

Full-Year 2023 Financial Results

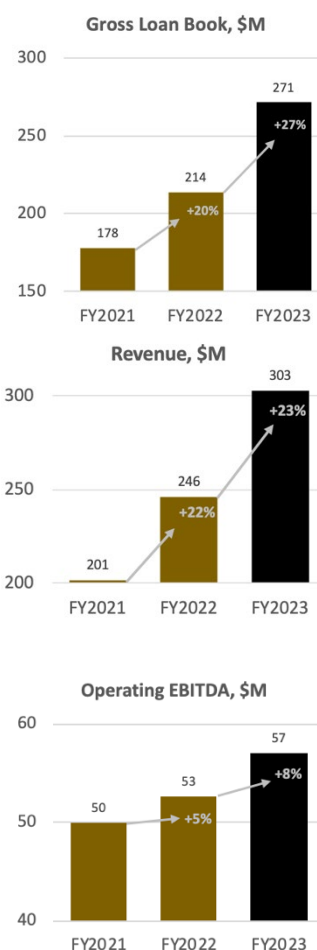
Strong Revenue, Operating Earnings and Loan Book Growth Executing Strategy, Exiting 'Payday' Lending

Cash Converters International Limited (ASX: CCV) ("Cash Converters" or "the Company") today announced audited financial results for the full-year period ended 30 June 2023 (FY2023).

Group Operating Results	FY2023	FY2022 (pcp)	%
Revenue	\$302.7m	\$245.9m	+23%
Operating EBITDA	\$57.2m	\$52.7m	+8%
Operating Profit Before Tax (PBT)	\$28.8m	\$26.6m	+8%
Operating Net Profit after Tax (NPAT)	\$20.1m	\$19.0m	+6%
After-tax Operating adjustments			
- Non-cash items: Impairment Goodwill	\$(110.5m)	\$0.0m	-
- Non-cash items: Impairment Other	\$(4.7m)	\$(7.8m)	-
- Net other normalised costs	\$(2.1m)	\$0.0m	-
Statutory NPAT	\$(97.2m)	\$11.2m	-
Cash and Cash Equivalents	\$71.6m	\$58.1m	+23%
Gross Loan Book	\$271.4m	\$213.9m	+27%

Highlights FY2023 vs FY2022 (pcp)

- **Revenue up 23% to \$302.7m** – driven by increasing lending volumes and ongoing store trading improvement
- **Gross Loan Book up 27% to \$271.4m** – record demand
 - ✓ Exiting SACC¹ loans
 - ✓ Medium² & Vehicle³ loan books growing
 - ✓ New loan products released and loan books growing
 - ✓ Bad debt expense normalising in line with growing loan book
- **Operating EBITDA up 8% to \$57.2m** – underlying earnings momentum increasing as loan book continues to grow and bad debt levels normalise, headcount now in place to scale up
- **Operating NPAT up 6% to \$20.1m** – increased interest costs not passed through to borrowers; Statutory NPAT impacted by one-off non-cash impairments resulting from legislative changes (booked H1 FY2023)
- **Non-cash items** – intangible asset assessment (as disclosed in H1 FY2023 result) leading to a one-off, non-cash write-down of historic SACC related acquisition goodwill and impairment to certain other assets
- **Cash and Cash Equivalents \$71.6m** – up from \$58.1m (30 June 2022) after funding loan book growth, NZ franchise acquisition and investment into Spain franchise (with options to increase ownership)
- **Dividend** – 1c fully franked dividend declared, sixth successive half yearly dividend payment at 1c - circa 9% annualised dividend yield (based on 30 June 2023 share price of \$0.225, pre imputation credits). Net Tangible Assets (NTA) \$0.29 per share (2022: \$0.30)



Cash Converters Managing Director, Sam Budiselik stated:

“We are pleased to report strong financial operating results for the full year, powered by our growing lending operation. Throughout FY2023 we received a record number of applications for our lending solutions, with over 757,000 Small and Medium loan applications received, a 21% increase on the previous year. This underlying momentum resulted in an increase in principal advanced (the cash amount of loan funding disbursed) up 24% on FY2022 to \$348.0 million and an increase in Gross Loan Book to a new record level of \$271 million (up 27% on end FY2022).

This result has been delivered as we continue to make significant progress executing a strategic product transition (due to recent legislative changes) exiting Small Amount Credit Contracts (SACCs) - commonly referred to as ‘Payday’ loans - which sit within our Small Loan segment. Over recent years we have remained focused on product innovation, developing new products that lower the borrowing cost for our customers. In this respect, we have absorbed a 54% increase in interest costs on borrowings by not passing increases through to customers (additional interest expense on borrowings over \$3.7m, compared to FY2022).

Reflecting the success of this product strategy was the Medium Loan book growth, up 34% on FY2022 closing the period at over \$102.0 million. We are also excited by the release and performance of other new loan products enabling this customer transition. The pilot of a Line of Credit² product throughout the second half resulted in the successful release of that product in June 2023. Establishing new and growing loan books, as we wind down our SACC loan book, is only made possible by leveraging our data and proprietary credit models, marking an inflection towards an exciting future for our business.

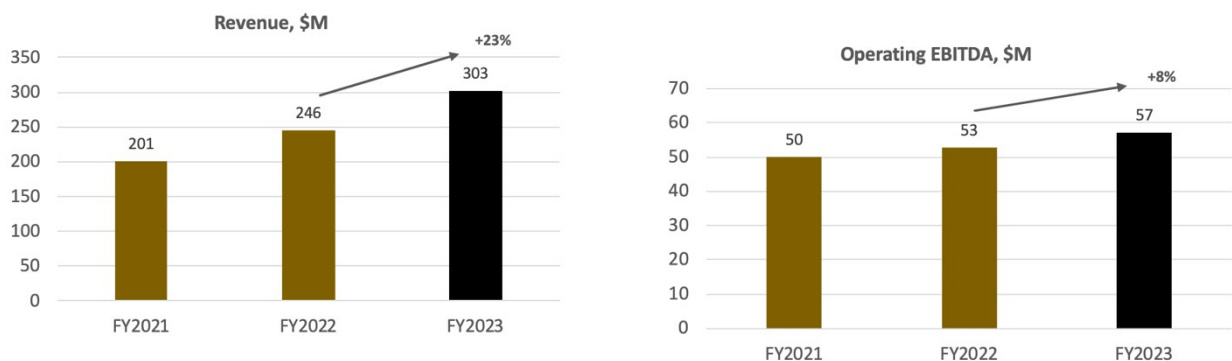
It should be stressed that all personal finance loan products offered by Cash Converters will continue to be covered by the National Consumer Credit Protection Act (“NCCP”). We continue to decline seven out of every ten applications received for personal finance based on suitability, in many cases due to customers being over committed to the Buy Now Pay Later sector (which operates under an NCCP exemption).

Our store operations also continue to remain an important channel for our customers, growing revenue by 15% throughout the period. Altering our inventory mix to focus on higher value items (e.g., prestige watches, designer handbags, electronics and jewellery) has yielded an improvement in overall sales trading activity. Our retail business model is unique, dependent on customers selling items to feed store inventory. Importantly, we continue to focus on our contribution to a sustainable future as we work to eliminate landfill by re-purposing pre-owned goods. Our integrated business model remains an important facilitator of the circular economy with our multi-channel operation enabling customers to transact seamlessly online, or through our stores.

Finally, strategic initiatives executed across the business have begun delivering revenue growth, with our digital platforms reaching younger customers, new product innovation delivering new growing loan books and value accretive franchise store and network acquisitions continuing. Leveraging our scale to pivot our Company provides an exciting opportunity to consolidate our position as the largest and most recognised lender in our markets, with the strategic building blocks for the future era of Cash Converters now in place.”

Revenue & Earnings – Strong Momentum Continues

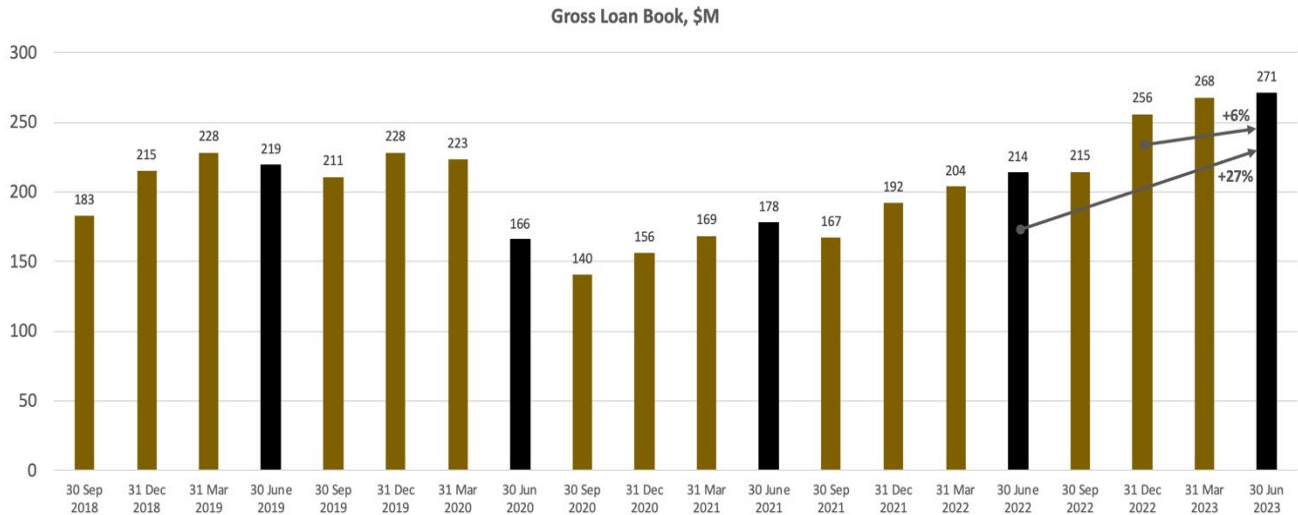
Revenue & Earnings (Operating EBITDA) growth continues to build momentum, up 23% (to \$302.7 million) and up 8% (to \$57.2 million) respectively (on FY2022).



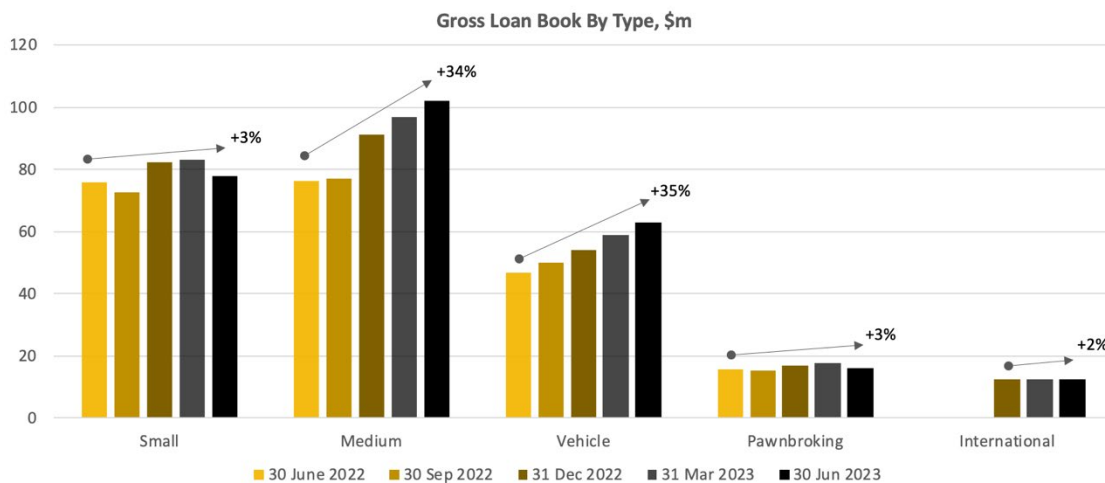
The international business continues to trade well, with the integration of the New Zealand acquisition and the largest franchise store group in the United Kingdom (Capital Cash) both progressing well. The addition of these offshore businesses, in familiar jurisdictions enjoying improved trading conditions, is envisaged to make a meaningful contribution to earnings over the coming years.

Loan Books - Strong Consolidated Growth

The Gross Loan Book reached a record level, up to \$271.4 million (up 27% on FY2022) with the addition of \$57.5 million of Gross Loan Book value across the financial year.



The Vehicle and Medium loan books continued to grow strongly, up 35% and 34% respectively on FY2022. The new Line of Credit loan book was established in June 2023 and the strategic transition out of the SACC product segment continues as intended - as represented by the Small Loan book composition falling to 29% of the total Gross Loan Book (from 35% in FY2022).



Personal Finance – Small, Medium and New Loan Products

The Personal Finance segment currently reflects earnings from two types of unsecured loans; Small and Medium Loans, distributed online and instore. Small Loans consist of SACC loans and the recently launched PayAdvance product. The Medium Loan Book, which includes MACC and Line of Credit, grew 34% from 30 June 2022 and it is anticipated this loan book growth trend will continue. Whilst in it's infancy, the new Line of Credit product is forecast to grow strongly. Small and Medium loan applications increased 21% on the prior year, to over 757,000, representing strong and growing underlying demand across our customer segment.

Vehicle Loans – B2B and B2C Channel Offering

Secured Vehicle loans origination also grew strongly, offered through a partner (B2B) network of brokers and dealers, by our fully owned subsidiary Green Light Auto (GLA). This resulted in the vehicle gross loan book growing to \$62.9 million, an increase of 35% from FY2022. Application numbers increased 27% on the prior year with the value of loans funded increasing 58% on FY2022 to \$34.3 million, as new brokers were added to our platform and vehicle finance demand increased across the market.

Loan Book Performance

Two loan book loss related expenses impact the Profit or Loss Statement: 1. Historic loan 'Net Bad Debt Expense⁵' and 2. Current loan 'Expected Credit Losses⁶' (ECL). Net Bad Debt Expense for the period was \$49.3 million, up from \$28.6 million in FY2022. This was anticipated, with significant loan book growth throughout the period. Success in growing the loan book will result in an ECL expense in the same accounting period (up front expense) whilst deteriorating loans written in a prior period (e.g., due to missed payments) may see adjustments made.

The Net Loss Rate⁷ (Net Bad Debt Expense over Average Gross Loan Book) was 11.0% (H2 FY2023) - in line with expectations, compared to 8.6% (H1 FY2023). As a responsible lender the Company continues to support customers exhibiting signs of financial distress due to cost of living pressures, with an established hardship management framework in operation.

Regulatory Update

Financial Sector Reform Act 2022

As announced to the market on 21 February 2023, an Act was passed by the Australian Senate in December 2022 contained a number of Financial Sector legislative changes implemented in June 2023, some of which impacted SACC loans (no other Company products are impacted). In many instances, these changes are resulting in the unfortunate outcome of a growing number of Australians struggling to manage household budgets in an inflationary environment, being turned away. As a result of the changes, we have taken a decision to transition out of this SACC product, successfully launching new non-SACC products in response. With the changing SACC legislation, the decision was taken by the Board to book a one-off non-cash impairment charge during H1 FY2023 (this goodwill originated from historic acquisitions). The decision to impair the goodwill reflects the diminishing strategic contribution of the SACC Loan product to the Personal Finance segment looking forward.

Strategy Update & Outlook

In recent years the management team has refined a strategic plan focusing on the strategic pillars of **organic optimisation, inorganic expansion and customer and product development.**

New Product Development

The new Line of Credit product was launched in June 2023, following a successful pilot throughout the second half of FY2023. New products will play a key role in the composition of the Company's future loan book and are not impacted by the recent regulatory changes, assisting customers impacted by the recent legislative changes in transitioning away from SACC Loans. The early-stage growth rate and performance of the new loan book is promising.

International Network Expansion

New Zealand: The Company was pleased to announce settlement of the New Zealand master franchisor acquisition during the period. We remain focused on realising the potential of the New Zealand business following a period of regulatory change, with loan books now growing, cost synergies identified and network expansion opportunities under review.

United Kingdom: We were pleased to acquire Capital Cash the largest franchise store network consisting of 42 Cash Converters branded stores in July 2023. This strategic acquisition gives Cash Converters a corporate store footprint in the United Kingdom, to complement 142 franchise operated stores. The experienced Capital Cash management team will join our management team and continue to grow the Cash Converters business in the United Kingdom.

Europe: As also previously announced, we were pleased to have had the opportunity to support our Master Franchisor in Spain & Portugal, providing a €3.0m loan (with options to increase ownership over time) that will enable the funding of business growth initiatives as the local markets continue to grow.

Summary Outlook – Growth Drivers:

- ✓ Exiting 'Payday' SACC lending, diversification of new and growing loan books
- ✓ Record underlying organic demand driving Medium & Vehicle loan book growth
- ✓ New product releases
- ✓ Value accretive franchise store network acquisitions
- ✓ Balance sheet strength, dividend paying & continuing to invest for future growth

Dividend

The Board is pleased to confirm the declaration of a fully franked final dividend of 1 cent per share, payable on 13 October 2023, to those shareholders on the register on 15 September 2023 (record date). This is the sixth successive half yearly dividend payment at 1c per share.

The Board and management team would like to thank our colleagues for their hard work, our customers for their loyalty, and our shareholders for their continued support.

-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

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 683 stores operating across 14 countries.

The business generates multiple revenue streams with a significant portion of its profit derived from its lending operations. 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 financing vehicle purchases.

Cash Converters is a technology driven lender, originating customers and managing the ongoing customer journey through the use of proprietary technology and digital applications. Customer loan origination is also driven by its strong brand and bricks and mortar outlet stores (owner operated and Franchise operated) and through broker-dealers.

Cash Converter's strategy is geared towards growth. It has recently bought back select Franchise store networks globally. Its loan book is demonstrating significant growth, eclipsing pre-Covid levels. We are an innovative lender bringing new lending solutions to consumers, with several recently launched loan products and consumer lending repayment solutions. 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

Appendix 1: Gross Loan Books

		30 Jun 2020	30 Jun 2021	30 Jun 2022	31 Dec 2022	30 Jun 2023	PCP Jun 2023 vs Jun 2022	Jun 2023 vs Dec 2022
Small Loan ¹	Loan Book	\$63.1m	\$67.6m	\$75.6m	\$82.2m	\$78.0m	3%	-5%
	% Of Total	38%	38%	35%	32%	29%		
Medium Loan ²	Loan Book	\$31.7m	\$49.4m	\$76.1m	\$90.9m	\$102.0m	34%	12%
	% Of Total	19%	28%	36%	36%	38%		
Vehicle Loan (GLA) ³	Loan Book	\$61.4m	\$44.3m	\$46.7m	\$54.0m	\$62.9m	35%	17%
	% Of Total	37%	25%	22%	21%	23%		
PB ⁴ (Corp)	Loan Book	\$9.4m	\$16.8m	\$15.5m	\$16.8m	\$16.0m	3%	-5%
	% Of Total	6%	9%	7%	7%	6%		
International Loan Book [*]	Loan Book	\$0.0m	\$0.0m	\$0.0m	\$12.2m	\$12.5m	-	2%
	% Of Total	0%	0%	0%	4%	4%		
Total Gross Loan Book		\$165.6m	\$178.1m	\$213.9m	\$256.1m	\$271.4m	27%	6%
Half Year Net Loss Rate⁷		10.9%	6.1%	8.3%	8.6%	11.0%	-	-

* Includes recent New Zealand franchise acquisition. Loan Books are in Australian Dollars.

Notes:

¹ **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.

² **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 \$400 to \$10,000 with a set minimum repayment over a maximum 36 month period per redraw.

³ **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.

⁴ **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).

⁵ **Net Bad Debt Expense:** consists of 'Bad Debt Written Off' net of 'Recovery of Write Offs' (across loan products: SACC, MACC and GLA).

- **Bad Debt Written Off:** impacted by events occurring in two parts of the loan book: new loans written in the period and pre-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'.

⁶ **Expected Credit Loss:** 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.

⁷ **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.