

Cash Converters International Limited

1H25 Investor Presentation

ASX:CCV

24 February 2025

*cash***converters**

Financial Highlights

Strong 1H25 financial results demonstrating strategy is delivering

Revenue

\$192.1m

↑ 0.3%
1H24: \$191.5m

Operating EBITDA

\$36.5m

↑ 12%
1H24: \$32.6m

Operating NPAT

\$12.2m

↑ 24%
1H24: \$9.8m

Cash & Equivalents

\$57.3m

↑ 2%
FY24: \$56.3m

Gross Loan Book

\$274.4m

↓ 5%
FY24: \$288.0m

Net Loss Rate²

7.3%

↓ 19%
1H24: 9.0%

Aus Store PBT

\$8.4m

↑ 60%
1H24: \$5.2m

Dividend

1c per share

→ 9th straight half-year dividend

1H25 Financial Snapshot¹:

- Share Price: 24.5c
- Market Cap: ~\$154m
- NTA per Share: 29.7c
- 1H25 Dividend: 1.0c
- Annual Dividend FY24: 2.0c
- Annual Dividend Yield: ~8.2%
- Dividend Payment: Fully Franked

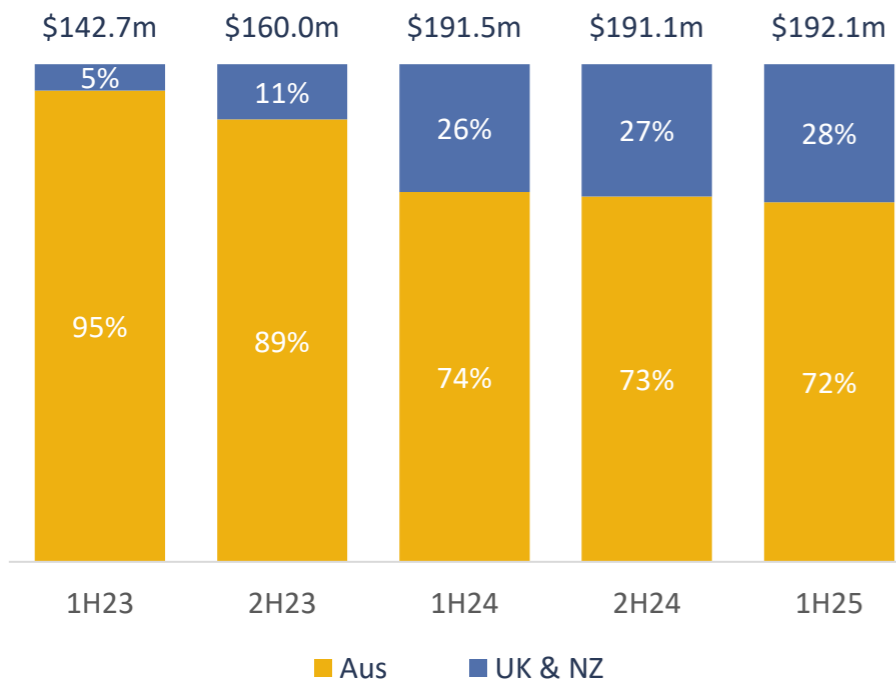
Notes:

1. As at 31 Dec-24
2. 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

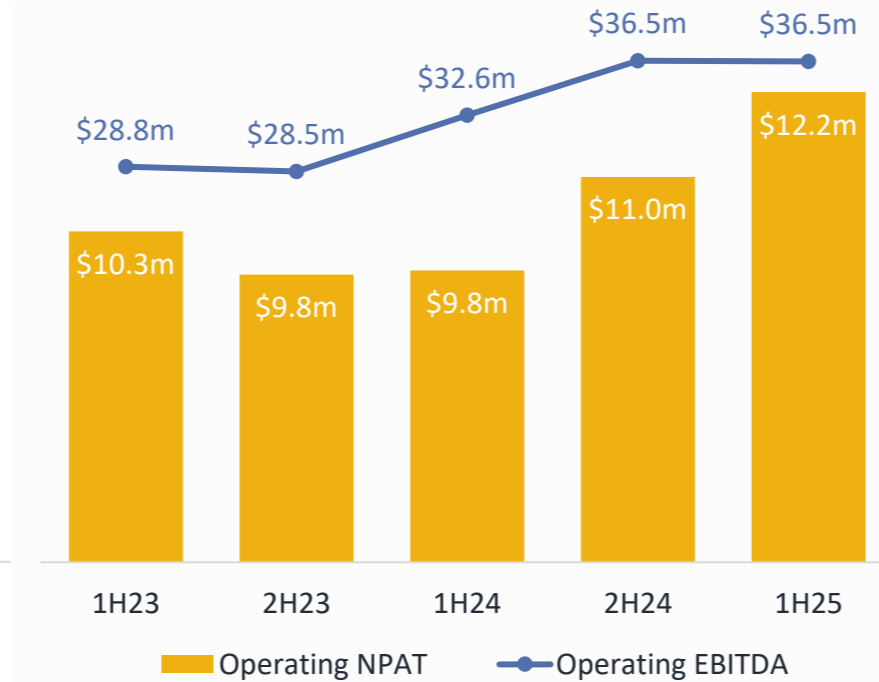
Our Growth, Redefined

Diversifying earnings and product mix, acquiring franchise stores, driving sustainable growth

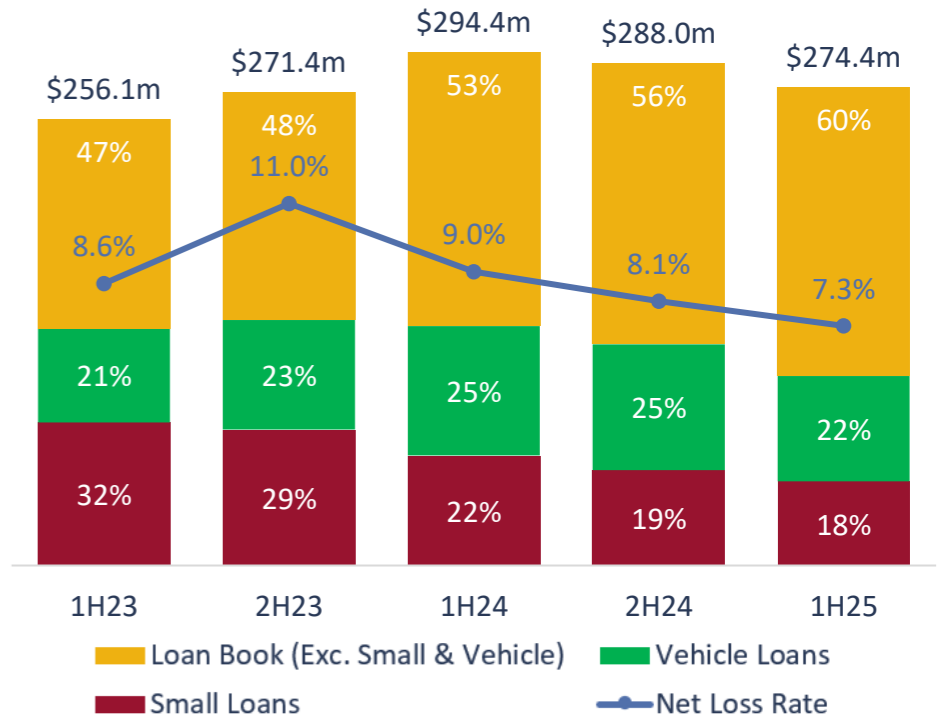
Revenue by Location



Operating NPAT & EBITDA



Gross Loan Book & Net Loss Rates



- **Geographically diversified revenue mix** - Expansion across key regions and strategic initiatives diversifying and strengthening our revenue base

- **Global earnings growth** - Strong half-on-half growth, reflecting trading momentum and operating leverage. UK now contributing 18% of consolidated Operating EBITDA

- **Improved credit quality** - Transitioning away from Small and Vehicle Loans while improving credit performance

Overview

Overview | Performance | Strategy | Outlook

About us

Staying true to our purpose, Cash Converters is a forward-thinking business

Lending

Transitioning to lower-cost finance

- A leading regulated non-bank lender, supporting **sub-prime and near-prime customers**
- Transitioning to **longer-term, lower-cost** lending solutions, delivering sustainable growth
- Leveraging proprietary **machine learning credit risk models** to process ~780k loan applications annually
- **Transitioning away from Small and Vehicle Loans** and reshaping our business profile



Retail

Scaling sustainability & luxury

- Leveraging our brand and market presence with an **integrated online and in-store experience**
- Repurposing millions of pre-owned items globally **facilitating the circular economy**
- Shifting our inventory mix to focus on **luxury goods**
- **AI-driven authentication** and under-written valuations for high-value inventory, 90-day warranty on all items
- Important customer channel, **operating leverage increasing profit** contribution



Strategic Growth




Growth through acquisition

- Expanding our store network with **strategic franchise store acquisitions**
- Acquired **47 UK stores** in FY24 and **12 Aus stores** since FY21
- A **pipeline of store acquisitions** are under review
- **74** franchise stores remain in Aus and **145** in UK



Our Journey

Growing a sustainable business, transitioning out of Small Loans, improving profitability of our store network and acquiring franchise stores

| Segment | Product | Strategy | Progress |
|--|-----------------------------|---|--|
| Lending  | Small and Vehicle Loan Book | <ul style="list-style-type: none"> Transition out of Small and Vehicle Loans while reallocating capital towards the growth of our core Loan Books and franchise acquisitions | <ul style="list-style-type: none"> ✓ Commenced Small Loan transition in 2024: Reduced Small Loan Book from \$78m in Jun-23 to \$48m in Dec-24 and continuing to decline ✓ Ceased Vehicle Loans Jun-24: Book reduced from \$74m in Dec-23 to \$60m in Dec-24, as forecast |
| | Core Loan Books | <ul style="list-style-type: none"> Launch a new, lower cost Line of Credit ('LOC') loan product while continuing to grow the Medium Loan Book | <ul style="list-style-type: none"> ✓ LOC launched early-2023: Launched and growing from \$2m Jun-23 to \$22m Dec-24 |
| Retail  | Luxury Retail Stores | <ul style="list-style-type: none"> Open new luxury-focused retail stores | <ul style="list-style-type: none"> ✓ Opened in Aug-24: Bondi Junction store opened and performing well, with additional store openings planned |
| Growth  | Franchise Retail Stores | <ul style="list-style-type: none"> Acquire franchise stores in Australia and the UK | <ul style="list-style-type: none"> ✓ Ongoing: Acquired 47 UK stores and 12 AUS stores since Fy21, with more opportunities in the pipeline |

Converters

Performance

Overview | **Performance** | Strategy | Outlook

1H25 Profit or Loss

Strong profit growth and improved book quality

| Profit or Loss (\$'m) | 1H25 | 1H24 | Variance |
|--------------------------|---------------|---------------|------------|
| Revenue | 192.1 | 191.5 | 0% |
| Cost of sales | (51.6) | (51.0) | 1% |
| Net bad debts | (17.2) | (27.5) | (37%) |
| Gross profit | 123.3 | 113.0 | 9% |
| Employee expenses | (61.6) | (59.2) | 4% |
| Advertising & publicity | (6.6) | (5.8) | 14% |
| Other expenses | (18.7) | (15.1) | 24% |
| Total expenses | (86.9) | (80.1) | 9% |
| EBITDA | 36.3 | 32.9 | 10% |
| Dep. & amort. | (8.5) | (8.1) | 5% |
| EBIT | 27.8 | 24.8 | 12% |
| Interest expense | (11.1) | (11.2) | (1%) |
| Profit before tax | 16.7 | 13.5 | 23% |
| Income tax | (4.6) | (3.6) | 30% |
| Net profit | 12.1 | 10.0 | 21% |

Highlights

- **Gross Profit up 9% on pcp to \$123.3m** driven by sustained strong revenue and a reduction in bad debts, supported by improved credit quality and store trading momentum
 - Net Loss Rate reduced to 7% (9% pcp) demonstrating our commitment to sustainable, customer-focused financial solutions
 - This improvement reflects our investment in advanced credit risk models. In FY24, we assessed over 780,000 loan applications using our evolving machine-learning credit risk models, approving 1 in 5 applicants
 - We are committed to further enhancing our technology platforms by leveraging customer insights, driving efficiency, lowering loss rates and improving customer experience
- **EBITDA up 10% pcp to \$36.3m** with lower loss rates and loan book provisions, along with a growing store contribution
- **Net Profit up 21% pcp to \$12.1m** aligning with our strategy to acquire franchise stores and build a long-term, lower-cost loan portfolio. Operating leverage inherent across our operating model evident with store segment momentum

1H25 Balance Sheet

Loan Book resilience amid Small Loan transition and Vehicle Loan wind-down

| Balance Sheet (\$'m) | 31-Dec-24 | 30-Jun-24 | Variance |
|--------------------------------|--------------|--------------|-------------|
| Cash and cash equivalents | 57.3 | 56.3 | 2% |
| Trade and other receivables | 16.4 | 17.9 | (8%) |
| Current tax receivable | 0.1 | - | 100% |
| Inventories | 34.8 | 33.0 | 5% |
| Loan receivables | 228.4 | 238.7 | (4%) |
| Right-of-use assets | 54.9 | 56.9 | (4%) |
| Deferred tax assets | 30.5 | 31.3 | (3%) |
| PPE & Other | 11.5 | 10.7 | 7% |
| Goodwill and intangible assets | 32.9 | 33.1 | (1%) |
| Total assets | 466.8 | 478.0 | (2%) |
| Trade & other payables | 91.8 | 98.2 | (7%) |
| Current tax payables | - | 3.9 | (100%) |
| Provisions & other | 21.5 | 20.4 | 5% |
| Borrowings | 134.3 | 144.1 | (7%) |
| Total liabilities | 247.6 | 266.7 | (7%) |
| Net assets | 219.3 | 211.4 | 4% |

Highlights

- **Gross Loan Book down by 5% from 30-Jun-24 to \$274.4m** reflecting a shift away from Small and Vehicle Loans
 - Regulatory changes have impacted Small Loans and we remain committed to lower cost, responsible lending solutions where possible
 - As previously communicated, the Vehicle Loan Book is winding down as anticipated
 - As a result, Loan Book borrowings have decreased in line with the lower Gross Loan Book value
- **Net tangible asset per share of 29.7c** up as a result of slightly higher inventory value and lower borrowings (28.4c at 30-Jun-24)

1H25 Cash Flow

Strong cash flow and facility headroom enabling Loan Book growth

| Cash Flow (\$'m) | 1H25 | 1H24 | Variance |
|--|---------------|---------------|---------------|
| Cash flows from customers | 187.3 | 177.7 | 5% |
| Payments to suppliers and employees | (150.3) | (136.4) | 10% |
| Interest received | 0.8 | 0.7 | 5% |
| Net personal loans advanced | 8.4 | (17.0) | (149%) |
| Interest and finance costs | (11.5) | (10.9) | 6% |
| Income tax | (7.4) | (4.7) | 56% |
| Operating cashflow | 27.2 | 9.4 | 190% |
| Business acquisition | - | (22.9) | (100%) |
| Other investing | (3.4) | (5.5) | (39%) |
| Investing cashflows | (3.4) | (28.4) | (88%) |
| Net borrowings and lease | (15.9) | 2.7 | (694%) |
| Employee share plan and dividends | (7.4) | (6.3) | 18% |
| Net financing cashflows | (23.3) | (3.6) | 550% |
| Net increase / (decrease) in cash | 0.5 | (22.6) | (102%) |
| Opening cash and cash equivalents | 56.3 | 71.6 | (21%) |
| Effect of exchange rate changes | 0.6 | (0.1) | |
| Closing cash and cash equivalents | 57.3 | 48.8 | 17% |

Highlights

- **Cash and Cash Equivalents up by 17% on pcp to \$57.3m** positioning us to fund growth
- **Net repayments of the Loan Book** increased due to a reduction in Small Loan Book outgoings and wind-down of the Vehicle Loan Book. The resulting reduced Loan Book has led to a reduction in **Borrowings**
 - The Fortress loan securitisation facility was renewed in 1H25, increasing the facility limit from \$150m to \$200m. The undrawn facility was \$68.5m at the end of the half (\$10.0m at 30-Jun-24)

Strategy

Overview | Performance | **Strategy** | Outlook

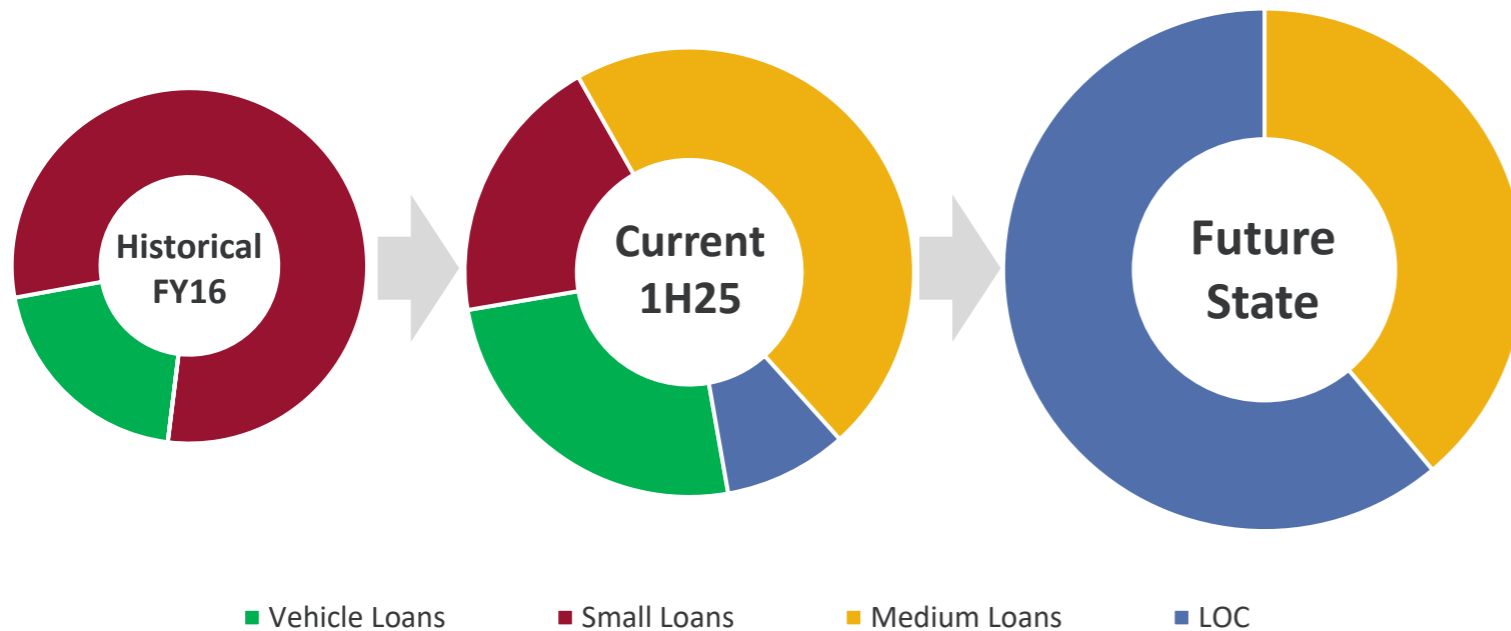
1. Lending: Lower cost options



Transitioning to longer-term, lower-cost finance, lowering loss rates and driving sustainable growth

Australian Personal Loan Book

Comments



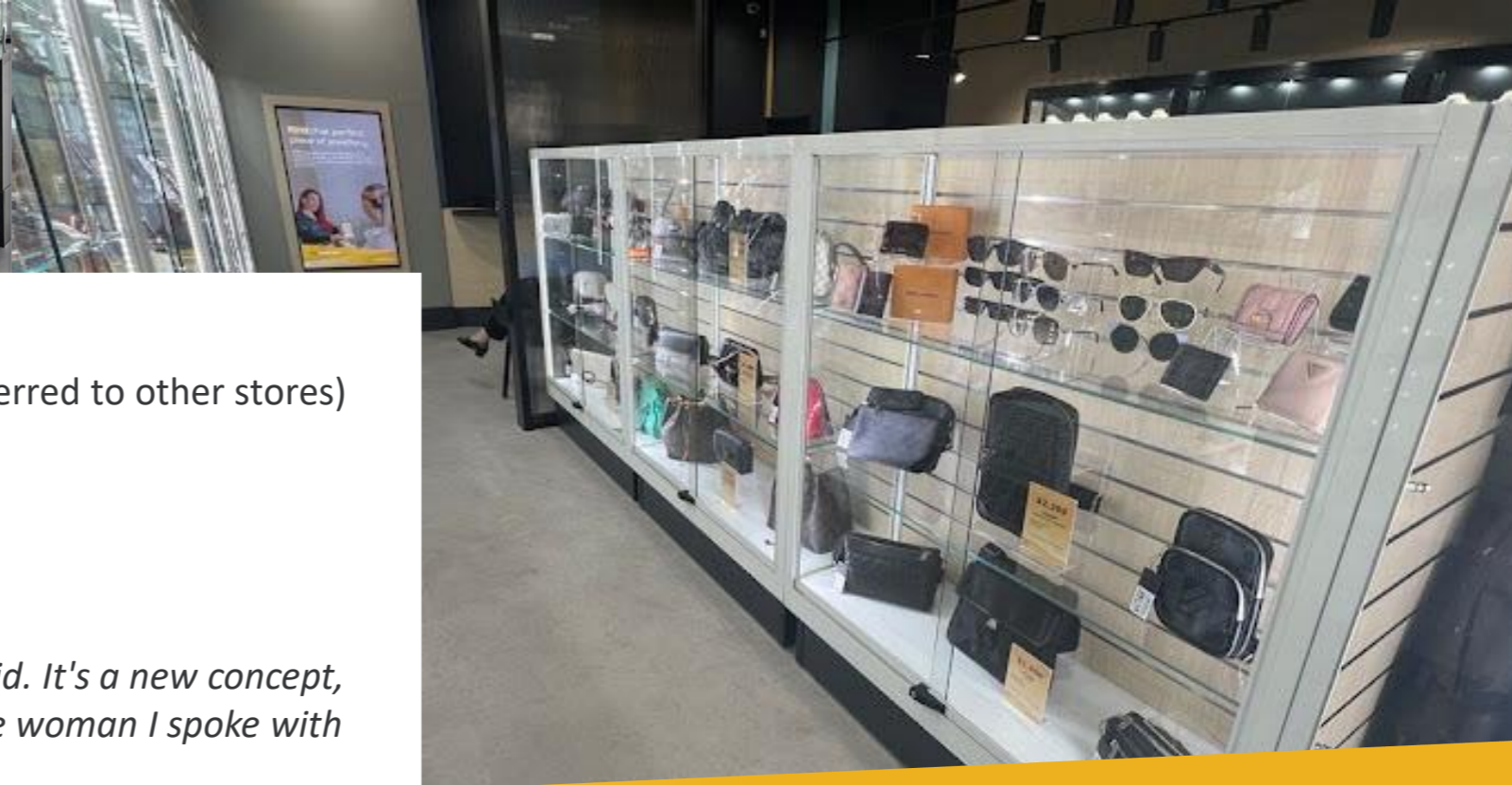
Current Loan Book:

- Loan Book composition continues to change as we transition out of Small Loans and the Vehicle Loan book winds down
- Regulatory changes impacting Small Loans has introduced complexity in servicing customer needs

Future State Loan Book:

- Launched and growing new lower cost LOC Loan Book, to complement the Medium Loan product
- Anticipate the LOC Loan Book overtaking the Medium Loan Book over time in terms of size and strategic importance
- Simplifying our product offering, to better meet our customers needs, improving our ability to responsibly provide credit
- Optimising marketing, investing in the digital channel offering, to grow Medium and LOC Loan Books

2. Retail: Leading the way in repurposed Luxury



New Luxury Store Concept - Bondi Junction, Opened Aug-24

- Higher value inventory, focus on selling 'luxury' only (non-luxury items transferred to other stores)
- Reduced store size, cutting rent, wages and outgoings
- Expanding into new inner-city areas previously deemed non-viable

Positive Customer Feedback:

"I just visited the new Cash Converters in Bondi Junction and was very happy I did. It's a new concept, now focusing on luxury products: jewellery, fashion and all sorts of goodies... The woman I spoke with certainly knew her stuff and was very helpful, too. I'll be back!" ★★★★★

3. Growth: Franchise Store Acquisitions



Focused growth through strategic retail acquisitions from franchise partners in Aus & UK

Economics of Acquired Stores

| Recently Acquired Stores | AUS | UK |
|--|----------|----|
| Number of stores ¹ | 12 | 47 |
| Average revenue per store ² | > \$1.5m | |

| Acquisition Metrics | AUS | UK |
|---------------------------|---------|---------|
| Average acquisition price | ~\$1.1m | ~\$0.5m |
| EBITDA multiple paid | < 5.0x | |
| Expected IRR | > 15% | |

Strategic Expansion Approach:

- All stores (corporate and franchise owned) operate on a single point of sale and lending platform, no migration necessary
- Each new store backed by a stand-alone business case, assessing investment returns & profitability
- Stores profitable, immediately earnings accretive
- Historically acquired stores tracking to forecast

Opportunities

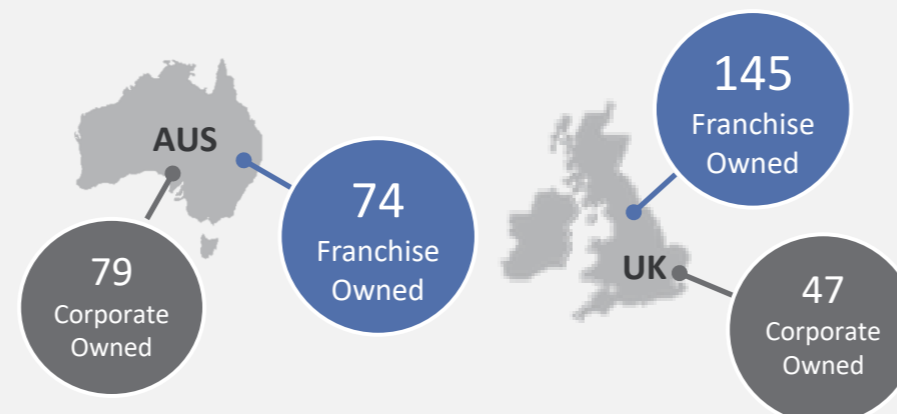
Active Pipeline:

- Prioritising franchise store opportunities in **Aus and UK**
 - Total available franchise store opportunities: **74 in Aus & 145 in UK**
 - In active discussions with franchisees regarding the acquisition of approximately **30 franchise stores**

Funding Options:

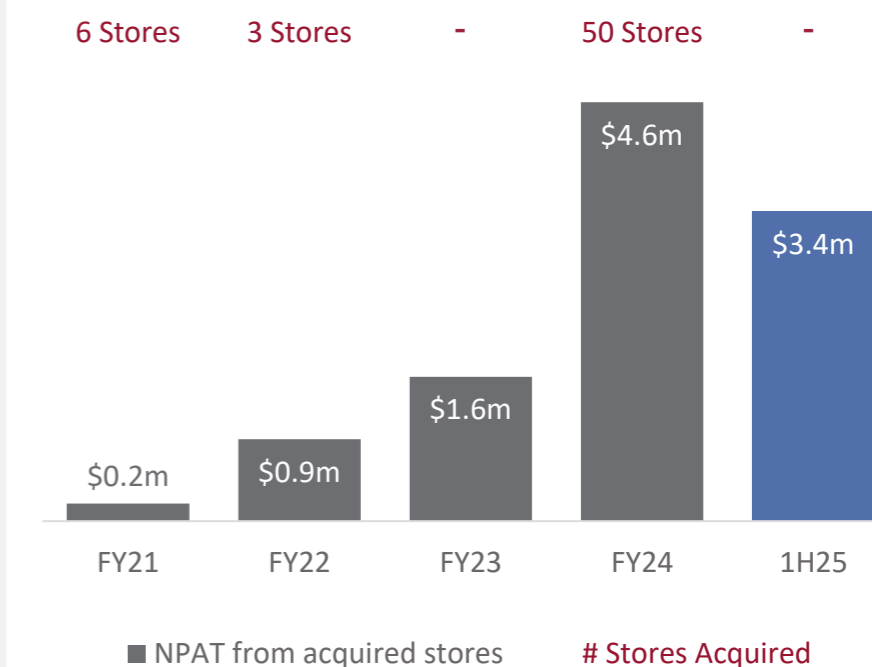
- Short-term acquisitions funded via free cash flow
- Exploring new funding partnerships to accelerate growth

Franchise stores in Aus & UK:



Aus & UK Acquired Stores NPAT

- Year-on-year NPAT growth contribution from franchise store acquisitions in Aus and the UK



Notes:

1. Stores acquired from FY21
2. Calendar year 2024

Outlook

Overview | Performance | Strategy | **Outlook**

FY25 Outlook

Smart Lending, Sustainable Luxury and Acquisition Growth



Franchise Store Acquisitions

- Targeting further acquisitions in Australia and the UK to strengthen market position
- Strategic, earnings accretive investments, with each new store expected to contribute to positive EPS uplift within year one
- Exploring new funding partnerships to accelerate expansion



Scaling a Sustainable Loan Book

- Offering lower-cost lending products to drive responsible growth
- Leveraging machine learning credit risk models to enhance risk assessment and lending efficiency
- Growing our customer base and geographic reach, attracting new customers
- Simplifying our product offering to streamline the customer journey



Optimise & Unlocking Value

- Enhancing profitability through operating leverage as strong trading momentum continues
- Focused on operational efficiencies across all business segments
- Expanding luxury retail footprint using AI-enabled authentication
- Strengthening technology and data-driven insights to improve customer experience



Driving Earnings Growth & Shareholder Returns

- Strong balance sheet with available cash and undrawn funding lines to support expansion
- Optimising capital allocation to deliver sustained earnings growth
- Committed to consistent dividends, backed by solid operating profit and cash flow generation

Appendix



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”, without reliance on mass distribution or warehousing
- Our store operations leave a small carbon footprint when compared to big-box or other mass retailers
- We promote environmental stewardship through recycling and responsible disposal of electronics and materials



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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