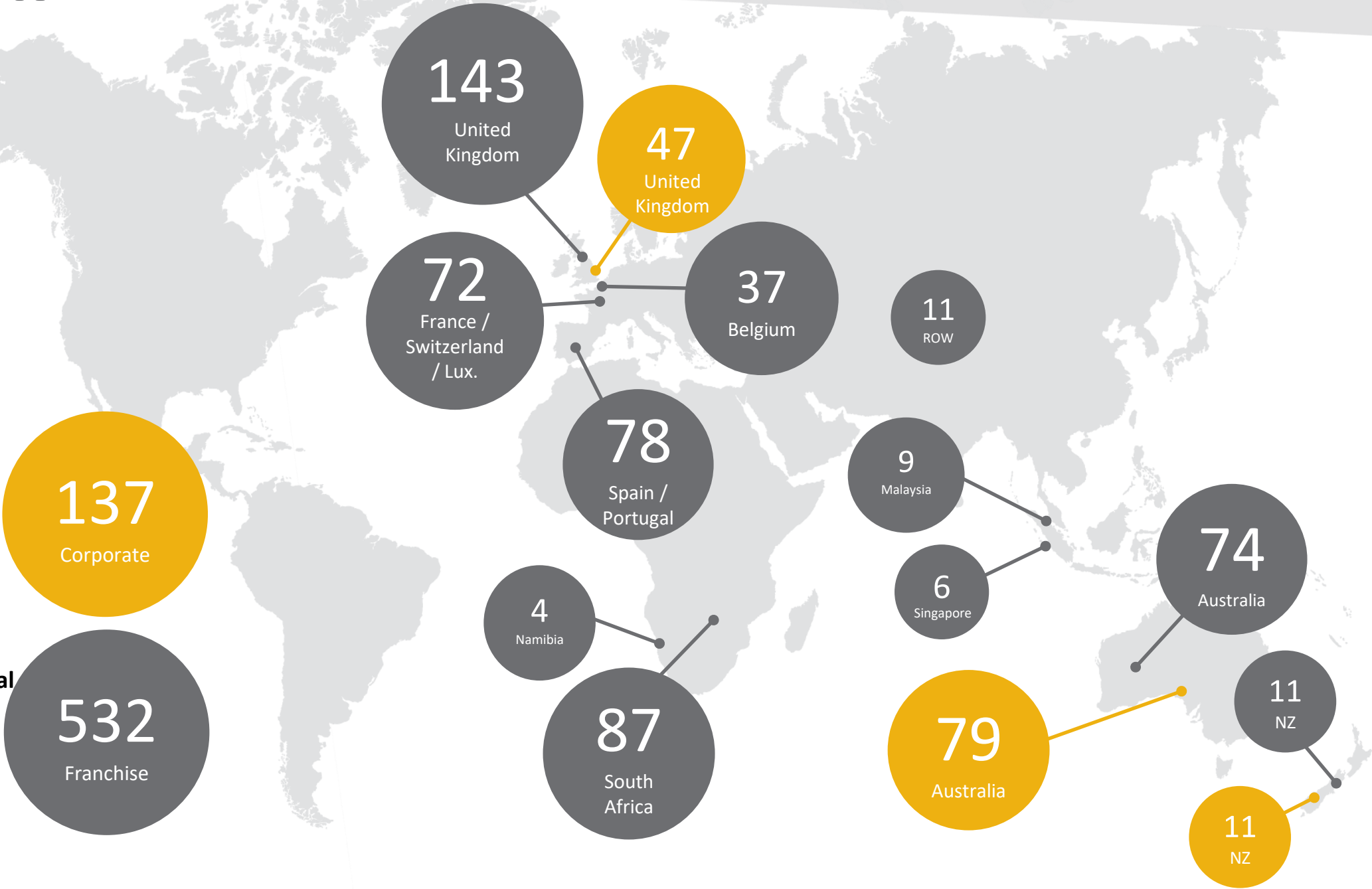
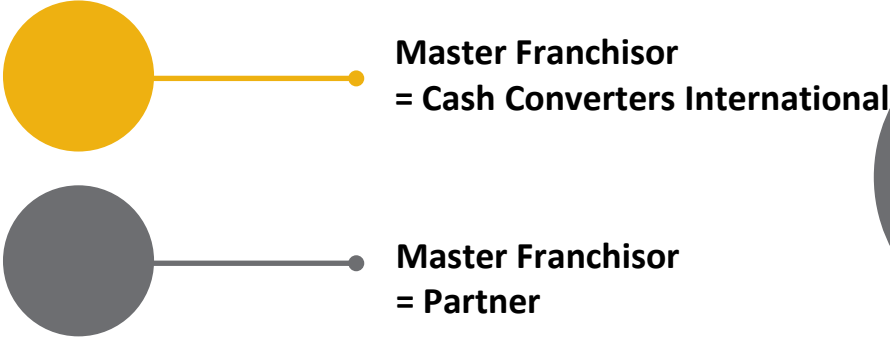
• Share Price	\$0.22
• Market Cap.	~\$138m
• Revenue	\$382.6m
• Gross loan book	\$288.0m
• Cash & Equivalents	\$56.2m
• Annual Dividend FY2024	2.0 cps

*Source: Luma research, 2022

Our Global Network

Across **Australia, New Zealand** and the **United Kingdom**, Cash Converters operates Corporate owned stores and is the Master Franchisor of a franchise network of stores.

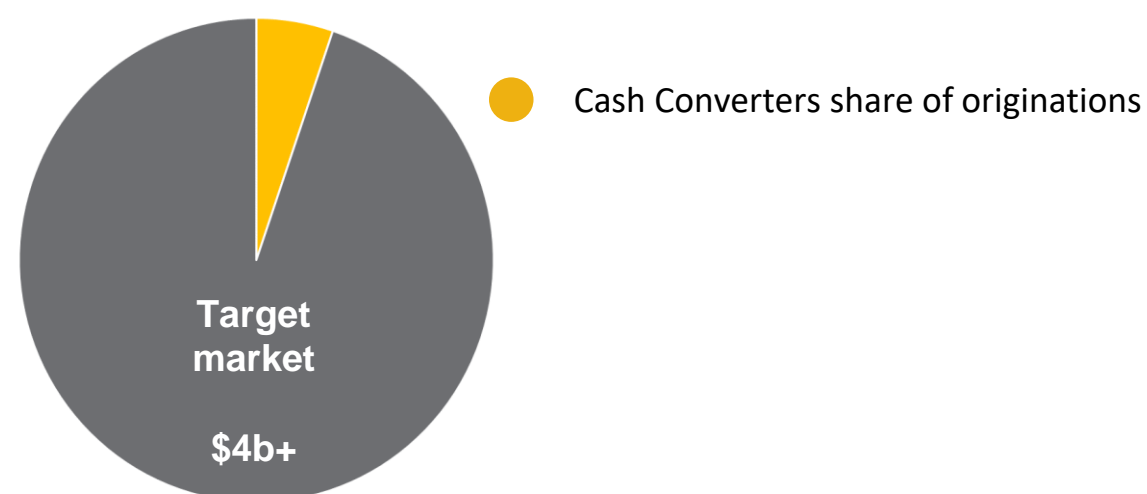
The balance of the international operations are run by Master Franchisors that pay a royalty for the right to the intellectual property and brand to operate a network of Cash Converters stores.



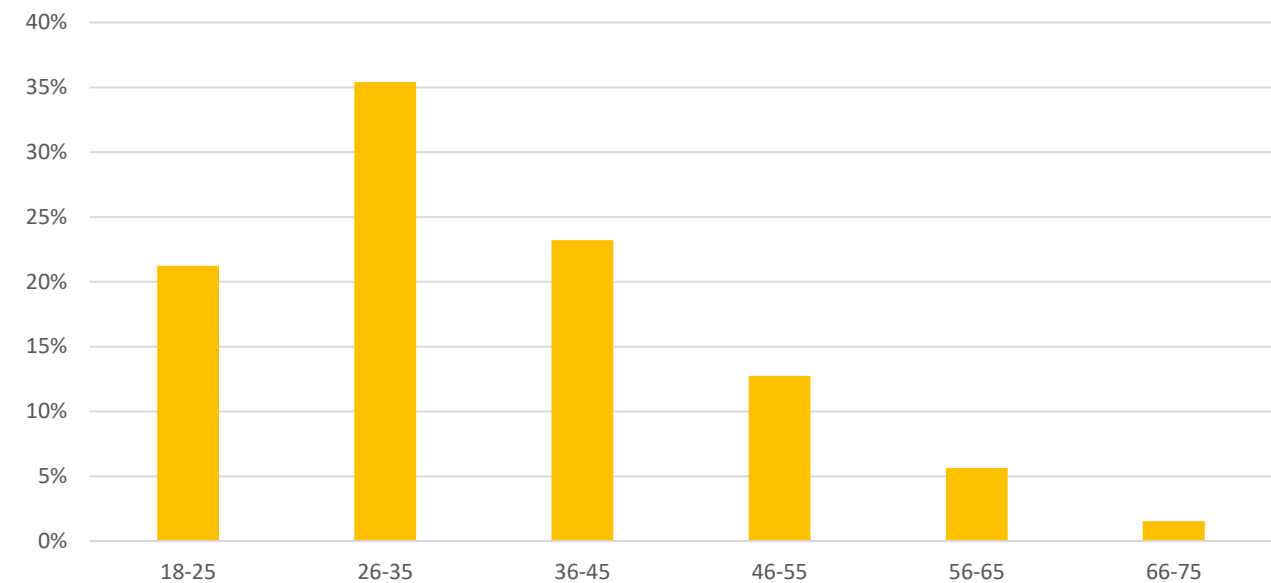
The need for personal finance is growing...

- Scale** We are the largest operator offering small and medium loans in our markets
- Growing market** Target market spanning sub-prime and near-prime borrowers in Australia estimated at over \$4b*
- Innovation** New “Line of Credit” product allows us to expand market share with a lower cost product
- Profile** Customers borrowing from us are typically younger (79%* 45 and under) and not well serviced by the Big 4 banks
- Purpose** Responsibly offer those customers choice and opportunity without bias

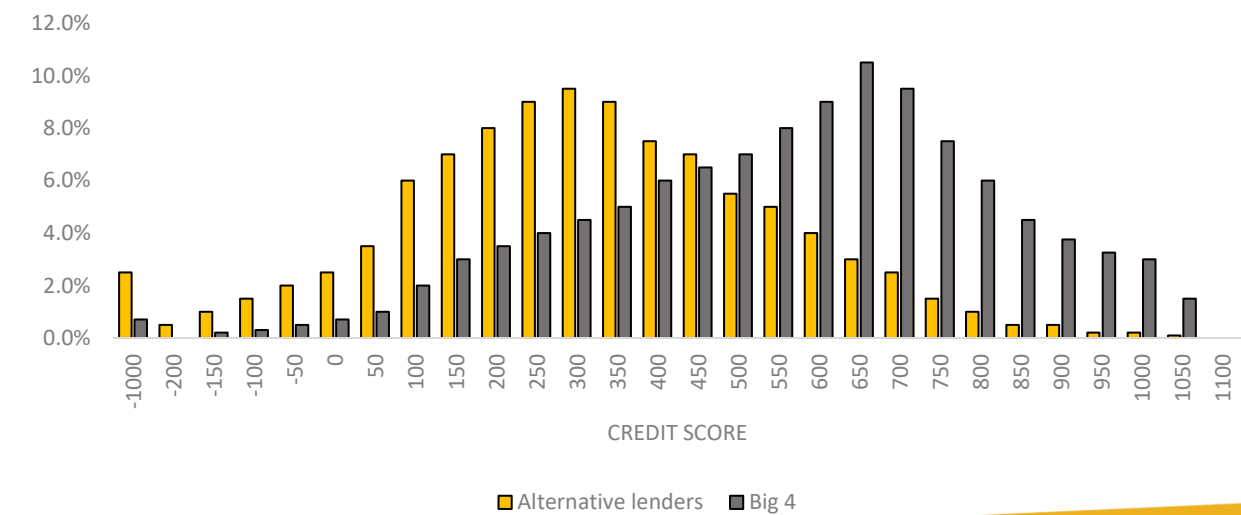
Australian near-prime and sub-prime credit originations



Loan Applicant Age



Finance Application Credit Score distribution

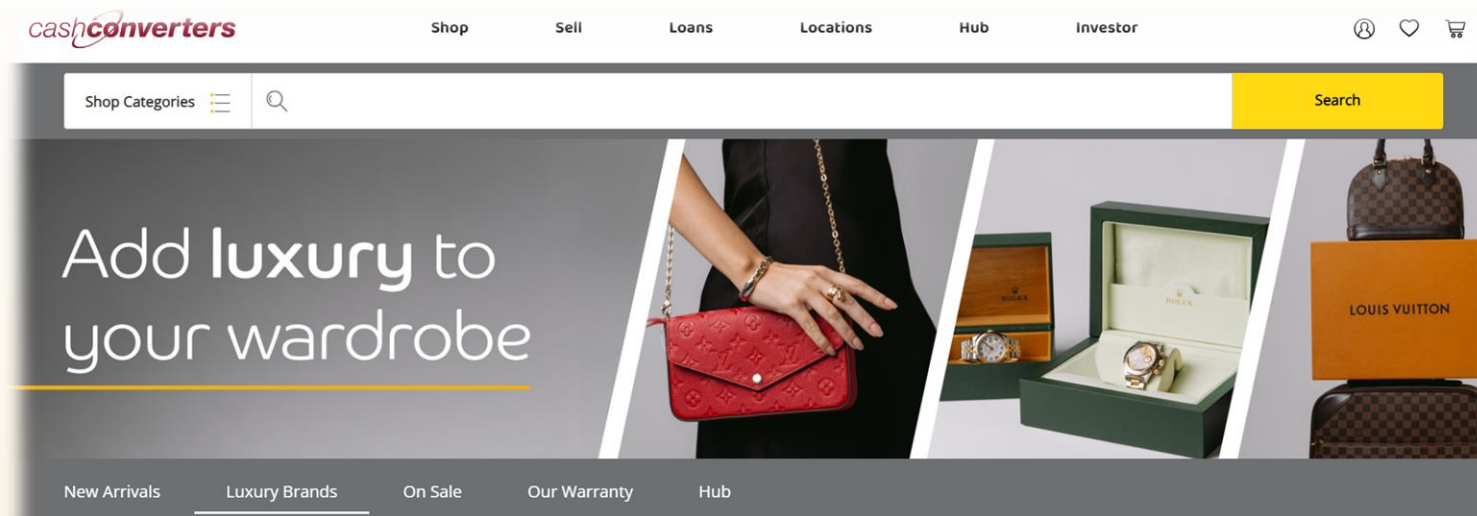


* Source: Equifax report April 2024, credit originations CY2023.
The information presented in this slide refers to the Australian personal finance segment

Retail

Pre-owned retail is changing

- Growing luxury goods focus
- AI-powered solutions for product verification enabling confident trade in high-end luxury markets
- Luxury focused store concepts underway



Luxury Brands

Shop our wide range of second-hand luxury items from these brands:

[Burberry](#) | [Bvlgari](#) | [Cartier](#) | [Chanel](#) | [Dior](#) | [Gucci](#) | [Longines](#) | [Louis Vuitton](#) | [Prada](#) | [Rolex](#) | [Tag Heuer](#) | [Versace](#)



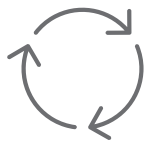
Our Technology



Proprietary machine learning based credit risk tools, trained using over 170m data points



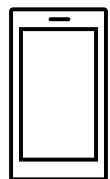
Over 770,000 loan applications scored and assessed in FY2024



Open Banking, New Payments Platform, Custom Banking Infrastructure



AI enabled product authentication enabling new markets



App and mobile website deployed, customer self-service and payment portals in place





Our strategy

*cash***converters**

Growth Strategy

Risk managed, customer centric growth



Inorganic Expansion

- Well established franchise network helped grow our business
- Acquire AUS & UK franchisees
- Greenfield site expansion
- Grow European 'Hub' (UK)



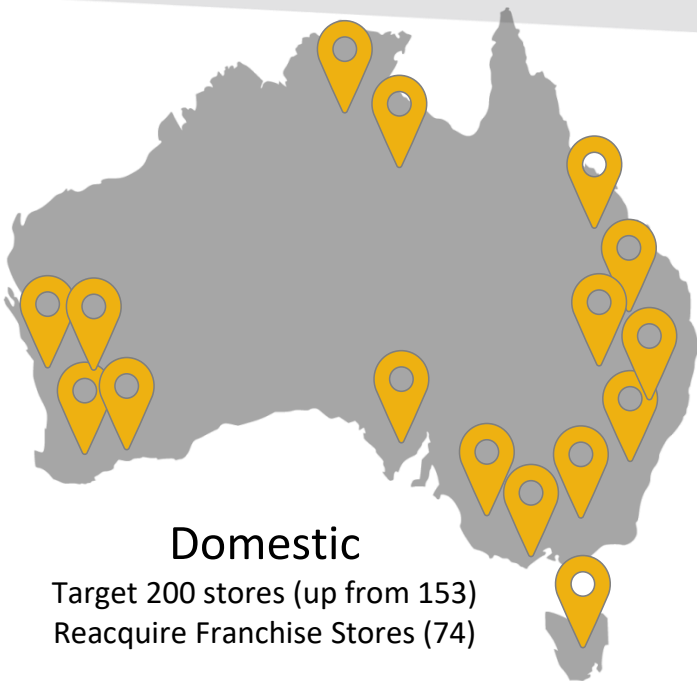
Organic Optimisation

- Grow loan books
- Leverage AI powered credit models
- Optimise operational cost base
- Profitable and paying dividends



Customer & Product

- Enhance customer life-time value
- Innovative new product releases
- Reach new, younger customer segments
- Loyalty reward & recognition
- Lowering costs to customers



Domestic
Target 200 stores (up from 153)
Reacquire Franchise Stores (74)



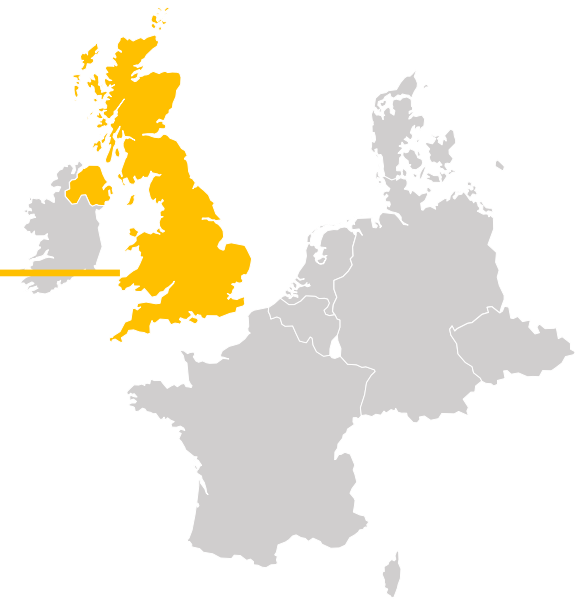
International
Acquire UK Franchise Stores (143)

Store Acquisitions

Strong track record, well known targets and demonstrated profit contribution

United Kingdom

- 42 stores acquired in July 2023, contributing \$3.4m PBT in FY24
- A further 5 stores acquired June 2024
- Forward pipeline of 12 stores under immediate consideration with further opportunities available
- Number of Franchise stores: **143**



Australia

- 3 stores acquired through FY24, contributing \$0.3m PBT
- Excellent acquisition track record with store acquisitions made between FY21 and FY24 delivering **98% of target NPAT** in FY24 (\$2.1m)
- Forward pipeline of 39 further stores under consideration
- Number of Franchise stores: **74**

Outlook



Grow

- 50 franchise store acquisitions made in FY2024 and a pipeline of future franchise store network acquisition opportunities under review in core markets
- Underlying credit demand strong in an under-serviced customer segment
- Finance facility in place with headroom to grow loan books



Optimise

- Net loss rates demonstrating the value of advanced proprietary machine-learning powered credit models
- Optimising capital allocation to drive returns with GLA (auto) book run-down



Realise value

- Operating leverage: grow profits and free cashflow from an established base
- Stable dividend track record: 8th consecutive half-year dividend declared



Financial Highlights

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Key Highlights

FY2024

\$382.6m

Revenue

Up 26% on pcp
(\$302.7m FY2023)



\$69.1m

Operating EBITDA

Up 21% on pcp
(\$57.2m FY2023)



\$20.8m

Operating NPAT

Up 4% on pcp
(\$20.1m FY2023)



1c per share

Half-year dividend paid

8th straight half-year
dividend declared



Network

Acquired franchise
stores:

3 Australian stores
47 UK stores



Loan book

\$288.0m

Gross Loan Book

Up 6% on pcp
(\$271.4m FY2023)



\$106.9m

Medium loan book

Up 7% on pcp
(\$99.9m FY2023)



\$22.2m

International loan book

Up 78% on pcp
(\$12.5m FY2023)



\$14.6m

Line of Credit

New Book
(\$2.1m FY2023)



8.0%

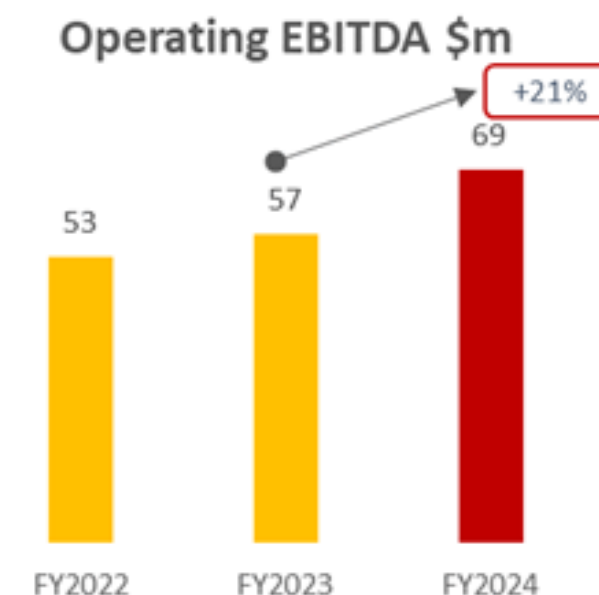
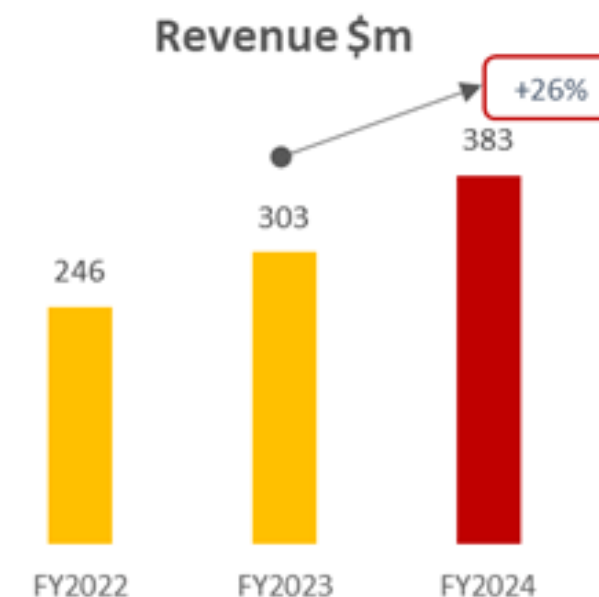
Half-year Net Loss Rate

Down from 11.0% pcp



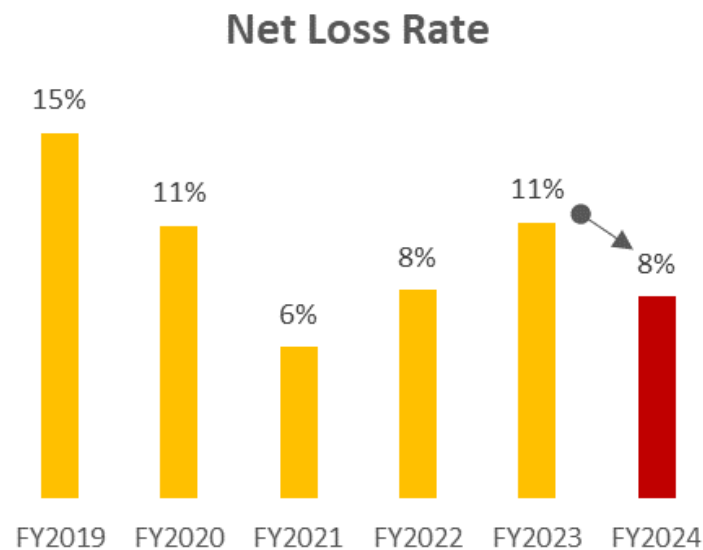
FY24 : Financials

- **Revenue up 26% pcp to \$382.6m** on continued organic momentum from the Company owned store operations across the international network and the contribution from franchise store acquisitions across Australia, the United Kingdom and New Zealand.
- **Operating EBITDA up 21% pcp to \$69.1m** strong growth driven by the revenue contribution from segments outlined above; cost inflation managed (particularly in relation to statutory wage increases of 5.7% in Australia and 9.7% in UK absorbed) to ensure operating leverage was maintained at the EBITDA level.
- **Net Operating Profit up 4% pcp to \$20.8m** broadly in line with pcp, due to elevated interest costs through FY2024 and reduction in high yield small loans (SACC) due to the legislative changes previously announced. This outcome is consistent with the communicated strategy to acquire franchise stores and to grow longer term, lower cost loan books, to offset the profit impact of changes to the SACC product over time.
- **Corporate Store** retail revenue increased 11.0% on pcp in Australia, with over 600,000 retail transactions during the period.
- **Dividend** – 1c fully franked dividend declared for the second half, representing the eighth straight half-year dividend.

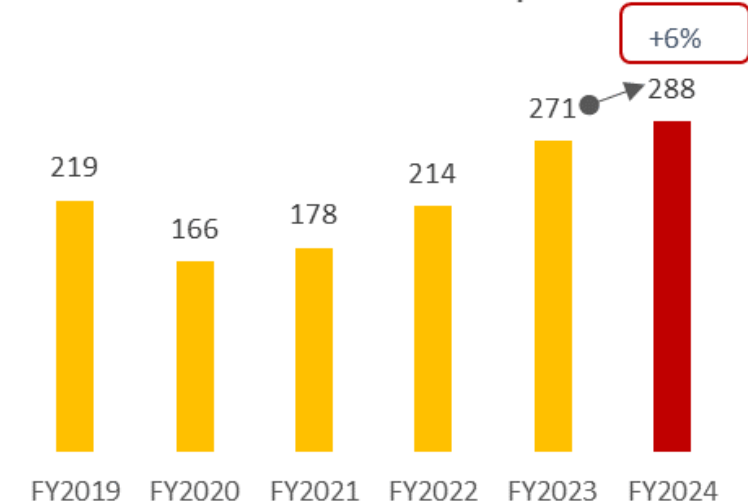


FY2024 Financial highlights

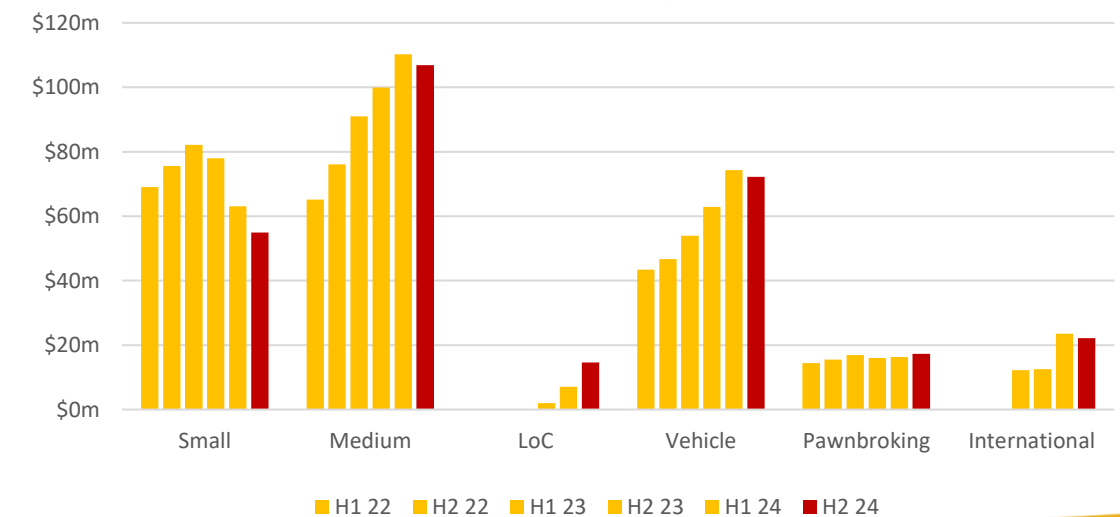
- **Gross Loan Book up 6% pcp to \$288.0m** – product mix change executed, growing cornerstone Medium loan product and releasing new Line of Credit product, offsetting the reduction in Small loans due to 2023 regulatory changes.
- **LoC product (new)** – entering an exciting ramp up phase reaching 10,000 customers since launch in FY2023.
- **Vehicle loans** – GLA business being organically exited over the next 24 – 36 months with capital reallocated to higher return opportunities.
- **Net Loss Rate** – tracking well compared to prior periods and managed through prudent credit risk settings.



Gross Loan Book \$m



Gross Loan Book by Product





Appendices

Gross Loan Books (\$m)

AUD Millions		30 Jun 2021	30 Jun 2022	30 Jun 2023	31 Dec 2023	30 Jun 2024	PCP Jun 2024 vs Jun 2023	Jun 2024 vs Dec 2023
Small Loan ¹	Loan Book	67.6	75.6	78.0	63.1	54.8	-30%	-13%
	% Of Total	38%	35%	29%	21%	19%		
Medium Loan ²	Loan Book	49.4	76.1	99.9	110.2	106.9	7%	-3%
	% Of Total	28%	36%	37%	37%	37%		
Line of Credit ³	Loan Book	0.0	0.0	2.1	7.0	14.6	n/m	108%
	% Of Total	0%	0%	1%	2%	5%		
Vehicle Loan (GLA) ⁴	Loan Book	44.3	46.7	62.9	74.3	72.2	15%	-3%
	% Of Total	25%	22%	23%	25%	25%		
PB ⁵ (Corp)	Loan Book	16.8	15.5	16.0	16.3	17.3	8%	6%
	% Of Total	9%	7%	6%	6%	6%		
International Loan Book ⁶	Loan Book	0.0	0.0	12.5	23.5	22.2	78%	-6%
	% Of Total	0%	0%	4%	9%	8%		
Total Gross Loan Book		178.1	213.9	271.4	294.4	288.0	6%	-2%
Half Year Net Loss Rate ⁷		6.1%	8.3%	11.0%	9.0%	8.0%	-	-

1. Small loans include SACC and PayAdvance products.

2. Medium loans includes the MACC product.

3. Line of Credit product launched Q3 FY2023.

4. Green Light Auto (GLA) is a fully owned subsidiary of CCV offering secured vehicle loans through a network of brokers and dealers.

5. Pawnbroking Loan Book – Australian Corporate Stores only.

6. International Loan Book includes pawnbroking and Personal Finance loan books for New Zealand and pawnbroking and buyback loan book for United Kingdom.

7. Net Loss Rate (NLR) is 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.

Loan Book Performance

Net bad debt expense & Expected Credit Loss* (“ECL”) movement

	30 June 2024	30 June 2023	Variance
	\$m	\$m	\$m
Bad debts written off	57.6	55.4	2.2
Recovery of bad debts written off	(8.8)	(6.1)	(2.7)
Net bad debt expense	48.8	49.3	(0.5)
Movement in expected credit loss allowance	1.9	5.0	(3.1)
Total loan related bad debts and allowances	50.7	54.3	(3.6)
Total gross loan book	288.0	271.4	16.6

- Net Bad Debt Expense for FY2024 was \$48.8m, down from \$49.3m in the prior comparative period (pcp). This result reflects the on-going focus on credit origination optimisation supported by our proprietary machine learning based credit risk tools.
- Success in growing the loan book will result in an ECL expense in the same accounting period (up front expense) whilst changes in the credit quality of Zcurrent and prior loans may see adjustments made.
- The half-year net loss rate (Net Bad Debt Expense over average Gross Loan Book) was 8.0% (vs 11.0% pcp). This remains in line with our expectations.

* Expected Credit Loss (“ECL”) is the upfront expense recognised in the Income Statement for expected credit losses at the time of writing a new loan as well as for changes in the expected credit losses on existing loans. The ECL expense is a statistical present value calculation based on the accounting standard AASB9 *Financial Instruments*. Changes in the credit quality of the loan since origination are recognised in the Income Statement.

Free Cash Flow

	30 Jun 2024	30 Jun 2023	Variance
	\$m	\$m	\$m
Total receipts	368.0	287.7	80.3
Payments to suppliers, employees and lease liabilities	(263.7)	(197.3)	(66.4)
Cash flows before interest, finance and tax	104.3	90.4	13.9
Interest and costs of finance paid	(22.1)	(15.9)	(6.2)
Income tax paid	(9.5)	(10.9)	1.4
Cash flows before net loan advances	72.7	63.6	9.1
Net increase in personal loans advanced	(44.1)	(82.6)	38.5
Cash flows from the operation	28.6	(19.0)	47.6
Net cashflow from business combinations	(24.3)	(13.8)	(10.5)
Net PPE and Intangibles	(6.5)	(4.5)	(2.0)
Loan funding to external parties	(2.3)	(4.7)	2.4
Cash flows before borrowings	(4.5)	(42.0)	37.5
Net borrowings	1.7	68.1	(66.4)
Cash flows before dividends	(2.8)	26.1	(28.9)
Dividends paid	(12.6)	(12.6)	-
Net change in cash and cash equivalents	(15.4)	13.5	(28.9)
Opening Cash and cash equivalents	71.6	58.1	13.5
Closing Cash and cash equivalents	56.2	71.6	(15.4)

- Strong operating cash flow facilitating loan book funding and investing activities including the acquisition of Capital Cash in the United Kingdom.
- FY2024 Cash & Cash Equivalents of \$56.2m after funding loan book growth and settlement of the UK and Australian franchise acquisitions.
- Operating cash flow generated is used to fund loan book growth reflected in the net outflow of \$44.1m in FY2024.
- FY2024 financing activities includes cash inflows from borrowings supporting loan book growth and strategic acquisitions, and dividends paid of \$12.6m.

Segment Revenue & Operating EBITDA

	30 June 2024	30 June 2023	Variance
	\$m	\$m	\$m
REVENUE			
Personal Finance	106.8	114.0	(7.2)
Vehicle Financing	18.6	15.0	3.6
Store Operations	150.1	142.1	8.0
New Zealand	25.1	13.8	11.3
UK	74.8	11.4	63.4
Head Office & Eliminations	7.2	6.4	0.8
TOTAL	382.6	302.7	79.9

OPERATING EBITDA*

Personal Finance	44.6	50.6	(6.0)
Vehicle Financing	8.2	6.0	2.2
Store Operations	24.3	20.6	3.7
New Zealand	2.0	(0.8)	2.8
UK	12.8	3.3	9.5
Head Office & Eliminations	(22.8)	(22.5)	(0.3)
TOTAL	69.1	57.2	11.9

- Demand for credit products remained strong across the half. During FY2024 we received 780,000 applications for our Australian credit products.
- Store performance and Franchise store acquisitions, in particular the acquisition of the Capital Cash network of 42 stores in the United Kingdom, contributed to strong revenue and earnings growth.
- Head Office cost controlled, having absorbed wage increases, reflecting cost management initiatives.

* The Company calculates EBIT as earnings before interest expense and tax and presents EBITDA calculated as EBIT before depreciation and amortisation. EBIT and EBITDA are non-IFRS measures and are alternative performance measures reported in addition to but not as a substitute for the performance measures reported in accordance with IFRS. These measures focus directly on operating earnings and enhance comparability between periods. Non-IFRS measures calculated and disclosed have not been audited in accordance with Australian Accounting Standards although the calculation is compiled from financial information that has been audited.

ESG Framework

Operating for 40 years, we understand the importance of adding value to the lives of our customers by operating a sustainable business over the long term.



Environmental

- Our retail trade is driven by pre-owned (second-hand) items, which directly contributes to the Circular Economy.
- This extends the useful life of products, reducing waste and lessening demand for new manufacturing and mining.
- We run a neighborhood-oriented business, reducing the need for customer travel and delivery services.
- Each store serves as its own “supply chain.” We do not rely on mass supply, distribution or warehousing facilities.
- We promote environmental stewardship by reducing consumption, recycling paper products and responsibly disposing of computers, electronics and related accessories.



Social

- Our business serves as an essential and responsible financial resource for customers who are predominantly underserved by traditional sources.
- We improve the reach and access to financial services through neighborhood-based stores and digital channels.
- Our transactions are simple, transparent, regulated and safe.
- We foster a culture that values diversity, inclusion and development for all.
- We directly contribute to the identification and prevention of fraud and criminal activity working closely with legislators and regulators to contribute to a trustworthy, reliable financial services industry.



Governance

- We support a culture that reflects real people who are passionate and proud, caring and respectful, and our team are tenacious customer problem solvers.
- We maintain a culture of zero-tolerance for compliance risk that is monitored and overseen by our Board.
- Our Board of eight directors has four independents.
- Our Audit & Risk and Governance Remuneration & Nomination Committees all require a composition of majority independent directors.
- Protecting the privacy, integrity and security of our customers’ data and our enterprise network is a top priority.



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