

# Full Year Financial Results

For the year ended 30 June 2021

## Delivering on Strategy & Building Momentum

Cash Converters International Limited (ASX: CCV) ("Cash Converters" or "the Company") today announced its financial results for the full year ended 30 June 2021 (FY 2021).

### FY 2021 Highlights (pcp unless otherwise indicated)

#### Strong Financial Result in Challenging Economic Environment

- Revenue **\$201.3m** (down 23%)
- EBITDA **\$45.3m** (up 136%)
- NPAT **\$16.2m** (up from \$10.5m loss)
- Basic EPS **2.62c** (up from 1.70c loss)

#### Online Assets Facilitating Continued Growth

- Online Principal Advanced \$95.4m (up 13%)
- Online Retail Sales \$13.2m<sup>†</sup> (up 14%)

#### Momentum Building From COVID-stimulus low-point

- Gross Loan Book \$178.1m (up 8%)
- MACC Gross Loan Book \$49.4m (up 56%)
- Facility only drawn to 46.8%, headroom to grow

#### Continued Strategy Execution

- New Product Development Accelerating
- Franchise Store Acquisitions Performing
- Declaration of **1cps** fully franked final dividend (FY 2021: 2cps total)

Managing Director, Sam Budiselik stated, "We are pleased to have delivered a strong result in the context of such a challenging social and economic environment. While the first half of the year was marred by reduced credit demand and early loan payments, significant digital investment delivered increases in online lending (up 13%) and online retail sales (up 14%) on the previous year. Our stores team ensured we were there when our customers needed us most, navigating the complexities resulting from COVID lockdowns and safely operating our 693 corporate and franchise stores across the globe".

"At the half year we reported each business unit that contracted during the peak of COVID in Australia had begun to recover. This trend accelerated during the second half, most noticeably in our personal finance business with total loan applications increasing 32% (H2 vs H1 FY21)."

"We now have over 97,000 registered customers on our personal finance app (*My Loans*), creating a platform of engaged and loyal customers to which we can expand our product offering and engagement strategies. We continue to draw on over 37 years of experience and customer data to innovate and develop new products, with a focus on longer-term, lower-cost cash solutions that leverage our technology to better meet our customers cash needs".

"We continue to provide an important service to cost and environmentally conscious consumers through our second-hand retail business, with over 1.1m transactions conducted in Australia alone throughout the financial year. The announcement of a partnership with Carrefour ('Occasions') in Europe is further evidence of the global trend towards sustainable consumption and we are proud to have engaged with one of the world's largest hypermarket operators to facilitate that contribution to the circular economy<sup>1</sup>".

## Loan Book Growth – Second-Half Momentum

		31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021	y-o-y
SACC	Loan Book	\$93.0m	\$63.1m	\$59.8m	\$67.6m	+7%
	% Of Total	41%	38%	38%	38%	
MACC	Loan Book	\$47.3m	\$31.7m	\$30.9m	\$49.4m	+56%
	% Of Total	21%	19%	20%	28%	
GLA	Loan Book	\$70.1m	\$61.5m	\$49.7m	\$44.3m	-28%
	% Of Total	31%	37%	32%	25%	
PB (Corp)	Loan Book	\$18.1m	\$9.3m	\$16.0m	\$16.8m	+81%
	% Of Total	7%	6%	10%	9%	
<b>Total Gross Loan Book</b>		<b>\$228.4m</b>	<b>\$165.6m</b>	<b>\$156.4m</b>	<b>\$178.1m</b>	<b>+8%</b>

**Note:** Gross loan book metrics have been reclassified to include commissions and broker fees

"Loan book growth continued off the back of recovering credit demand, closing the year up 8% at \$178.1m. A total gross loan book low point of \$140.5m was reached in September 2020 but has since rebounded, growing 27% by the close of FY 2021."

"Our deliberate transition away from SACC products continues, demonstrated by our MACC gross loan book closing at over \$49m, up 56% on the previous corresponding period. The proportion of SACC within our total loan book has remained relatively stable in comparison."

"Green Light Auto ("GLA") performed strongly, with H2 FY 2021 net amount financed up 249% on the first half showing a successful market re-entry. The value proposition in the broker and dealer market is proving appealing, with the release of a new online portal integrated with bank statement providers and credit agencies enabling a real time rate offer."

"Demand for vehicle lending exceeded more than \$4m per month in applications towards the end of the financial year and we are confident our new product development and risk scorecards will result in continued, measured growth. In addition, repurposing our industry leading broker portal technology has also enabled us to release a new vehicle loan option direct to Cash Converters customers, with early application and loan volumes promising."

## Strategy Update

Access to millions of customer records, bank statements and empirical loan performance gives us a unique understanding of our customer segment. This intellectual property is extremely difficult to replicate and gives Cash Converters a competitive advantage that will influence new product design and development.

<sup>1</sup>Carrefour is a French based global hypermarket operator with over 12,225 stores in over 30 countries reaching some 104 million households a year worldwide. Carrefour is partnering with Cash Converters to launch the Carrefour Occasion shop-in-shop concept.  
(Source: [www.carrefour.com/en/newsroom/2020/carrefour-continues-its-shop-shop-openings-launch-carrefour-occasion](http://www.carrefour.com/en/newsroom/2020/carrefour-continues-its-shop-shop-openings-launch-carrefour-occasion)).

### ***New Product Development***

The Company continues to move away from short-term, high-loss, high-cost credit and towards new products that better meet the cash needs of customers. This is an exciting time in Cash Converters' 37-year history, leveraging customer data to innovate within our core markets. Development and testing of non-SACC product continues with two significant releases planned in FY 2022.

We remain committed to offering all personal finance products under the National Consumer Credit Protection Act.

### ***Australian Network Expansion***

The Company has acquired six franchise stores this financial year, which are performing in line with expectations since folding into the corporate network. These stores are immediately earnings accretive with the due diligence and valuation processes following an established investment framework, as overseen by a newly formed Board Investment Committee.

### ***Operational Excellence***

The successful insourcing of collections during the financial year provides Cash Converters with the ability to control and enhance the personal finance customer journey from end-to-end. Improvements in customer satisfaction, loan performance and cost reduction have been immediate and indicative of the benefits we expect to generate through this important part of the business.

Overseas, the United Kingdom network underwent a significant headcount restructure, is profitable and growing its contribution to Group earnings. At the time of this announcement, all international franchise stores (apart from Malaysia) are now open and trading.

## **Outlook**

Momentum generated in the second half of FY 2021 has continued into the new financial year and we continue to grow our market share in growing markets, leveraging technology to release new products and reach new customers.

The Board is pleased to confirm the declaration of a final 1 cent fully franked dividend, which follows the 1 cent fully franked dividend declared at the previous half. The decision has also been made to suspend the dividend reinvestment plan (DRP).

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

## **ENDS**

*Authorised for release by the Board of Cash Converters International Limited.*

**Sam Budiselik**

Managing Director

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**Note:**

- Online Retail Sales are inclusive of corporate and franchise stores.
  - Small Amount Credit Contract (SACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$2,000.
  - Medium Amount Credit Contract (MACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$5,000.
  - Green Light Auto (GLA) is a fully owned subsidiary of CCV offering secured vehicle loans through a network of brokers and dealers.
  - PCP – defined as Previous Corresponding Period i.e., FY 2020 unless otherwise noted
  - Net Amount Financed – defined as principal advanced inclusive of any associated insurance, excluding origination and lenders fees.
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