FY 2020 Results Presentation

28 August 2020

cashconverters

Business Overview

16
Countries

705
Stores

83
Corporate

622
Franchise

68
Australian
Corporate Stores

84
Australian
Franchise Stores

553
Rest of World

4
Business Units

EBITDA Contribution % (Before Head Office Costs)

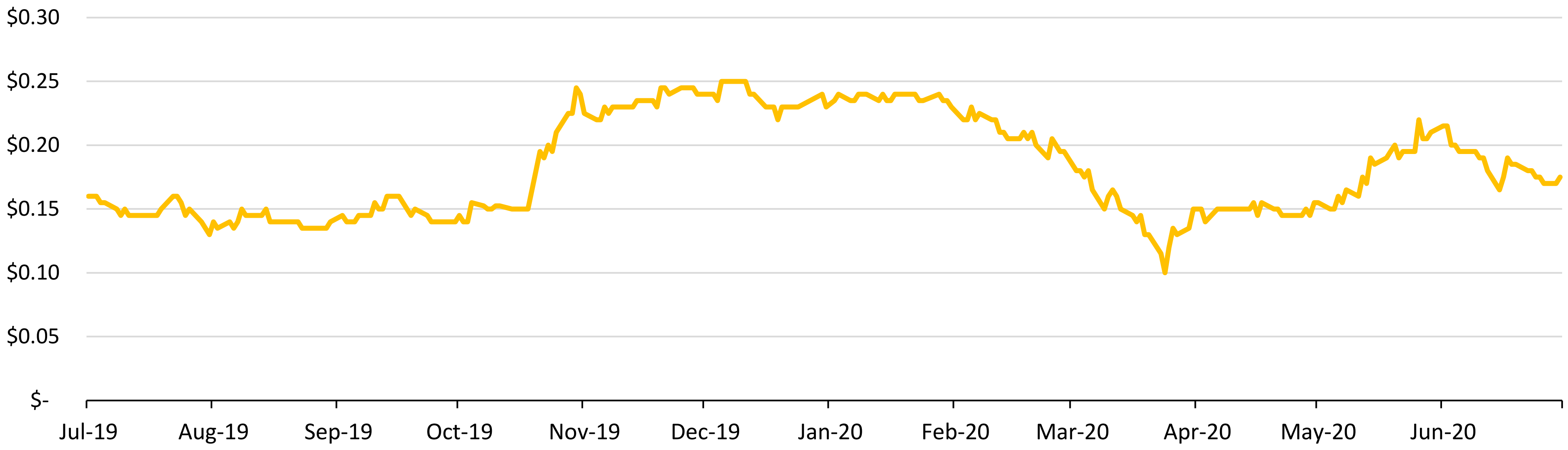
55.9% Personal Finance

29.3% Corporate Stores

11.5% Franchise Operations

3.3% B2B Vehicle Finance

CCV 12-month Share Price



Corporate Profile (as at 30 June 2020)	
Shares on issue	616,437,946
Share price	$0.175
Market Capitalisation (undiluted)	$107.9m
Total Assets	$479.8m
Total Liabilities	$173.5m
Total Equity	$306.4m
Gearing (net debt/equity)	-6.1%
Net Tangible Assets (NTA) per share	$0.289

Business Strengths

Meeting the needs of a growing and **under-serviced market**.

Diversified product range across lending and retail.

Proprietary technology delivering **high customer satisfaction** and bad debt optimisation**.**

Over 36 years of operation through various business cycles.

Consistent track record of **revenue growth.**

Unique, **integrated**, **multi-channel** store and online network

Significant domestic **growth** opportunities.

Supportive financer and a strong balance sheet.

FY20 Key Metrics

Operations

$279.0m
Revenue (down 0.9%)

$62.1m
Operating^ **EBITDA** (up 51.5%)

$19.6m
Operating^ **NPAT** (up 63.2%)

$106.5m
Cash (up 31.4%)

61.2%
Online lending^^ (up from 55.9%)

$8.4m
Online Retail sales (up 42.6%)

Customers were impacted dramatically by COVID-19, resulting in the following short-term fluctuations…

- Loan settlement rates **increased**
- Lending demand **decreased**
- Lending revenue **decreased**
- Retail revenue **increased**

^The operating results are presented net of the significant expense items directly associated with the settlement of class action litigation claims, to aid the comparability and usefulness of the financial information reflecting the underlying performance of the business. This information should be considered in addition to, but not instead of or superior to, the Company's financial statements prepared in accordance with IFRS. The Operating results presented may be determined or calculated differently by other companies, limiting the usefulness of those measures for external comparative purposes.
^^Funded loans originated online as a proportion of the total number of funded loans during the period.

All comparisons are against the previous corresponding period (pcp) being the financial year ended 30 June 2019 (FY 2019).
Reconciled EBITDA and NPAT are provided in 'Appendix 1 | Reconciliations' (slide 11)

Group Performance

	FY 2020	FY 2019	Var
Revenue	**$279.0m**	$281.6m	-0.9%

Operating EBITDA^ $62.1m up **51.5%**

Operating NPAT $19.6m up **63.2%**

EBITDA Margin Growth

	EBITDA Margin (on an Operating^^ Basis)		
Segment	**FY 2020**	**FY 2019**	**Driver**
Personal Finance	**42.6%**	30.8%	Interest revenue reduction as a result of decreased credit demand offset by the reduction in Net Bad Debt Expense to 26.0% of personal finance revenue (39.1% pcp).
Store Operations	**20.5%**	11.8%	Interest revenue reduction as a result of decreased credit demand offset by an improved retail profit margin of 44.2% (39.1% pcp), combined with the impact of AASB 16.
Vehicle Finance	**13.7%**	5.1%	Interest revenue increase as a result of loan book maturation.
Franchise Operations	**60.0%**	59.7%	Impacted by store closures in the United Kingdom (CCUK) and an impairment to New Zealand (CCNZ).

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Reconciled EBITDA and NPAT are provided in 'Appendix 1 | Reconciliations' (slide 11)

Segment Performance

Personal Finance

- Reduced demand and tightened credit criteria in Q4 FY 2020 resulted in revenue falling to $115.4m (-7.8%). EBITDA for the period increased to $49.2m (+27.6%) driven by a reduction in Net Bad Debt Expense. SACC Net Bad Debt Expense fell to 25.1% of revenue (from 39.1%) and MACC to 28.6% (from 39.3%).

Vehicle Finance (GLA)

- GLA EBITDA increased to **$2.9m**, driven by increased interest revenue in line with book maturation. Net Bad Debt Expense also fell to 52.0% of revenue, from 65.3%.

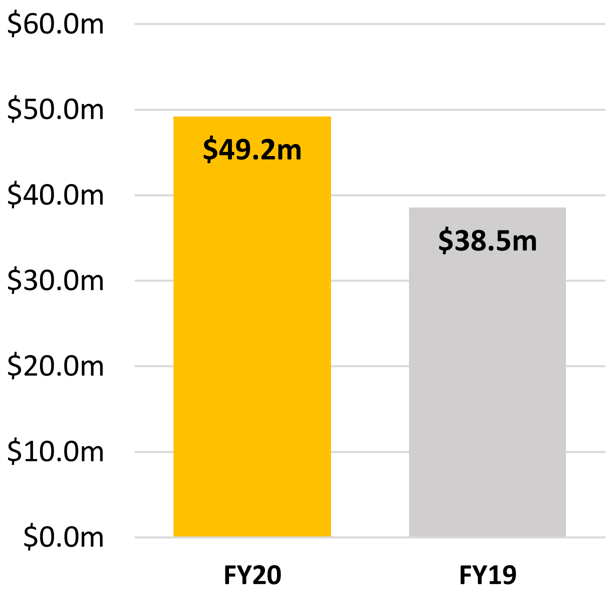
Franchise Operations

- Total franchise revenue $16.9m (-11.8%) was impacted by store closures in the United Kingdom (CCUK) and a $2.3m impairment to New Zealand (CCNZ) resulting from a regulatory change and COVID-19.

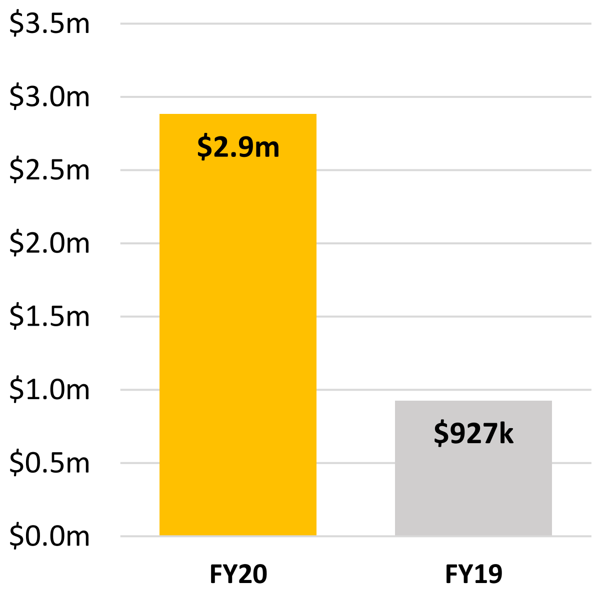
Store Operations

- Total store operations revenue $125.4m (**+6.1%**) driven by strong retail demand, particularly throughout Q4 FY 2020, with strong online sales $8.4m (**+42.6%**) driven by demand for home entertainment and technology items.

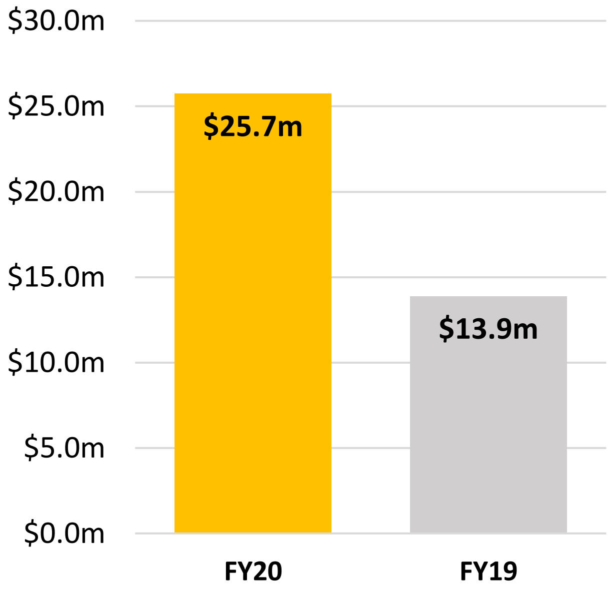
Personal Finance EBITDA
$49.2m (**+27.6%**)



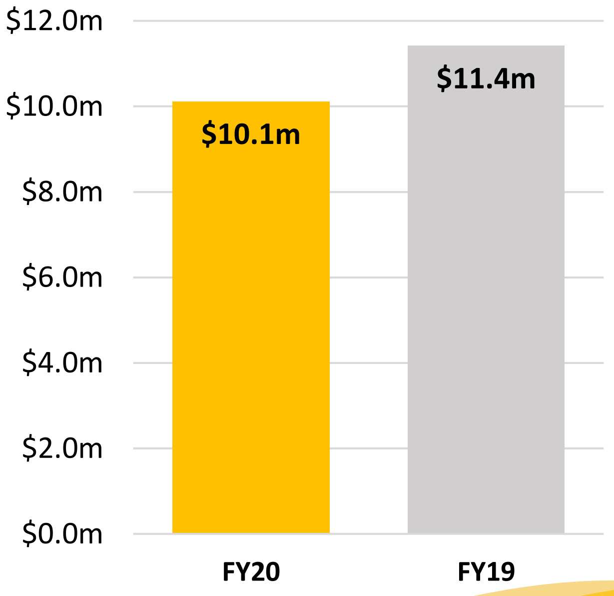
Vehicle Finance EBITDA
$2.9m (**+210.7%**)



Stores EBITDA
$25.7m (**+85.3%**)

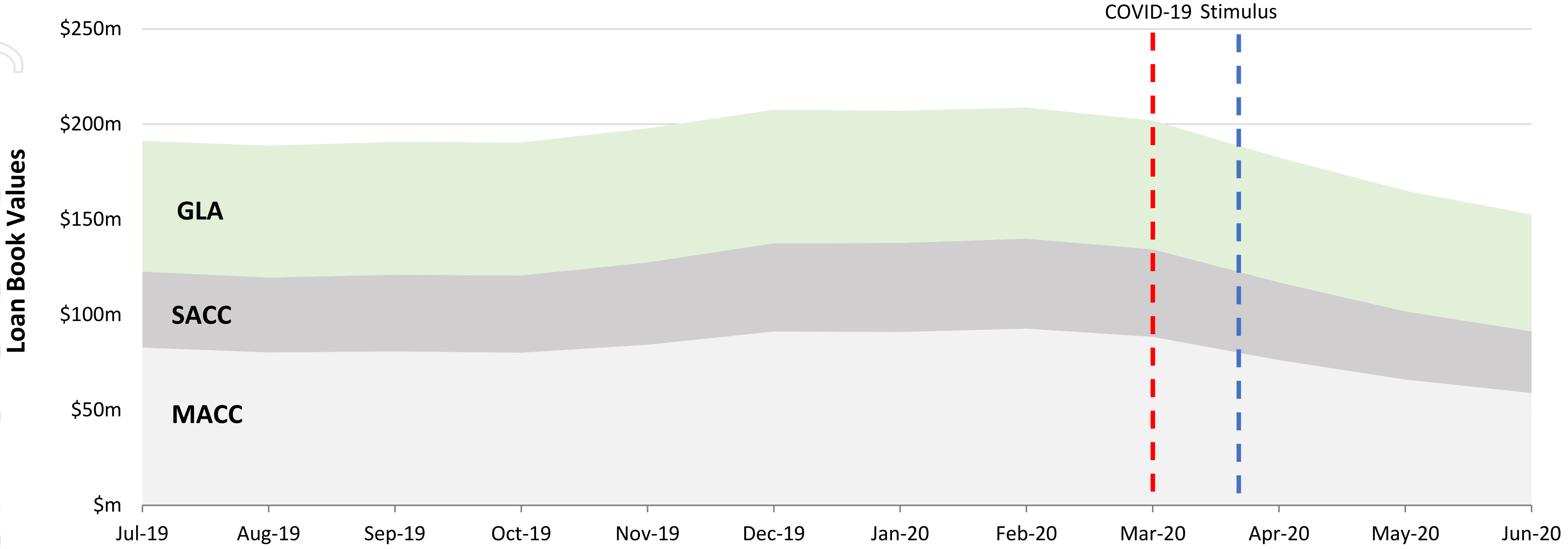


Franchise EBITDA
$10.1m (-11.4%)



All segment results are presented on an Operating Basis to the previous corresponding period (ended 30 June 2019).

Loan Book Performance



Loan Books (at 30 June 2020)

Compared to pcp

SACC Loan Book

$59.2m (down 31.9%)

MACC Loan Book

$31.2m (down 20.8%)

GLA Loan Book

$58.3m (down 7.3%)

Loan Book

$160.0m
Gross Value^
(down 24.2%)

$55.1m
Gross Bad Debt Expense^
(down 4.5%)

24.3%
Net Bad Debt / Revenue
(from 33.4%)

19.0%
Provision^^
(from 17.3%)

^Inclusive of SACC, MACC, GLA, Cash Advance and Pawn Broking Loans
^^Inclusive of a macro-economic risk overlay

Cash Flow Strength

	FY20	FY19
EBITDA	**$19.2m**	**$21.5m**
Net non-cash items	($1.3m)	($1.4m)
Net repayment /(funding) of loan books	$46.6m	($29.3m)
Working capital changes	$18.3m	($6.1m)
Interest and finance costs	($12.6m)	($10.6m)
Income tax	($0.1m)	($5.9m)
Operating Cash Flow	**$70.1m**	**($31.8m)**
Cash flows from investing activities	**($1.8m)**	**$7.7m**
Cash flows from financing activities	**($43.6m)**	**($35.0m)**
Net increase in cash and cash equivalents	**$24.7m**	**($59.1m)**
Cash and cash equivalents at beginning of period	**$81.1m**	**$140.0m**
Effects of exchange rates changes	$672k	$177k
Cash and cash equivalents at end of period	**$106.5m**	**$81.1m**

- EBITDA is reported with the Class Action Settlement and associated fees included, reflecting **strong operational cash flow generation**.
- Settlements on loan books and decreased outgoings contributed **significant cash inflow** during FY 2020.
- Significant funding facility retirement in both years with **undrawn capacity** held at year end.
- Cash Converters enters FY 2021 from a position of balance sheet strength, allowing the Company to capitalise on organic and adjacent growth opportunities as they emerge.

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Outlook

Cash Converters remains confident in its ability to meet its customers' needs as demand returns. With a strong balance sheet and the advantage of a diversified in-store and online offering Cash Converters has an unmatched opportunity to consolidate its position as the lender and retailer of first choice for its customers.

Strategy

1 Operational Excellence
- Ongoing machine learning deployment
- Continue to optimise collections process
- Expand and leverage digital asset capability

2 Product Development
- Leverage customer-driven insights to identify needs

3 Network Expansion
- Selectively acquire domestic franchise stores
- Selectively develop Greenfields sites
- Reinvest in existing stores to maximise potential

Operate Efficiently

Deliver Value

Generate Profit

Thank you

Appendix 1 | Reconciliations

Reconciled NPAT	**FY 2020**	**FY 2019**	**Var**
NPAT (statutory)	**($10.5m)**	($1.7m)	-519.8%
Class Action Litigation claim & costs (ex. tax)	$30.1m	$13.7m	N/A
NPAT Operating^ Basis	**$19.6m**	$12.0m	**+63.2%**
AASB 16 adoption impact	$1.6m	-	N/A
NPAT Comparable^^ Basis	**$21.2m**	$12.0m	**+76.9%**

Reconciled EBITDA	**FY 2020**	**FY 2019**	**Var**
EBITDA^^^	**$19.2m**	$21.5m	-10.7%
Class Action Litigation (claim & costs)	$42.9m	$19.5m	N/A
EBITDA Operating Basis	**$62.1m**	$41.0m	**+51.5%**
Rental Lease Payments (AASB 16)	($11.0m)	-	N/A
EBITDA Comparable Basis	**$51.1m**	$41.0m	**+24.5%**

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^^The Company presents results on a Comparable Basis in FY 2020 and FY 2019 to provide the market with a view of the Company's performance with the impact of adopting AASB 16 excluded.
^^^The Company calculates EBIT as earnings before interest expense and tax and presents EBITDA calculated as EBIT before depreciation and amortisation. EBIT and EBITDA are non-IFRS measures and are alternative performance measures reported in addition to but not as a substitute for the performance measures reported in accordance with IFRS. These measures focus directly on operating earnings and enhance comparability between periods.

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Appendix 2.1 | Reporting Terms

	Description
AASB 16 Leases	A new Accounting standard adopted effective 1 July 2019 that changes the way the Group reports for leases, resulting in a reduction in rent expense and an increase in depreciation expense and finance costs. There is no cash effect to the Group and the changes impact financial reporting and disclosure. The Group applied AASB 16 Leases with no restatement of comparatives.
Class Action Settlement	On 21 October 2019 Cash Converters announced that the class action commenced against subsidiaries of Cash Converters by Sean Lynch (Lynch v Cash Converters Personal Finance Pty Ltd & Another NSD 900 of 2015) was settled. • Cash Converters determined to fund the class action settlement (and the associated legal costs) with cash on hand generated from operations. $32.5 million has been paid during the year with the final settlement payment of $10.0 million due and payable on 30 September 2020 and provided for in other liabilities.
EBITDA / NPAT Operating Basis	This measure reflects the Company's performance with the Class Action Settlement and associated legal fees excluded.
EBITDA / NPAT Comparable Basis	This measure reflects the Company's earnings performance with the Class Action Settlement and associated legal fees, and the impact of the adoption of AASB 16 excluded
EBITDA Margin	Measured as: EBITDA / Revenue for the period.
Gross Loan Book	Refers the combined value of Cash Converters' Small Amount Credit Contract (SACC), Medium Amount Credit Contract (MACC), vehicle finance (GLA), Pawn Broking and Cash Advance books.
Net Bad Debt Expense	Measured as: Gross Bad Debt +/– Provision Movement – Recoveries
Retail Gross Margin	Reflects the percentage of the sale price that contributes to Cash Converters' Corporate Stores segment profit.

Appendix 2.2 | Division Details

Division	Description
Franchise operations	Royalties and licence fees from 16 countries including a Master Franchisor agreement with Cash Converters UK Ltd (CCUK), and Cash Converters NZ (CCNZ) in which a 25% equity interest is held.
Corporate Stores	Revenue from these stores is derived from: • retailing of new and second-hand goods both in-store and online • interest from pawn broking loans and cash advance short-term loans. Stores also receive commission from successful personal loan applications processed in-store. Stores also receive a share of income from successful online loan applications.
Personal Finance	Incorporates the trading results of Mon-E Pty Ltd (Australia) and Cash Converters Personal Finance Pty Ltd (CCPF). Mon-E is responsible for providing the administration services for the Cash Converters network in Australia to offer small cash advance loans to their customers. CCPF provides unsecured loans through the franchise and corporate store networks in Australia and online.
Vehicle Financing	Revenue derived from Cash Converters' vehicle financing business.
Corporate Head Office	Corporate costs consist of corporate related activities such as IT, Business Development, Finance, HR, Risk and Internal Audit, Legal, Board and leadership team and Marketing.

Appendix 2.3 | Product Terms

Division	Description
Personal Finance / CCPF / Financial Services	Unsecured personal loan business transacted online and in-store
GLA	Green Light Auto Group Pty Ltd, a wholly owned subsidiary that provides automotive vehicle finance
CA	Cash Advance product, a 6-12-week store-based cash loan product, up to $2,000 unsecured personal loan
SACC	Small Amount Credit Contract, transacted in-store and online, up to $2,000 unsecured personal loan
MACC	Medium Amount Credit Contract, transacted in-store and online, up to $5,000 unsecured personal loan
Webshop	Online retail website listing retail items available for sale in-stores or online
Principal Advanced	Value of amount lent to customers

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