

1H25 Financial Results

Smart Lending, Sustainable Luxury & Acquisition Growth

Cash Converters is pleased to provide this half-year trading update for the period ending 31 December 2024 ("1H25").

Group Results (\$'m)	1H25	1H24	Var %
Revenue	192.1	191.5	0.3%
Operating EBITDA	36.5	32.6	12%
Operating NPAT	12.2	9.8	24%
Statutory NPAT	12.1	10.0	21%
Gross Loan Book	274.4	294.4	(7%)
Cash and Cash Equivalents	57.3	48.8	17%

Comparisons in the table and commentary are against 1H24, prior corresponding period (pcp), unless stated.

Key Highlights:

- Revenue Stable, Product Mix Changing:** Revenue remained stable at \$192.1m, demonstrating the resilience of our business model. The strategic transition away from Small and Vehicle Loans continues, with robust store trading performance in Australia and the UK.
- Strong Earnings Growth:** Operating NPAT increased 24%, powered by advanced machine learning credit models lowering bad debt expenses in the Personal Finance segment (net loss rates¹ improved to 7% for the half, down from 9%). Store trading performance was also strong, with disciplined purchasing and increased turnover driving Australian store profit before tax up 60% and the UK rising 4%, on the prior period respectively.
- Loan Book Transition:** We continue refining our loan portfolio, shifting to lower-cost lending solutions for our customers where possible:
 - Gross Loan Book:** Down by 7% to \$274.4m
 - Small Loan Book²:** Reduced to 18% of the Gross Loan Book (down from 21%)
 - Medium Loan Book³:** Credit quality improving, with an average credit score of 499 (up from 486)
 - Vehicle Loan Book⁴:** Continuing to wind-down as anticipated, now \$60.3m (down from \$74.3m)
 - Line of Credit Loan Book⁵:** Increased to \$21.8m (up from \$7.0m)
- Strong Store Performance, Expanding Luxury Range:** We continue to optimise store inventory with a focus on luxury goods, highlighted by the successful launch of a dedicated luxury-only store in Bondi Junction. Store revenue continued its upward trajectory, with the UK group up 14% and Australian stores up 6% on the prior period respectively. The profit growth of this segment demonstrates the diverse nature of our business model, an important contribution to the quality of earnings of the consolidated business.
- Executing Strategic Acquisitions:** Actively expanding our store network through franchise store acquisitions in Australia and the UK. A strong acquisition pipeline is under review, with 74 franchise stores remaining in Australia and 145 in the UK.
- Financial Stability**
 - Strong balance sheet with Cash and Cash Equivalents of \$57.3m and \$68.5m in undrawn capacity across the securitisation facility.
 - Net Tangible Assets per share: 29.7 cents (up from 28.4 cents at 30 June 2024)
 - Dividend Declared: 1 cent per share (fully franked) marking our ninth consecutive half-yearly dividend

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Managing Director Update:

Cash Converters Managing Director, Sam Budiselik commented:

"Our commitment to responsible lending and retail innovation continues to deliver results. In our lending businesses we continue to transition our Loan Book away from Small and Vehicle Loans, focused on growing our core loan books and lowering loss rates. That strategic shift coupled with strong store trading activity, has resulted in a 1H25 operating net profit after tax of \$12.2m, up 24% on the prior corresponding period.

Focusing on offering lower cost, longer-term lending solutions that better serve our customer's needs, the contribution of the Small Loan Book continues to decrease, now comprising 18% of our total Gross Loan Book (down from 21% pcp). We remain focused on growing our core loan books, integrating our store network and continuing to invest in our digital assets, to ensure an industry leading customer journey whether online or instore.

Leveraging machine learning powered credit models, we've improved our assessment of credit risk, tailoring our lending solutions accordingly. Despite the rapid rise of credit provided by the Buy Now Pay Later sector in recent years, operating with limited regulation, we have proven our strategy to remain steadfast in our responsible lending approach is sound. As a responsible lender, we consider an applicant's complete financial situation when determining if the one in five applications for finance we approve, is suitable for the customer.

The evolution of our retail strategy is also delivering exceptional results. Whilst continuing to facilitate the circular economy in the markets in which we operate, we are expanding our focus on luxury items—including handbags, watches, jewellery and premium consumer electronics. The successful launch of a luxury-only store in Bondi Junction sees us dealing with a new customer demographic and looking to expand that format across our network as a result.

Our Company owned stores in both Australia and the UK performed strongly this half, with revenue up 6% in Aus stores and 14% across the UK group, compared to the same period last year. Disciplined purchasing and operating leverage inherent in our store network resulted in increased turnover lifting the Australian store operating profit before tax by 60%, in comparison to 1H24. Our UK segment contribution now represents 18% of group Operating EBITDA, highlighting the growing importance of that region within our consolidated business. The stores are not only an important channel to reach and serve our customers, but also provide diversification in terms of our quality of earnings across our business.

We are pleased to report a strong first half result as we progress well in terms of executing on our strategy - transitioning away from Small and Vehicle Loans, expanding our luxury retail footprint and driving earnings growth through ongoing store model optimisation and franchise store acquisitions in Australia and the United Kingdom."

FY25 Outlook:

A Clear Path to Sustainable Earnings Growth

Our strategy remains focused on three key pillars:

- 1. Scaling a Sustainable Loan Book**
 - Introducing innovative, lower-cost lending products
 - Leveraging advanced machine learning powered credit assessments
- 2. Expanding Our Store Network**
 - Acquiring and integrating franchise stores in Australia and the UK to enhance earnings growth
 - Expanding the luxury retail format leveraging AI-powered product authentication
- 3. Optimising Profitability & Unlocking Value**
 - Driving operational efficiency and disciplined cost management
 - Leveraging technology and data analytics to optimise inventory mix and margins, enhancing online customer experience

Commitment to Shareholder Returns

With a strong balance sheet, cash reserves and undrawn funding lines, we are well-positioned to support continued expansion while ensuring consistent dividends backed by solid operational performance.

– ENDS –

Authorised for release by the Board of Cash Converters International Limited

Notes:

¹ **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.

² **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.

³ **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.

⁴ **Vehicle Loans or Green Light Auto ('GLA'):** A fully owned subsidiary of CCV that previously offered secured vehicle loans through a network of brokers and dealers. Origination ceased in June 2024.

⁵ **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.

About Cash Converters:

Cash Converters International Limited (ASX: CCV) is a leading consumer lender and second-hand goods retailer operating in Australia and globally.

Key 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 668 stores operating across 15 countries. The company's revenue streams include personal lending, store operations and franchising.

Cash Converters is actively transforming its loan book to focus on longer-term, lower-cost lending solutions while expanding its retail presence in luxury goods. With a strong commitment to sustainability, Cash Converters plays a vital role in the circular economy, repurposing over two million items annually in Australia alone.

To learn more, please visit: www.cashconverters.com. For investor inquiries, contact us at info@cashconverters.com