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# Cash Converters International Limited

## Shaw & Partners - Small Cap Financials Conference

ASX:CCV

**13 May 2025**

*cash***converters**

# Our Journey – A story of continuous reinvention

From humble beginnings to a global, data-driven, circular retailer and non-bank lender



## 1980s First Stores

- Founded in Perth, WA in 1984
- Opened first two franchise stores in WA in 1988
- Originally focused on second-hand goods and pawnbroking
- Grew through a franchise model

## 1990s Expansion

- AUS store network grew to 142 stores and Corporate store ownership commenced, buying back franchisees
- First UK store opened in 1991
- First non-English store opened in France in 1994
- Listed on the LSE in 1995 and ASX in 1997

## 2000s Personal Loans

- Rebranded the business
- Grew to 500+ stores globally
- Introduced Small Personal Loans in 2003
- Major US shareholder invests in business in 2009
- Launched vehicle loans in 2016

## 2010s Digital

- Expanded global footprint to 768 stores in 21 countries
- National Credit Act legislated in 2012
- Expanded loan product range to medium sized personal loans
- Launched online lending, valuations, apps and customer portal

## 2020s Acquisitions

- Acquired NZ store business, 22 stores in 2022
- Acquired largest UK franchise group, 42 stores in 2023
- Acquired 15 Australian stores and a further 7 UK franchise stores
- Now reaching millions of customers across retail and lending business globally
- Introduced lower cost line of credit Loans in 2023

## Today Global Network

- 153 stores in Aus (79\*) 192 in the UK (47\*) (Corporate owned\*)
- Pivot out of small and vehicle loans, acquire franchise stores
- Advanced machine learning powered credit models
- Luxury inventory focus changing store footprint



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# Business Model

## Integrated stores and digital platform, repurposed luxury goods and personal loans

### Stores

#### Scaling sustainability & luxury

- Focus on repurposing pre-owned goods, supporting the **circular economy**
  - Over 1.7m items** repurposed annually in Australia
- Leveraging brand strength with a seamless **online and in-store experience**
- Shifting inventory focus towards **luxury goods**
  - Opened a new **luxury-focused retail store** in Bondi Junction, performing well, with additional stores planned
  - AI-driven authentication** and under-written valuations for high-value items, 90-day warranty
- Geographically diversified revenue mix** - Expansion across key corporate operations in Aus, UK and NZ



### Lending

#### Lower-cost lending solutions

- A leading regulated non-bank lender, supporting **sub-prime and near-prime customers**
- Transitioning to **longer-term, lower-cost** lending solutions, delivering sustainable growth
- Pivot away from small loans a key strategic shift, large market opening up in Australia of non-conforming borrowers.
- Sub and Near Prime TAM large in Australia, Equifax estimate **\$5bn** credit applications p.a.<sup>1</sup>
- Leveraging proprietary **machine learning credit risk models** to process ~780k loan applications annually
- 1H25 Gross **loan book \$274m**, net loss rate 7.3% (down from 9.0% 1H24)



### Key Financials

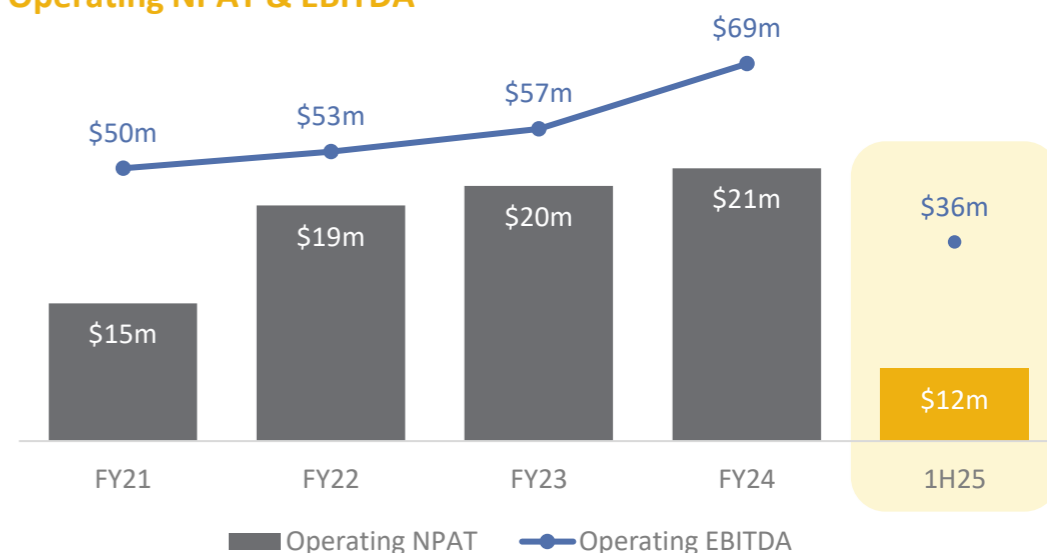
#### FY24 Valuation Metrics:

- Share Price: **24.0c**
- Market Cap: **~\$150m**
- NTA per Share: **28.4c**
- Basic EPS: **2.8c** | PE: **8.6x**
- Dividend: **2.0c** | Yield: **8.3%**
- Franking: **100%**

#### 1H FY25 Results:

- Revenue: **\$192.1m**
- Operating EBITDA: **\$36.5m**
- Statutory NPAT: **\$12.1m**
- Gross Loan Book: **\$277.4m**
- Cash & Equivalents: **\$57.3m**
- Undrawn Securitisation: **\$68.5m**

#### Operating NPAT & EBITDA



Note:

1. Equifax – Aus Personal lending market profile – Apr-24. Total addressable Market (“TAM”)

# Growth Strategy – Pivot & Acquire

Driving growth through strategic store acquisitions and product mix simplification

## Franchise Store Acquisitions

### Strategic store acquisition delivering strong returns

- Franchise stores provide attractive opportunity
- Acquisitions priced at <5x EBITDA
- Expected IRR >15%
- Earnings accretive from day one
- Historically acquired stores tracking to forecast
- Network growth continues

### Growth pipeline & funding

- Unified POS and lending systems – no migration required
- Targeting ~30 franchise acquisitions across AU and UK p.a.
  - Total franchise store opportunity: 74 AU & 145 UK
- Funded via free cash flow, with new funding partnerships under review to accelerate



## Product Mix Change

### Shifting to scalable, lower-cost lending

- Streamlined product range to better serve customers and support responsible lending
- Investing in data analytics, digital platform and marketing to accelerate growth
- **Transitioning out of Small and Vehicle Loans to focus on core products**
  - Small Loans: Reduced from \$78m (Jun-23) to \$48m (Dec-24)
  - Vehicle Loans ceased Jun-24; reducing from \$74m to \$60m

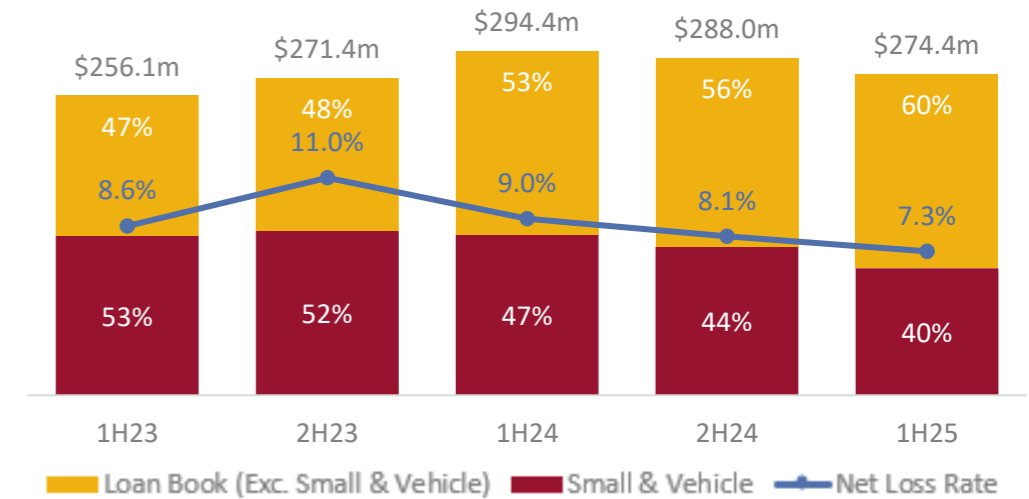
### Lower Risk, lower-cost lending

- Growing new loan products
  - Medium Loan Book
  - New line of credit scaling rapidly
- Lowering loss rates
- Funding review

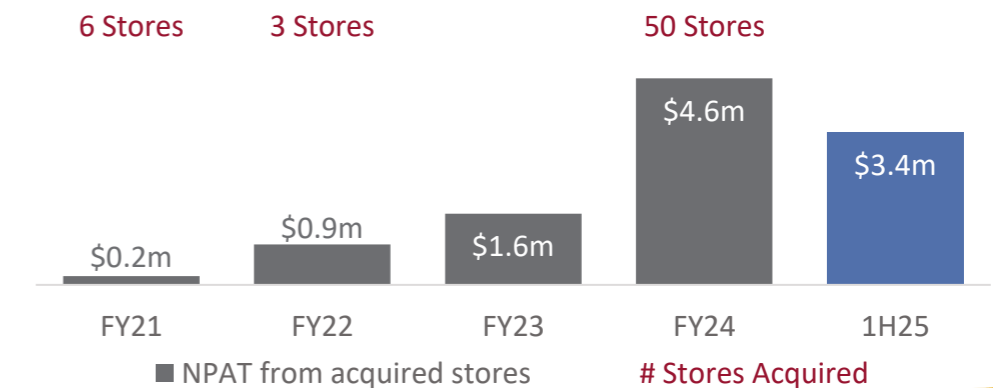


## Historical Performance

### Gross Loan Book & Net Loss Rates



### Acquired Stores NPAT Contribution



# Investment Thesis

Pivoting business, growing new segments, executing global acquisitions



## Dominant Scale

- Loan applications growing, we received **~65,000 per month** on average in FY24
- Store model changing, luxury inventory powering trading momentum, segment **net profit contribution up 60%**



## New Loan Books Growing

- Significant pivot away from small loans, new products attracting new younger customer cohort and funding partners
- Leveraging AI-driven credit models, net **loss rates down to 7%**



## Acquisition Earnings Growing

- Over past couple of years we have successfully acquired 65 stores in AUS and UK, contributing **\$3.4m net profit** for the 1H FY25, and growing
- Remaining franchise network in these key corporate markets present opportunities with **74** franchise stores in AUS and **145** in the UK remaining - and both networks growing



## Global Network Growing

- UK now contributing **18% of consolidated EBITDA** and growing (revenue up 14% for the half) and Europe growing
- Committed to growing earnings and consistent dividends, 1H FY25 **Operating NPAT up 24% paying a fully franked dividend of 1c per half** (for past 5 years)

Note:

1. All comparisons 1H FY25 to 1H FY24 or pcp



Questions?



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