2021

Appendix 4E and Annual Report

cash converters

Cash Converters International Limited
ABN 39 069 141 546
Annual Report – 30 June 2021

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Cash Converters International Limited ABN 39 069 141 546
Appendix 4E
Preliminary Financial Report
for the year ended 30 June 2021
(previous corresponding period 30 June 2020)

Appendix 4E – Results for announcement to the market

	2021 $'000	2020 $'000	Change $'000	%
Revenue from ordinary activities	201,346	262,021	(60,675)	-23%
Profit / (loss) from ordinary activities after tax attributable to members	16,199	(10,491)	26,690	nm[1]
Net profit / (loss) for the period attributable to members	16,199	(10,491)	26,690	nm[1]
Basic profit / (loss) earnings per fully paid ordinary share	2.62	(1.70)	cents per share	
Net tangible asset backing per ordinary share	20.99	20.68	cents per share	

[1] Not meaningful

The Right of Use Asset under AASB 16 Leases has been excluded from tangible assets, while the lease liability has been included in liabilities.

This report should be read in conjunction with any announcements made in the period by the Company in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Additional Appendix 4E disclosure requirements can be found in the directors' report and the 30 June 2021 financial statements and accompanying notes.

Dividends per ordinary share / distributions

	Amount per security (cents)	Franked amount per security	Record date	Paid / payable date
2021 interim dividend	1.00	100%	25-Mar-21	14-Apr-21
2021 final dividend	1.00	100%	24-Sep-21	14-Oct-21

Dividends

The directors of the Company have declared a final dividend of 1.00 cent per share with the release of the final year end results and reporting date of 29 August 2021. The dividend will be 100% franked and will be paid on 14 October 2021 to those shareholders on the register at the close of business on 24 September 2021.

With the declaration of this dividend, the Company's Dividend Reinvestment Plan (DRP) has been suspended.

There is no provision for a final dividend in respect of the year ended 30 June 2021. Provisions for dividends to be paid by the Company are recognised in the Consolidated Statement of Financial Position as a liability and a reduction in retained earnings once the dividend has been declared.

Financial statements

Released with this Appendix 4E report are the following statements:

- Consolidated statement of profit or loss and other comprehensive income together with the notes to the Statement
- Consolidated statement of financial position together with the notes to the Statement
- Consolidated statement of changes in equity together with the notes to the Statement
- Consolidated statement of cash flows together with the notes to the Statement

This report is based on consolidated financial statements which have been audited.

Details over entities over which control has been gained or lost

During the period the Group acquired trade and other assets of six franchise stores.

Details of associates and joint venture entities

The Group holds a 25% equity interest in Cash Converters Master Franchise for New Zealand which generates income from corporate stores, franchise contracts, financial services and software. The Group's share of the profit of $1.707 million is reflected in the financial result for the period (June 2020: $1.038 million after the recognition of an impairment loss in relation to this investment).

Corporate directory

Directors

Mr Jason Kulas	Non-Executive Chairman
Mr Sam Budiselik	Managing Director
Mr Peter Cumins	Executive Deputy Chairman
Mr Lachlan Given	Non-Executive Director
Ms Julie Elliott	Non-Executive Director
Mr Robert Hines	Non-Executive Director
Mr Henry Shiner	Non-Executive Director

Company Secretary

Mr Leslie Crockett

Registered and principal office

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Perth WA 6000
Australia
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Web: www.cashconverters.com

Share registrar

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000
Australia
Tel: 1300 850 505

Auditors

Deloitte Touche Tohmatsu
Brookfield Place, Tower 2
123 St Georges Terrace
Perth WA 6000
Australia

Stock Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
Australia

ASX code: CCV

Operating and financial review

Cash Converters International Limited (“Cash Converters” or “the Company”) and entities controlled by the Company and its subsidiaries (“the Group”) is diverse, generating revenues from franchising, consumer retail store operations, personal finance and vehicle finance and is supported by a corporate head office in Perth, Western Australia. The Group operates in Australia and the United Kingdom and has an equity interest of 25% in Cash Converters New Zealand. There is a franchise presence in a further 12 countries around the world.

Impact of COVID-19

The operational response to the COVID-19 pandemic has been instrumental in ensuring business continuity throughout the course of the financial year. All of the Group’s Australian locations have successfully maintained productivity while transitioning to a combination of work-from-home and safe store or office-based activity for employees including online fulfilment (click and collect and payment portal service) for customers. Focus remained on customer service with emphasis on safe work practices protecting both customers and employees alike. The Group has continued to focus on the health and wellbeing of its employees and customers, observing the necessary hygiene and social distancing measures.

The ability to service customers while ensuring a safe environment and remaining profitable demonstrates resilience and an ability to operate effectively during periods of significant uncertainty and change. Of the 23,336 store trading days considered available in FY 2021 across Australian stores, “lockdowns” have resulted in an estimated 2,374 lost trading days – a 10% reduction in available days across all Australian stores. 2,083 of these lost trading days originate in the state of Victoria representing 28% of available trading days lost.

In the United Kingdom, franchised store closures were experienced for 207 days of the financial year with a minimal click and collect service available through some of the period. No stores have closed permanently due to COVID-19, and 2 new franchise stores were opened during the year.

Cash Converters has several master franchise arrangements in other countries, which operate sub franchised stores. Many of these stores have been the subject of government-mandated closures during the COVID-19 pandemic. These store closures have had no material financial impact on the Group.

It is worth noting that no entities within the Australian group made direct claims under the JobKeeper Payment scheme allowances. As with the prior year, economic support packages provided to affected workers, businesses and the broader community negatively impacted demand for personal loans, however, did stimulate retail activity.

Government stimulus payments to Australian customers significantly impacted borrower demand and accelerated loan repayments in the first half of FY 2021. Whilst borrower demand and business activity throughout the second half of FY 2021 has recovered somewhat, the softer second half earnings result is due to these COVID-19 related factors.

Pricing and risk settings have been adjusted and the Group has significantly rebuilt the personal lending books. There has been measured growth in the vehicle finance book based on a prudent view on the significant increase seen in used vehicle asset valuations. Retail inventory and pawnbroking books have also recovered with intermittent lockdowns during the year actively managed to ensure our stores remained safe.

Despite the progress made domestically and abroad towards limiting the spread of COVID-19, significant uncertainty remains. There is prevailing uncertainty with respect to forward-looking statements and there has been a focus on presenting appropriate disclosure with respect to business impacts, risks and uncertainties and key assumptions.

Key financial performance highlights:

The strength of the Company's business model has remained particularly evident over the past 12 months with the Company's customer service proposition having been successfully integrated - with physical store assets operating in tandem with industry-leading online digital assets. As the ongoing normalisation of the trading environment hopefully continues, the momentum in the Company's loan books should continue to generate customer and shareholder value, as will the new product releases and operational efficiency initiatives.

A strong financial result was achieved in the financial year, compared to the previous corresponding year, as outlined in the table below:

	As reported		Operating [1]	
	2021	**2020**	**2021**	**2020[3]**
	$'000	**$'000**	**$'000**	**$'000**
Total revenue	201,346	262,021	201,346	262,021
Profit / (loss) for the year	16,199	(10,491)	16,199	19,573
EBIT [2]	28,800	(693)	28,800	42,255
EBITDA [2]	45,312	19,168	45,312	62,116

1 The operating results for FY 2020 are presented net of the significant expense items outlined below that were 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 Group'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.

2 The Company reports EBIT calculated as earnings before interest expense and tax and 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. The non-IFRS measures calculated and disclosed have not been audited in accordance with Australian Accounting Standards although the calculation is compiled from financial information that has been audited.

3 For FY 2020 EBIT and EBITDA are presented in the table above as reported and on an operating basis to illustrate the impact of the significant expense inclusive of legal costs incurred on a class action litigation claim. In October 2019, the Group agreed to a settlement payment of $42.500 million ($32.500 million payable upfront and $10.000 million payable by September 2020) on the Lynch class action lawsuit. This action had been previously lodged on behalf of borrowers residing in Queensland who took out personal loans between July 2009 and June 2013. The settlement received Federal Court approval on 24 March 2020 and upon payment of the balance of $10.000 million by 30 September 2020, the matter finalised. These costs were reported in the Head Office segment.

The commencement of FY 2021 was characterised by challenging and uncertain operating conditions including reduced lending demand with elevated levels of stimulus resulting in personal loan books contracting and an increase experienced in the early repayment rate on the vehicle loan books. As foreshadowed the trend reversed during the latter part of the first half.

Through the second half the loan book growth rate has continued to improve, most significantly in personal lending in the last two months of the financial year. Vehicle finance demand has remained supressed with escalating second-hand vehicle prices evidencing a relative imbalance in supply and demand and a noted scarcity in available vehicles becoming apparent by year end.

	2021 $'000	2020 $'000	Variance
Principal advanced[1]			
Personal finance	220,837	230,948	-4.4%
Vehicle finance	6,713	18,839	-64.4%
Total	227,550	249,787	

1 Principal advanced represents the aggregate loan funding advance to customers, Pawnbroking and Cash Advance services are included in personal finance.

	2021 $'000	2020 $'000	Variance
Gross loan books			
Personal finance	133,786	104,129	28.5%
Vehicle finance	44,279	61,456	-28.0%
Total	178,065	165,585	

Although revenue has been impacted, the Group has demonstrated an ability to successfully navigate through an unfavourable environment to deliver strong results and maintain momentum for continued performance, particularly in relation to an expectation of growing the personal loan books and stability in the vehicle loan book. Second half lending momentum has been encouraging as credit demand somewhat normalised and government stimulus was unwound.

Successfully insourcing the collections function from a third-party in H2 FY 2021 has provided an improved customer service proposition to our customers across the entire value chain. This initiative is already yielding promising improvements in customer satisfaction, cure rates and overhead cost reductions.

Bad debt expense has been significantly reduced during the year, much of this is driven by customers benefiting from fiscal stimulus and electing to reduce loan commitments. There has also been evident improvement in credit performance because of refinements in credit decisioning and the early impacts of the inhouse collections enhancements. There is also a favourable impact from the movement in the expected credit loss allowance year on year which has positively contributed to earnings because of the reduced value of the loan book balances on which the provision is set.

As highlighted earlier, in Australia, the Victorian stores experienced a significant negative impact in earnings because of extended closures during the year. Across the other states the Company demonstrated the advantage of its online channel and geographic diversity both on a state-by-state basis as well as the balance between metropolitan and regional store presence. Retail inventory which is generated through the second-hand goods trade cycle has recovered during the year as consumer retail behaviour trended back to longer term norms. The pawnbroking loan book has increased significantly during the year with customers familiar with the product returning as fiscal stimulus was unwound by the government. The profit margin in stores has been managed through controlling overhead costs.

Through FY 2021 the Company has acquired the trade and other assets of six Australian franchise stores. New greenfield hybrid stores were also opened. With the acquisition and expansion strategy one of continued disciplined growth, we continue to expand our distribution network to reach new customers.

In the United Kingdom, during FY 2021 the results were impacted by the waiver of franchise fees for each month franchise stores were unable to open due to COVID-19 restrictions and discounts applied to them for the remainder of the year. Profit margins have improved because of an organisational restructure and reduced overheads. Stores were able to offer a click and collect service for some of the period which has enabled the network to build upon the online brand.

In the UK operations, the next five years is expected to see a positive, year on year growth in profit driven by the opening of new stores by the existing and new franchise operators. Having significantly reduced its capital commitments after the restructuring in 2016 and now conducting the far lower risk operation as a master franchisor, the UK operation is looking forward to expanding its franchise network and providing key development support to its existing and new franchisees, alongside increasing its online presence. Growth plans in 2021/22 include to expand the network of stores with the current franchisees and new franchisees over the next five years – the future of the business is forecast to be one of sustainable growth. Profit has been achieved over the last three years, including during COVID impacted trading conditions.

Ongoing taxable profit forecasts have supported recognising in full the deferred tax asset (DTA) that arises from carry forward tax losses from previous years. The assessment has required the application of judgement. The impact to the consolidated accounting net profit after taxation of the group when translated to Australian dollars has resulted in the equivalent $ 4.227 million being recognised through the current year income tax expense line in the statement of profit or loss and other comprehensive income.

Consolidated revenues and results by significant segment as reported are set out below:

	Segment revenues		**Segment EBITDA [1]**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Personal finance	72,675	102,352	38,581	49,171
Vehicle financing	13,368	18,522	11,669	2,882
Store operations	102,667	123,944	13,818	25,749
Franchise operations	12,450	16,874	8,436	10,118
Totals before head office costs	201,160	261,692	72,504	87,920
Head office	186	329	(27,192)	(68,752)
Totals after head office costs	201,346	262,021	45,312	19,168
Depreciation, amortisation and impairment			(16,512)	(19,861)
Finance costs			(11,717)	(12,607)
Profit / (Loss) before income tax			17,083	(13,300)
Income tax (expense) / benefit			(884)	2,809
Profit / (Loss) for the year			16,199	(10,491)

1 The Company reports EBIT calculated as earnings before interest expense and tax and 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.

EBITDA on an operating basis is set out below:

	Operating basis [2]	
	2021	2020
	$'000	$'000
Personal finance	38,581	49,171
Vehicle financing	11,669	2,882
Store operations	13,818	25,749
Franchise operations	8,436	10,118
Totals before head office costs	72,504	87,920
Head office	(27,192)	(25,804)
Total EBITDA [1]	45,312	62,116

1 The Company reports EBIT calculated as earnings before interest expense and tax and 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. The non-IFRS measures calculated and disclosed have not been audited in accordance with Australian Accounting Standards although the calculation is compiled from financial information that has been audited.

2 The operating results for FY 2020 are presented net of the significant expense items outlined above that were 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 Group'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. The non-IFRS information has not been audited or reviewed in accordance with Australian Auditing Standards.

Key financial position highlights:

	30-Jun-21	30-Jun-20	
	$'000	$'000	Variance
Cash and cash equivalents	72,166	106,548	-32.3%
Loan receivables	150,286	135,206	11.2%
Trade and other receivables	9,627	11,630	-17.2%
Inventories	24,128	15,221	58.5%
Intangible assets	128,903	128,338	0.4%
Other assets	92,814	82,891	12.0%
Total assets	477,924	479,834	
Borrowings	69,353	87,792	-21.0%
Other liabilities	88,793	85,671	3.6%
Total liabilities	158,146	173,463	-8.8%
Total equity	319,778	306,371	4.4%

The Group closed the year with a strong balance sheet, which has included the loan book rebuilding through late 1H21 and into the second half of the year.

The Group reported a net cash reduction of $34.539 million (2020: $24.775 million net cash inflow).

The Group closed the year with undrawn securitisation facility funding lines of $79.750 million.

Net operational cash flow generated was $1.685 million (2020: $70.111 million). Operational cash flow generated in the prior year includes the significant net settlements on loan books and decreased outgoings experienced, particularly in the last quarter for FY 2021. In the current year the funding of recovery in loan outgoings and in retail inventory was sourced from operational cash flow. In FY 2020, the Group determined to fund the class action settlement of $42.500 million (and the associated legal costs) with cash on hand generated from operations. $32.500 million was paid during the FY 2020 year with the final settlement payment paid on 30 September 2020.

Financing activities resulted in net repayment of borrowings of $26.105 million (2020: $43.560 million) and dividend payments net of the DRP proceeds of $3.665 million (2020: Nil). Cash flows used in investing activities of $6.454 million (2020: $1.776 million) included $6.684 million (2020: Nil) invested in franchise store acquisitions.

The Group has responded in the assessment of the expected credit loss allowance to the potential impact of COVID-19. In addition to the usual considerations applied, the assessment has required the application of judgement in anticipation of potential pandemic related influences. Suitable reserves have been incorporated including for an assessment of economic risk and the impact to modelling risk of potentially unrepresentative data because of out of norm consumer behaviour due to fiscal stimulus. The overall provision as a percentage of the gross loan book has decreased from the prior year at 18.3 % to 15.6 % with the main driver of the change being a reduced economic risk reserve.

Inventories increased year-on-year from a low point in FY 2020 which was a result of COVID-19 related retail demand and includes an appropriate assessment of obsolescence provision.

Consistent with previous financial years, the carrying value of intangible assets has been assessed for and recorded net of any required impairment charge. Included in the assessment of the carrying value of goodwill is the application of judgement with respect to possible regulatory changes on which there remains uncertainty and on which the Group has determined a low likelihood, as well as the potential impact of COVID-19.

The disciplined evaluation of investment opportunities and allocation of capital continues and with a strong balance sheet in place the Board has, with the results release, declared a fully franked final dividend of 1 cent per fully paid ordinary share.

Included in Other Assets in the financial information summarised above is a right-of-use asset with recognition of a corresponding lease liability, and the carrying value of the investment in the New Zealand operation inclusive of the provision impairment which remains unchanged from last year.

The reduction in the Fortress Investment Group (“Fortress”) securitisation funding facility balance year on year reflects the funding of lending activity from operationally generated cash flow during the financial year, with available cash on hand at year end exceeding the borrowings drawn down amount.

Culture and people

The values and culture of Cash Converters are the foundation of its success and the reason it has continued to operate for over 37 years. The Company recognises the importance of its reputation and standing within the community and with its key stakeholders, such as customers, employees, suppliers, creditors, law makers and regulators.

A refreshed expression of the “Core Values” was released during the Reporting Period after a period of internal consultation. All team members are encouraged to embrace these values. Performance in accordance with these values is acknowledged and rewarded through Annual Performance Awards and includes an award for a Values Champion.

The Values Statement is encapsulated as follows:

We're real people who are passionate and proud
- We're genuine, friendly and from your neighbourhood. We're passionate and proud to be here helping our customers.

We're caring and respectful
- We're here to listen and find ways to help makes things possible, supportive of our customers and our colleagues. There's no judgement here. We treat everyone as an individual.

We're tenacious problem solvers
- We don't back down. We always try our best to help others, no matter how hard the task seems.

The Net Promotor Score (NPS) system is used to measure customer engagement. NPS is measured on a customer's willingness to recommend Cash Converters to a friend or family member. Customers are surveyed at multiple stages of the journey and this data is referenced daily to improve service and celebrate team members.

With a positive NPS score of 61 (2020: 62) Cash Converters demonstrates the significant value it adds to its customers and the wider community.

Business Risk Assessment

Like all businesses, Cash Converters faces uncertainty and the ability to understand, manage and mitigate risk provides a competitive advantage.

The Company's ability to accurately assess value, purchase and sell quality consumer goods at appropriate prices is influenced by many factors. Again, while acknowledging these risks, the depth of skill and experience in this specialist area is a source of competitive advantage for Cash Converters. The second-hand retail offer continued to appeal to value and environmentally conscious customers and to date, has stood the Company in good stead throughout the COVID-19 pandemic.

As a responsible provider of personal finance products there is an inherent risk that customers may not meet their expected repayments as they manage their financial commitments. Cash Converters' success in working with these customers over time is based on many factors that mitigate compliance risk and risk of default with those who may subsequently experience financial difficulty. These include:

- Treating customers with empathy, care, and respect;
- A high investment in engagement methods to provide customers with freedom of choice;
- Efficient and thorough understanding and assessment of customer eligibility prior to origination; and
- A value-driven culture where a premium is placed on customer service and unlocking possibilities together.

While responsible lending policies and a customer-first approach aims to minimise risk, credit risk is influenced by factors outside the control of Cash Converters such as unemployment, relative income growth, consumer confidence and interest rates. The risk of default is ever-present. Cash Converters often has the advantage in offering credit products to customers that it has served over many years and knows well, affording a unique opportunity to provide a high level of service.

Cash Converters welcomes the industry emphasis towards non-financial risk, including conduct and culture as well as detecting, deterring, and disrupting criminal abuse of the financial system. The Company views these commitments as an area of continuous improvement and continues to strengthen its risk management and compliance capabilities while engaging transparently with financial service sector regulators (ASIC and AUSTRAC).

There has been a marked increase in cyber-criminal activities globally over the last year that impact all companies, large and small, but which also pose a greater risk to those companies with a large online customer base. Through an uplifted cyber security program, the Company's cyber defences were enhanced with a focus on educating team members on the dangers of cyber-crime activities.

The Federal Government continues to consider several proposed responsible lending changes for the banks and credit licence holders, operating under the regulated National Credit Act. As a part of this review several recommendations are included in relation to proposed SACC lending rule changes, one of which is an income cap for employed borrowers.

Cash Converters has already proactively adopted the other recommendations, in advance of any legislative change and remains well equipped to deal with any outcome. New non-SACC product research and development has progressed well, with several new product releases planned for late calendar year 2021. Continuing to diversify loan books remains an ongoing priority, as does addressing increasing competition from lenders operating under National Credit Act exemptions, that do not provide consumers with many of the sensible safeguards that Cash Converters provides in relation to assessing consumer affordability, loan suitability and hardship protections. Cash Converters remains committed to continue offering all personal finance products under the National Consumer Credit Protection Act.

Outside of these exists the accepted risks of regulatory change, poorly executed strategy, failure to respond appropriately to changes in technology and the threat posed through competitor behaviours, all of which are a source of constant consideration and review by the Company's management team and Board of Directors.

Outlook

While the new financial year commenced with great promise the rapid extent of change within recent weeks has been a pertinent reminder that the COVID-19 impact is dependent upon the longevity and severity of the pandemic, the pace of business re-openings and rebound, the impact of government responses and the degree to which customer behaviours return to historical norms.

From 1 July, while in the United Kingdom all franchise stores have remained open and trading, in New South Wales, Australia, of the estimated 497 trading days available since balance sheet date there have been approximately 467 trading days in which NSW stores either closed or were significantly affected by limited opening hours as the result of the NSW lockdowns. In Victoria, approximately 722 of 1,235 available trading days have been impacted. In the context of Cash Converters operations, the balance of the country has experienced less disruption with the focus on ensuring the safety of customers and staff team members. Trading days is the number of stores owned multiplied by days a store would reasonably be expected to trade.

Cash Converters' proven ability to respond effectively to these changes and geographic diversity continues to provide a competitive advantage.

The Company is of the view that it is well positioned to respond to the eventual increase in demand for personal and vehicle financing.

The advantage of a diversified in-store and online customer offering has been demonstrated, particularly in the current economic climate. A key pillar of Cash Converters' strategy over the following 12 months is to continue to consolidate its position domestically as a lender and retailer of choice, and to expand its financial product offering. The Company will continue to invest in the acquisition of franchise stores which will yield shareholder returns from inception, as well as strategically selected greenfield store openings, which will result in an earnings lag in the early period of settlement but are expected to yield profitability over the longer term.

Dealing with so many customers in the personal lending market provides an opportunity to leverage data analytics to generate new product insights, optimise default rates and offer risk rated pricing. This capability provides an opportunity to address new markets and serve new customer segments. New non-SACC product research, development and testing continues to progress well and continuing to diversify loan books remains an ongoing priority. Cash Converters remains committed to continue offering all personal finance products under the National Consumer Credit Protection Act.

The strength of the balance sheet provides the Company with greater resources to better serve its customers at a time when they need it most. To deliver on its strategy the Company is investing in its critical capabilities of risk and compliance, technological innovation, and product development. These capabilities will be deployed to capitalise upon any near-term opportunities with the intention of generating long-term value for customers and shareholders.

Directors' report

The directors of Cash Converters International Limited submit the following report of the Company for the financial year ended 30 June 2021. To comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about directors

The following persons held office as directors of the Company during the whole of the financial year and until the date of this report unless otherwise stated:

Mr Jason Kulas – Non-Executive Chairman
Appointed director 28 August 2020
Appointed Chairman 28 August 2020

Mr Kulas has over 25 years' experience across banking and financial sectors. Mr Kulas joined EZCORP Inc. as President and Chief Financial Officer in February 2020 and was appointed Chief Executive Officer of that company in July 2020.

He has held a variety of other executive-level finance and operations positions, most recently with Santander Consumer USA Inc., a NYSE listed full-service consumer finance company, where he served in a series of roles including Chief Executive Officer, President, Chief Financial Officer and a member of the Board from 2007 to 2017. Between 1995 - 2007 Mr Kulas was an investment banker with JP Morgan in a series of roles culminating in the role of Managing Director at JPMorgan Securities.

Mr Kulas is on the Company's Board as a nominee of significant shareholder, EZCORP, Inc. and as Chairman, pursuant to the Subscription Agreement dated 17 August 2009 between EZCORP and the Company (released to ASX on 9 November 2009). Accordingly, he is not considered to be an independent director.

Over the past 3 years Mr Kulas has held directorships with the following listed company:

Company	*Commenced*	*Ceased*
EZCORP Inc *(non-executive director)*	8 April 2019	28 February 2020
EZCORP Inc *Executive Director*	6 July 2020	

Mr Sam Budiselik – Managing Director
Appointed director 18 December 2020

Mr Budiselik was appointed Chief Executive Officer in February 2020 after serving as Chief Operating Officer (COO) and interim-CEO. Before joining Cash Converters he was COO at stockbroking and wealth management firm Paterson's Securities, in addition to holding a number of Director positions across franchise, consulting and commercial drone businesses.

Mr Budiselik has spent a total of 12 years abroad during his career working for investment banks UBS and Barclays Capital in London, New York and Singapore before returning to Australia.

Over the past 3 years Mr Budiselik has not held any directorships with other listed companies.

Mr Peter Cumins – Executive Deputy Chairman
Appointed director April 1995
Appointed Executive Deputy Chairman 23 January 2017

Mr Cumins joined the Company in August 1990 as Finance and Administration Manager when the Company had 23 stores, becoming General Manager in March 1992. He became Managing Director in April 1995. Mr Cumins moved from this role to the role of Executive Deputy Chairman on 23 January 2017.

Mr Cumins is a qualified accountant and has overseen the major growth in the number of franchisees in Australia as well as the international development of the Cash Converters franchise system. His experience in the management of large organisations has included senior executive positions in the government health sector, specifically with the Fremantle Hospital Group, where he was Finance and Human Resources Manager.

Over the past 3 years Mr Cumins has held a directorship with the following listed company:

Company	*Commenced*	*Ceased*
EZCORP Inc	28 July 2014	9 April 2019

Ms Julie Elliott – Non-Executive Director
Appointed director 14 April 2020

Ms Elliott is currently a Company Director and Consultant and has over 30 years' experience in both executive and director roles across banking, financial services and government. Her previous positions include Chief Executive Officer at Bank of Sydney, Chair of State Trustees Limited and senior management roles with major banks. In addition to various advisory and consulting roles, Ms Elliott is currently a Director and Chair of the governance and remuneration committee at P&N Bank, and a Director of Asia Pacific Capital Ltd and Grow Finance Limited (formerly Australian Invoice Finance Limited). She is a Fellow and Graduate of the Australian Institute of Company Directors and a Fellow of Chartered Accountants Australia & New Zealand and FINSIA.

Ms Elliott is the Chair of the Company's Governance, Remuneration and Nomination Committee, and a member of the Audit and Risk Committee.

Over the past 3 years Ms Elliott has not held any directorships with other listed companies.

Mr Lachlan Given – Non-Executive Director
Appointed director 22 August 2014

Until 18 September 2019 Mr Given held the role of Executive Chairman of EZCORP Inc and is now Head of M&A and Funding. He is also a Director of The Farm Journal Corporation, a 138 year old pre-eminent US agricultural media company; Senetas Corporation Limited (ASX: SEN), the world's leading developer and manufacturer of certified, defence-grade encryption solutions and CANSTAR Pty Ltd, the leading Australian financial services ratings and research firm.

Mr Given began his career working in the investment banking and equity capital markets divisions of Merrill Lynch in Hong Kong and Sydney where he specialised in the origination and execution of a variety of M&A, equity and equity-linked and fixed income transactions.

Mr Given graduated from the Queensland University of Technology with a Bachelor of Business majoring in Banking and Finance (with distinction).

Over the past 3 years Mr Given has held directorships with the following listed companies:

Company	*Commenced*	*Ceased*
Senetas Corporation Limited	20 March 2013	-
EZCORP Inc	18 July 2014	18 September 2019

Mr Robert Hines – Non-Executive Director
Appointed director 14 April 2020

Mr Hines brings over 30 years' experience in banking and finance services, agriculture and energy sectors with senior executive roles focusing on finance, retail and operations.

Mr Hines retired from his executive role as Chief Operating Officer at Queensland Sugar Limited (QSL) at the end of October 2020. Mr Hines joined QSL in 2013 as Chief Financial Officer. Prior to joining QSL, Mr Hines was a Director, CFO Advisory at KPMG and he held Chief Financial Officer roles with several leading Queensland companies including, Bank of Queensland Limited, Suncorp Group Limited and Queensland Investment Corporation (QIC). He brings extensive operational and financial expertise to the Board. He is a senior Fellow of FINSIA and a Fellow of the Australian Institute of Company Directors, Institute of Chartered Accountants and CPA Australia.

Mr Hines is the Chair of the Company's Audit and Risk Committee, and a member of the Governance, Remuneration and Nomination Committee.

Over the past 3 years Mr Hines has not held any directorships with other listed companies.

Mr Henry Shiner – Non-Executive Director
Appointed director 1 July 2021

Mr Shiner has accumulated experience over many years of Senior Executive Management and Strategic positions, most recently in the Quick Service Restaurant industry, where he held the positions of Vice President, Chief Information Officer of McDonald's APAC and then as Vice President Global Financial Transformation – IT, at McDonald's Corporation. Mr Shiner has held Non-Executive Director roles on the National Board of Ronald McDonald Charities, Craveable Brands, DragonTail Systems, NoahFace, Guroo Producer, Slikr and Advisory Board roles with numerous other companies.

Prior to McDonald's, Mr Shiner held Senior Executive positions in Norske Skog, Fletcher Challenge Paper, Honeywell Ltd and AGL. His experience across these markets have included leading Strategic Planning, Technology Strategy and Development, Franchising, Cyber Security, Manufacturing operations and Governance and Quality Management.

In addition to an honours degree in Chemical Engineering, Henry has graduated in Management Studies focused on Global Strategy execution from the IMD School in Lausanne, Switzerland and is a member and graduate of the Australian Institute of Company Directors.

Over the past 3 years Mr Shiner has held a directorship with the following listed company:

Company	*Commenced*	*Ceased*
Dragontail Systems Limited	13 May 2020	-

Mr Stuart Grimshaw – Non-Executive Chairman
Appointed director 1 November 2014
Appointed Chairman 10 September 2015
Resigned with effective date 28 August 2020

During the financial year, Mr Grimshaw retired from his directorship with the Company.

Mr Grimshaw held the role of Chief Executive Officer of EZCORP Inc (a major shareholder in the Company) until 6 July 2020. Prior to joining EZCORP in November 2014, Mr Grimshaw was the Managing Director and Chief Executive Officer of Bank of Queensland Limited (BOQ).

During his tenure at BOQ he initiated fundamental changes to BOQ's culture, operating model and strategic direction and established a strong track record of execution. In addition, a strong capital and provisioning strategy resulted in two credit rating upgrades to A-, and BOQ has been well supported by the equity markets with two global equity offerings successfully raising close to $800 million. In Mr Grimshaw's time at the Bank, BOQ attracted and developed exceptional talent across the top four management levels and a unique culture and brand that is now well recognised by the market.

During his 30-year career in financial services, Mr Grimshaw has held a wide variety of other roles across many functions of banking and finance, including eight years at the Commonwealth Bank of Australia (CBA). At CBA, he started as Chief Financial Officer and over time became Group Executive, responsible for core business lines including Institutional and Business Banking as well as Wealth Management (Asset Management and Insurance). Prior to joining CBA, he worked for the National Australia Bank and was the Chief Executive Officer of Great Britain, with responsibility for large UK consumer banks Yorkshire Bank and Clydesdale Bank.

Mr Grimshaw represented New Zealand at the 1984 Olympics in Field Hockey and has a Bachelor of Commerce and Administration (Victoria University, Wellington, New Zealand) and an MBA (Melbourne University, Australia). He has also completed the Program for Management Development at Harvard Business School.

As at the date of Mr Grimshaw's resignation, he had held a directorship with the following listed companies over the past three years:

Company	*Commenced*	*Ceased*
EZCORP Inc	3 November 2014	6 July 2020

Mr Kevin Dundo – Non-Executive Director
Appointed director 20 February 2015
Resigned with effective date 23 November 2020

During the financial year, Mr Dundo retired from his directorship with the Company.

Mr Dundo practices as a lawyer and specialises in the commercial and corporate field, with experience in the mining sector, the service industry and the financial services industry. He is a member of the Law Society of Western Australia, Law Council of Australia, Australian Institute of Company Directors and a Fellow of the Australian Society of Certified Practising Accountants. At the time of his retirement Mr Dundo was a Non-Executive Director of Imdex Limited (ASX: IMD) and Avenira Limited (ASX: AEV) and Non-Executive Chairman of Red 5 Limited (ASX: RED).

During the financial year until his resignation Mr Dundo was a member of the Company's Audit and Risk Committee and Remuneration and Nomination Committee.

As at the date of Mr Dundo's resignation he had held directorships with the following listed Companies over the past three years:

Company	*Commenced*	*Ceased*
Imdex Limited	14 January 2004	-
Red 5 Limited	29 March 2010	-
Avenira Limited	22 October 2019	-

Directors’ shareholdings

The following table sets out each director’s relevant interest in shares and options in shares of Cash Converters International Limited as at the date of this report:

Directors	***Fully paid ordinary shares Number***	***Share options Number***
Mr S Grimshaw[1]	-	-
Mr S Budiselik	248,375	9,992,454
Mr P Cumins	8,175,694	-
Mr K Dundo[1]	-	-
Ms J Elliott	147	-
Mr L Given	-	-
Mr J Kulas	-	-
Mr H Shiner	-	-
Mr R Hines	422,000	-

[1] No longer a director and therefore holdings not disclosed.

Company Secretary

Mr Brad Edwards
Appointed 30 June 2017
Resigned with effect from 1 July 2021

With a background in law, Mr Edwards has extensive private practice and corporate experience, most notably with the Bank of Queensland Limited (ASX: BOQ) for 15 years, where he held the roles of Company Secretary and Group General Counsel. His career encompasses banking and financial services, retail franchising, regulatory matters, dispute resolution and class action litigation, capital markets and mergers and acquisitions.

Mr. Leslie Crockett
Appointed with effect from 1 July 2021

A chartered accountant, Mr Crockett has experience working across a range of industries including financial services, property development, construction, retail and manufacturing covering jurisdictions in Australia, Europe, the United Kingdom, Africa, the USA, and the Caribbean. Prior to joining Cash Converters in June 2020, he was the Chief Financial Officer of a listed financial services group for over seven years and served there as the Company Secretary from early 2013 to September 2015. Mr Crockett qualified as a chartered accountant with Deloitte, where he provided audit, consulting, financial advisory, risk management and tax services. He holds a Bachelor of Accounting Science from the University of South Africa and business qualifications from Melbourne Business School and the University of Southern Queensland. Mr Crockett will continue in his current role as Chief Financial Officer.

Principal activities

The principal activity of Cash Converters International Limited and its subsidiaries (the Group) is that of a franchisor, retailer of second-hand goods and financial services stores, a provider of secured and unsecured loans and the operator of a number of corporate stores in Australia, all of which trade under the Cash Converters name.

Country master franchise licences are also sold to licensees to allow the development of the Cash Converters brand but without the need for support from Cash Converters International Limited.

Review of operations

The Group’s net profit attributable to members of the parent entity for the year ended 30 June 2021 was $16.199 million (2020: net loss $10.491 million) after an income tax charge of $884,000 (2020: benefit $2.809 million). A review of the Group’s operations and financial performance has been provided on pages 5 to 13.

Changes in state of affairs

During the financial year there were no significant changes in the state of affairs of the Company other than those referred to elsewhere in this financial report and the notes thereto.

Subsequent events

In a COVID-19 context, the Group has noted the recent further waves of infections and ease of transmission of the Delta variant since mid-June 2021, which has led to quick and extended lockdowns and the reinstatement of certain government support measures to protect the economy and jobs.

The recent outbreaks have impacted significant aspects of everyday lives and the flow on effects to the economy and related business effects remain highly uncertain. State governments have ordered lockdowns which have resulted in disruptions, in particular to in-store trade including the following:

- Greater Sydney closures from 27th June and the rest of NSW impacted by closures from 6th August to the date of this report
- Victoria store closures during 16th July to 27th July and from 6th August to the date of this report (except Geelong which was not closed from 10th August to 21st August)
- ACT store trade impacted from 13th August until the date of this report
- South Australia store closures from 20th July to 27th July
- Greater Brisbane closures from 30th June to 1st July and a further period from 1st August to 8th August
- Cairns store closures from 9th August to 11th August
- Perth store closures from 29th June to 2nd July

There were no other significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Future developments

Likely developments in expected results of the Group's operations in subsequent years and the Group's business strategies are referred to elsewhere in this report.

Dividends

The directors of the Company have declared a final dividend of 1.00 cent per share with the release of the final year end results and reporting date of 29 August 2021. The dividend will be 100% franked and will be paid on 14 October 2021 to those shareholders on the register at the close of business on 24 September 2021.

With the declaration of this dividend, the Company's Dividend Reinvestment Plan (DRP) has been suspended and will not apply to this dividend.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	*Number of shares under option*	*Class of shares*	*Exercise price of option*	*Measurement Date*
Cash Converters International Limited	7,880,556	Ordinary	Nil	30 Jun 2022
Cash Converters International Limited	10,101,190	Ordinary	Nil	30 Jun 2023

The performance rights above are in substance share options with an exercise price of nil, which vest and may potentially be exercised into ordinary shares once certain performance / vesting conditions are met.

The holders of these performance rights do not have the right, by virtue of the performance right, to participate in any share or other interest issue other than bonus share issues of the Company or of any other body corporate.

No shares have been issued as a result of the exercise of share options or performance rights during or since the end of the financial year.

Indemnification and insurance of directors and officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The number of meetings of directors and meetings of committees of directors held during the year and the number of meetings attended by each director were as follows:

Directors	*Board of directors*		*Audit and Risk Committee*		*Governance, Remuneration and Nomination Committee*	
	Held	*Attended*	*Held*	*Attended*	*Held*	*Attended*
Mr S Grimshaw	2	2	1	1	1	1
Mr J Kulas	8	8	4	3*	6	3*
Mr S Budiselik	5	5	2	2*	4	3*
Mr P Cumins	10	10	5	4*	7	4*
Mr K Dundo	4	4	2	1	3	1
Ms J Elliott	10	10	5	5	7	7
Mr L Given	10	10	5	4*	7	4*
Mr R Hines	10	10	5	5	7	7

* Denotes directors who were not a member of the Committee but attended meetings by invitation.

Non-audit services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services during the year by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001, as the nature of the services was limited to income tax and indirect tax compliance, transaction/compliance related matters and generic accounting advice. All non-audit services have been reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor, and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 21 to the financial statements.

Rounding off of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

The auditor's independence declaration is included on page 42.

Remuneration report (audited)

Contents

1. Persons addressed and scope of the Remuneration Report

This remuneration report forms part of the directors' report for the year ended 30 June 2021 and has been prepared in accordance with the Corporations Act, applicable regulations and the Company's policies regarding key management personnel (KMP) remuneration governance.

KMP includes all directors and executives who have authority and responsibility for planning, directing and controlling the activities of the Company. On that basis, the following roles / individuals are addressed in this report:

Non-executive directors

Mr Jason Kulas	Chairman and non-executive director (from 28 August 2020)
Mr Stuart Grimshaw	Chairman and non-executive director (to 28 August 2020) Audit and Risk Committee member (to 28 August 2020) Governance, Remuneration and Nomination Committee member (to 28 August 2020)
Ms Julie Elliott	Non-executive director Audit and Risk Committee member Chair of Governance, Remuneration and Nomination Committee
Mr Lachlan Given	Non-executive director
Mr Robert Hines	Non-executive director Chair of Audit and Risk Committee Governance, Remuneration and Nomination Committee member
Mr Kevin Dundo	Audit and Risk Committee member (to 23 November 2020) Governance, Remuneration and Nomination Committee member (to 23 November 2020)

Executive directors

Mr Sam Budiselik	Managing Director (from 18 December 2020) Chief Executive Officer
Mr Peter Cumins	Executive Deputy Chairman

Executive key management personnel

Ms Lisa Stedman	Chief Operating Officer (from 7 September 2020)
Mr James Miles	Chief Technology Officer (designated from 1 July 2020)
Mr Leslie Crockett	Chief Financial Officer
Mr Brad Edwards	General Counsel and Company Secretary
Mr Peter Egan	Chief Risk Officer (resigned 23 October 2020)

2. Remuneration Governance

The following describes how the Board, the Governance, Remuneration and Nomination Committee and the Managing Director interact to set the remuneration structure and determine the remuneration outcomes for the Group:

2.1. Board

The Board is responsible for the structure of remuneration for directors and executive key management personnel. The goal is to maximise the effectiveness of remuneration in the creation of long-term shareholder value.

2.2. Governance, Remuneration and Nomination Committee

The Governance, Remuneration and Nomination Committee is responsible for reviewing and setting strategy incorporated in the remuneration policies and practices on behalf of the Board. Executive remuneration levels are reviewed annually by the Committee in line with the Remuneration Policy and with reference to market movements. The Committee is responsible for making recommendations to the Board on:

a) remuneration strategy to attract and retain talent to drive long term sustainable results;
b) recruitment, retention, and termination policies and procedures for executive key management personnel;
c) base salaries for executives and Board and Committee fees for non-executive Directors;
d) short term incentives for executive key management personnel; and
e) equity-based incentive remuneration plans.

The Corporate Governance Statement and the Governance, Remuneration and Nomination Committee Charter provide further information on the role of this Committee. These documents and related policies and practices are available on the Company website at https://www.cashconverters.com/governance.

The performance review of the Managing Director is undertaken by the Chairman of the Board, reviewed by the Governance, Remuneration and Nomination Committee, and approved by the Board.

2.3. Managing Director

The performance reviews of executive key management personnel and other direct reports are undertaken by the Managing Director, reviewed by the Governance, Remuneration and Nomination Committee and approved by the Board.

3. Remuneration Framework and link to Strategy

3.1. Executive key management personnel including Managing Director

The remuneration policies are designed to ensure that remuneration outcomes are aligned with the long-term success of the Group and to also attract and retain talent to drive long term sustainable results and strategy. Incentives are based on the achievement of sustained growth in earnings as well as relative shareholder return while adhering to sound risk management and governance principles.

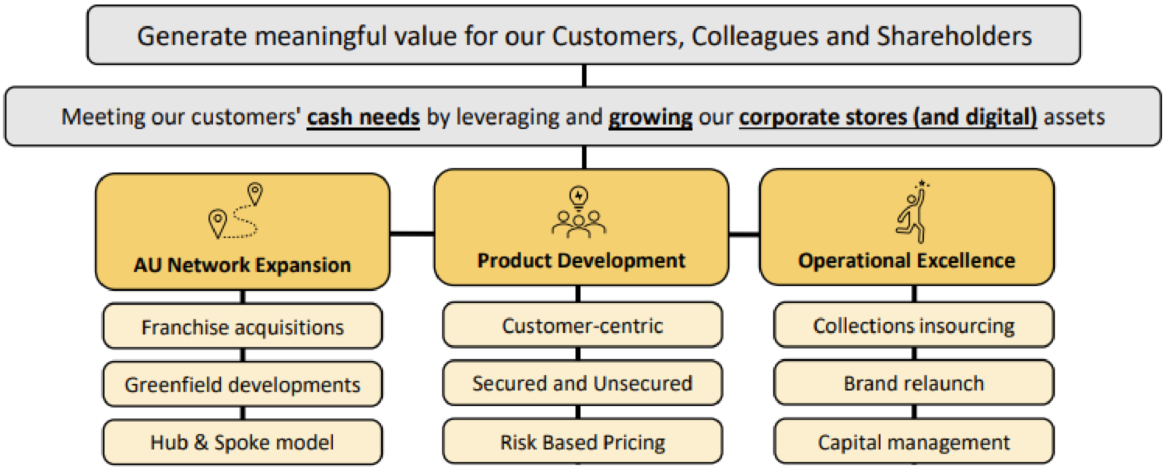
The remuneration strategy is underpinned by the following principles and remuneration structure in the table below:

- align remuneration with customer and shareholder interests;
- support an appropriate risk culture and exemplary employee conduct;
- differentiate pay for behaviour and performance in line with our vision and strategy;
- provide market competitive and fair remuneration;
- recognise the role of non-financial drivers in long term value creation;
- enable recruitment and retention of talented employees; and
- be simple, flexible and transparent.

These measures provide a clear and strong correlation between performance and reward and align the interests of executive key management personnel including the Managing Director with those of the Company's shareholders. The overall remuneration structure for the year ended 30 June 2021 remains similar to the prior year comprising:

Fixed Remuneration	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Purpose		
Attract and retain high quality executives through market competitive and fair remuneration	Ensure a portion of remuneration is variable, at-risk and linked to the delivery of agreed plan targets for financial and non-financial measures that support strategic priorities	Align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance over the long term
Delivery		
Base salary and superannuation as per the Superannuation Guarantee (Administration) Act 1992	Awarded in cash and restricted shares based on an assessment of performance over the preceding year	Awarded in performance share rights which potentially vest after three years, based on the following: • 50 per cent dependent on earnings per share compound annual growth rate over a three-year performance period; and • 50 per cent dependent on total shareholder return (TSR) relative to the ASX Small Ordinaries (XSO) Index over the same three-year performance period
Alignment to performance		
Set with reference to market benchmarks in the financial retail services industries as well as the size, responsibilities, and complexity of the role, and skills and experience. Individual performance impacts fixed remuneration adjustments	Performance is assessed using a scorecard comprising financial and non-financial measures linked to the key strategic priorities articulated above	Performance is assessed against Earnings per share and TSR which are measures aligned to shareholders (measured over three years)

Strategic objectives were articulated as part of the Chairman's address and the CEO presentation at the FY 2020 shareholder Annual General Meeting. Regular market updates have been provided during the financial year with progress reports, including the half-year report and full year results investor presentations, aligned to the key objectives.



Aligned to strategic intent, the remuneration structure ensures that if the Group under-performs on its earnings and / or return targets, no STI will be payable to executive key management personnel. Under-performance over the longer-term will also result in no vesting of performance rights.

Eligibility to participate in the STI and/or LTI is at the recommendation of the Governance, Remuneration and Nomination Committee and approval of the Board. The participation level in terms of percentage of fixed remuneration to set STI target awards and the grant of performance rights which may vest over the three-year performance period is determined annually as part of the remuneration review process. The assessment is based on benchmarked relevant market practice in similar companies with similar characteristics.

Remuneration for all executives is reviewed at least annually. There is no guaranteed increase in any executive's employment contract.

3.2. Executive Director: Executive Deputy Chairman Arrangements

During the year, consistent with the terms of his employment contract, the Governance, Remuneration and Nomination Committee and Board approved a variation to the fixed remuneration package for the Executive Deputy Chairman. The base salary per annum was increased from $371,597 to $441,426 reflecting the previously allocated remuneration value assigned to the usage of a fully maintained company car. The Company was released from the contractual requirement to provide usage of the fully maintained company car.

Under the terms of the employment contract, the Governance, Remuneration and Nomination Committee and Board approved the outright sale of the motor vehicle that had previously been provided to the Executive Deputy Chairman. The sale was conducted at arms-length market value and settled in full on the date of transfer of ownership.

Superannuation as per the Superannuation Guarantee (Administration) Act 1992 remains payable and consistent with the prior year, the Executive Deputy Chairman does not participate in any Incentive Plan.

3.3. Non-Executive Director Arrangements

The Remuneration Policy is designed to ensure that remuneration outcomes enable the Company to attract, retain and motivate the high calibre of Non-Executive Directors required for it to meet its objectives.

A Non-Executive Director is not entitled to receive performance-based remuneration. They may be entitled to fees or other amounts, as the Board determines, where they perform duties outside the scope of the ordinary duties of a director. They may also be reimbursed for out-of-pocket expenses incurred.

3.4. Securities Trading Policy

The Securities Trading Policy imposes trading restrictions on all employees, contractors and consultants who are considered to be in possession of market sensitive information. In addition are restrictions in the form of closed periods for KMP who are prohibited from trading in the Company's securities, except:

- in a six-week trading window period commencing 24 hours after the release of the final and half-yearly financial results;
- after release of a disclosure document offering equity Securities in the Company; or
- dates as declared by the Board in the circumstances that the Board is of the view that the market can reasonably be expected to be fully informed on those dates.

KMP are prohibited from entering into contracts to hedge their exposure to any securities held in the Company.

4. Performance and reward summary

4.1. Remuneration policy and link to performance

As outlined above, in setting the Company's remuneration strategy, the Governance, Remuneration and Nomination Committee makes recommendations which demonstrate a clear and strong correlation between performance and reward and align the interests of executive key management personnel with those of the Company's shareholders.

The following table shows the statutory key performance indicators of the Group over the last five years:

	Year ended 30 June				
	2021	**2020**	**2019**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from continuing operations	201,346	262,021	281,565	260,345	271,241
Net profit / (loss) before tax from continuing operations	17,083	(13,300)	(2,366)	31,271	28,198
Net profit / (loss) after tax					
- continuing operations	16,199	(10,491)	(1,692)	22,503	20,618
- discontinued operations	-	-	-	-	-
Profit/(loss) after tax	**16,199**	**(10,491)**	**(1,692)**	**22,503**	**20,618**
Share price	**Cents**	**Cents**	**cents**	**Cents**	**cents**
- beginning of year	17.5	16.0	31.0	31.5	43.5
- end of year	22.0	17.5	16.0	31.0	31.5
Dividend (i)					
- interim	1.0	-	-	-	-
- final dividend	1.0	-	-	-	-
Earnings per share from continuing and discontinued operations					
- basic	2.62	(1.70)	(0.27)	4.55	4.21
- diluted	2.55	(1.70)	(0.27)	4.43	4.12

(i) Franked to 100% at 30% corporate income tax rate.

5. Performance outcomes for FY 2021 including STI and LTI assessment

With the Group having announced the intention to return to being a dividend paying company, an interim dividend of $0.01 per share was declared and then paid with the release of the half year results, and a final dividend of $0.01 has been declared with the release of the full year results.

The operational response to the COVID-19 pandemic has been commendable. All the Group's locations have successfully maintained productivity while transitioning to a combination of work-from-home and store or office-based activity. Focus remained on customer service with emphasis on safe work practices. Pricing and risk settings have been adjusted and the Group has significantly rebuilt the personal lending books with a measured growth rate in the vehicle finance book based on a prudent view on the significant increase seen in used vehicle asset valuations. Retail inventory and pawnbroking books have also recovered with intermittent lockdowns during the year actively managed to ensure our stores remained safe.

These operational achievements have put the Group in a strong position. With $72.166 million in cash and cash equivalents and nearly $80 million in undrawn credit lines, the Group can continue to invest and look for opportunities during a period of uncertainty.

The Group reported success in progressing the strategic pillars of Australian network expansion, new product development and operational excellence by completing six key franchise store acquisitions, opening new greenfield stores and piloting new finance products. Executing a sensible growth strategy remains a key focus of the management team with increasing profitability anticipated throughout FY 2022 and beyond.

In considering the award of STI and LTI remuneration the Board has been cognisant of the challenging economic environment, including the effect of COVID-19. Consistent with performance incentives as awarded across the broader business the Board has recognised executive performance and delivery of profit in a year of unprecedented challenges and the need to attract and retain the team in a period of abnormal economic uncertainty and ongoing regulatory scrutiny.

Short-term incentives (STI)

The STI component of remuneration currently consists of a cash bonus that is focused on a balanced scorecard approach, with financial and non-financial measures. Awards under the STI required that the target profit threshold set as part of the annual budgeting process was met. Individuals are only eligible to receive a fixed remuneration adjustment, STI or LTI where the individual has met the risk and compliance requirements established under the annually reviewed Risk Management Framework.

The performance of the Group and each division is reviewed and measured with reference to how risk is managed in line with a balance risk scorecard aligned to the risk appetite and the results influence remuneration outcomes. The key risks that are considered include capital, credit, market, equity, liquidity, risk culture, financial crime, reputation, conduct, operational and compliance risk. The Board reserves the right to amend, vary or revoke the terms of any incentive plan from time to time, at its sole and absolute discretion.

The STI achieved in relation to the FY 2021 period has been accrued in the FY 2021 results and is payable on release of the audited financial results.

The key performance indicators (KPIs) are selected based on what needs to be achieved over the performance period to achieve the business strategy over the longer term, varied to reflect individual executive roles and responsibilities. The average amount awarded to KMP in STI as a percentage of target STI for FY 2021 was 100%.

In relation to the completed FY 2021 period the following KPIs and weightings applied to Participants:

Feature	Description
Maximum opportunity	Individual award outcomes are determined on individual and Group performance through outperformance of a balanced scorecard. The performance measures comprise a mix of financial and non-financial metrics linked to Group and business unit targets. Together they provide a balanced assessment of performance against measurable initiatives that support the delivery of the Group's strategy. Proportion of award relative to base salary varies by role and tenure, and ranges from 30% to 100%.
Performance metrics	Performance outcomes are determined through assessment of the balanced scorecard and are subject to two key assessments (gateways): • adherence to risk and compliance requirements established under the annually reviewed Risk Management Framework • target profit threshold set as part of the annual Strategy setting and budget process Key Performance Indicators (KPIs) are aligned to the strategic priorities of sustained growth in earnings and relative shareholder return.

Individual performance measures			
Strategic Priority & Weighting	**Strategic Goal**	**Required KPI threshold / Smart measurements**	**Rationale for award**
Behavioural Competencies *10%*	Requirement to consistently meet required behavioural competencies	Assessed across Values, Accountability, Culture, Innovation, Compliance and Strategy	Performance reviews of executive key management personnel undertaken by the Managing Director, reviewed by the Governance, Remuneration and Nomination Committee and approved by the Board. Managing Director approved by the Board.
Individual Objectives aligned to strategic delivery *Between 3 to 5 KPIs aggregating to 40 %*	Balanced assessment of individual performance to support the delivery of the Group's strategy	Role appropriate financial and non-financial measures linked to Group and business unit targets on Operational Excellence, Product Development, and Network Expansion, set and approved with approval of Group Strategy by the Board at commencement of the financial year. Strategic Goals outlined in investor presentation and market updates including the FY 2020 AGM.	Assessment of performance of executive key management personnel to KPIs aligned to strategic goals undertaken by the Managing Director, reviewed by the Governance, Remuneration and Nomination Committee and approved by the Board. Managing Director approved by the Board.

Shared performance measures			
Strategic Priority & Weighting	**Strategic Goal**	**Required KPI threshold / Smart measurements**	**Rationale for award**
Our Customers *10%*	Improve our customer experience	As measured by an average NPS of >60 and brand re-launch engagement of 60% SA/A in pulse survey by June 2021	Achieved NPS of 61. Pulse survey post Brand release scored that 87% of people who saw the new brand, strongly agreed/agreed that they would consider Cash Converters as a brand for them
Our Shareholders *10%*	Increase Shareholder value	As measured by the development and execution of a strategic plan that results in annual share price growth	Strategic Plan delivered and endorsed. YoY share price growth of 25.7%
Our People *10%*	Enhance our people capability	As measured by the implementation of an annual process that analyses all employees against performance/potential/desire criteria and results in the active/ongoing development for 100% of those identified as key talent	People Effectiveness and Capability System has been implemented. Key talent identified with specific development plans in place
Operations *10%*	Improve our operational efficiency	As measured by the successful in housing of collections customer servicing, to budget, enabling all compliance measures	Completed with required ACL licence amendment achieved
Conduct and Risk Management *10%*	Embed a risk culture	As measured by embedding the principles of risk management framework delivering an effective "3 Lines of Defence" model across the organisation	Annual Board Risk Management Framework review demonstrated that an effective "3 Lines of Defence" model has been embedded and a strong risk culture led from the top

Following the end of the Measurement Period (the financial year) the Board assessed the extent to which target levels of performance had been achieved in relation to each KPI and determined the total award payable.

Executive	Target STI opportunity	% of fixed remuneration	% achieved	% forfeited
Mr S Budiselik	$525,000	100%	100%	-
Mr L Crockett	$175,000	50%	100%	-
Mr B Edwards	$175,000	50%	100%	-
Mr J Miles	$150,000	50%	100%	-
Ms L Stedman	$90,000	30%	100%	-

Long-term incentives (LTI)

At the Annual General Meeting held on 18 November 2015, shareholders approved the Cash Converters Rights Plan (Plan). The Plan was reapproved by shareholders at the Annual General Meeting on 29 November 2018. The Plan is available for review at Cash Converters Rights Plan Rules (https://www.cashconverters.com/wp-content/uploads/2021/06/Cash-Converters-Rights-Plan-Rules.pdf).

The Plan provides eligible participants with an incentive plan that recognises ongoing contribution to the achievement by the Company of its strategic goals, and to provide a means of attracting and retaining skilled and experienced employees. Participation in the LTI Plan is at the discretion of the Board.

Subject to the achievement of performance conditions, participants may be entitled to be granted Performance Rights and / or Indeterminate Rights as approved by the Board.

LTI payments are delivered in Performance Rights which vest into Shares on the achievement of certain performance criteria or, Indeterminate Rights, where the Board, in their absolute and unfettered discretion, make a cash payment equivalent to the number of vested Indeterminate Rights multiplied by the then value of the Company's share price.

The LTI is designed to align the interests of shareholders and executive key management personnel by motivating and rewarding participants to achieve compound annual earnings growth and produce strong shareholder returns over the medium- to long-term.

The LTI right grant awards made to eligible participants in September 2020 were offered across two equal tranches and based on performance hurdles in which each hurdle operates independently and applies to 50 per cent of the potential LTI allocation. The Board believes this structure provides a balance between alignment of shareholder returns whilst mitigating the risk of excessive focus on share price performance.

Compound annual earnings growth

Performance Level	CCIL's Normalised Earnings Per Share Compound Annual Growth Rate	% of Tranche Vesting
Stretch	10%	100%
>Target & <Stretch	>5% & <10%	Pro-rata
Target	5%	50%
>Threshold & <Target	>2.5% & <5%	Pro-rata
Threshold	2.5%	25%
<Threshold	<2.5%	Nil

Growth in total shareholder returns (TSR)

Performance Level	CCIL's TSR vs ASX Small Ordinaries (XSO) Index over the Measurement Period*	% of Tranche Vesting
Stretch	Index +10%	100%
>Target & <Stretch	>Index +5% & < Index +10%	Pro-rata
Target	=Index +5%	50%
>Threshold & <Target	>Index +2.5% & < Index +5%	Pro-rata
Threshold	=Index +2.5%	25%
<Threshold	<index + 2.5%	Nil

It has proved challenging to nominate a TSR comparator group given the uniquely diverse elements within the business of the Group. While the TSR grant awarded in FY 2021 will be assessed against the ASX Small Ordinaries (XSO) index over the Measurement Period, further research conducted during the year by the Governance Remuneration and Nomination Committee has determined that future TSR grants be measured using a TSR measurement comparison index that will comprise constituents of the ASX Small Ordinaries (XSO) index, excluding materials, utilities, and REITs. Experience has illustrated the comparator groups used in grant offers to date include entities outside the Group's industry and therefore have significantly different drivers of share price performance. As a result, the ranking amongst its designated peer group has been determined significantly by matters outside of management control.

It is the future intention to adopt a TSR vesting schedule based on 50% to vest at median TSR performance with 100% to vest at 75th percentile. Assessing performance based on a percentile ranking against constituents within a comparable index would be more consistent with common ASX practice and provides a more transparent incentive. Research has illustrated that this is the most common approach used when setting a TSR peer group, as it is relatively easy to comprehend, communicate and replicate.

Performance right grants were awarded to eligible participants in December 2018 in two equal tranches. 50% of the Grant had a TSR performance measurement relative to a selected index and 50% based on EPS growth. Due to vesting requirements not being met on the Measurement Date of 30 June 2021, these rights have lapsed in full with no exercise.

6. Remuneration records for FY 2021 (statutory disclosures)

The following table outlines the remuneration received by directors and executive key management personnel of the Company during the years ended 30 June 2021 and 2020, prepared according to statutory disclosure requirements and applicable accounting standards:

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Share-based payments	Total
	Salary and fees	Cash STI	Non-monetary benefits	Termination benefits	Super-annuation			
	$	$	$	$	$	$	$	$
2021								
Non-executive directors								
Mr S Grimshaw (1)	28,333	-	-	-	-	-	-	28,333
Mr K Dundo (2)	37,698	-	-	-	-	-	-	37,698
Mr L Given	95,000	-	-	-	-	-	-	95,000
Mr J Kulas (3)	143,495	-	-	-	-	-	-	143,495
Mr R Hines	101,287	-	-	-	9,622	-	-	110,909
Ms J Elliott	101,287	-	-	-	9,622	-	-	110,909
Executive directors								
Mr S Budiselik (4)	533,610	525,000	12,692	-	24,997	11,405	373,175	1,480,879
Mr P Cumins	475,311	-	31,334	-	24,997	14,899	-	546,541
Other executives								
Mr B Edwards (5)	426,419	175,000	2,662	170,513	27,586	(959)	162,865	964,086
Ms L Stedman (6)	252,636	90,000	8,533	-	18,214	-	35,397	404,780
Mr J Miles (7)	308,169	150,000	12,692	-	21,694	-	35,397	527,952
Mr L Crockett	343,577	175,000	12,692	-	23,979	-	68,827	624,075
Mr P Egan (8)	90,855	-	1,106	100,000	10,847	-	(19,179)	183,629
	2,937,677	1,115,000	81,711	270,513	171,558	25,345	656,482	5,258,286
2020								
Non-executive directors								
Mr S Grimshaw	170,000	-	-	-	-	-	-	170,000
Mr K Dundo	109,134	-	-	-	-	-	-	109,134
Ms J Elliott (9)	18,732	-	-	-	1,779	-	-	20,511
Mr L Given	95,000	-	-	-	-	-	-	95,000
Mr R Hines (9)	18,732	-	-	-	1,779	-	-	20,511
Executive director								
Mr P Cumins	378,027	-	54,905	-	24,691	7,307	-	464,930
Other executives								
Mr S Budiselik (10)	457,006	650,000	11,910	-	25,019	1,642	(22,132)	1,123,444
Mr L Crockett (11)	31,778	-	992	-	2,771	-	-	35,541
Mr B Edwards	295,922	340,000	2,457	-	21,003	959	(40,310)	620,030
Mr P Egan (12)	134,724	142,500	824	-	10,001	-	21,466	309,515
Mr B Cox (13)	56,250	-	1,985	-	4,901	-	(4,258)	58,878
Mr M Jenkins (14)	44,877	-	1,985	182,500	5,251	(33,927)	(95,208)	105,479
Mr B White (15)	488,589	-	788,711	120,000	15,752	-	(53,931)	1,359,120
	2,298,771	1,132,500	863,769	302,500	112,947	(24,019)	(194,373)	4,492,095

(1) Resigned 28 August 2020
(2) Resigned 23 November 2020
(3) Appointed 28 August 2020
(4) Appointed Managing Director 18 December 2020
(5) Departed with effect from 1 July 2021. Termination benefits reported under terms of Separation Agreement executed 28 June 2021
(6) Appointed 7 September 2020
(7) Designated as a member of executive Key Management Personnel with effect from 1 July 2020
(8) Resigned 23 October 2020
(9) Appointed 14 April 2020
(10) Appointed CEO 26 February 2020
(11) Appointed 2 June 2020
(12) Appointed 3 February 2020
(13) Resigned 13 September 2019
(14) Resigned 2 September 2019
(15) Resigned 26 February 2020

The cash bonus values reported in this table include the STIs awarded for the performance period described in section 5 above, which will be paid in the financial year following the year to which they relate (i.e. the value shown for 2021 is the value earned and accrued for in FY 2021 and will be paid during FY 2022).

No retention bonuses were awarded in FY 2021. As disclosed in the prior year report, the FY 2020 comparative includes the November 2019 retention bonuses of $125,000 to Mr Budiselik and $190,000 to Mr Edwards awarded and paid in addition to the STIs and reflects the contracted compensation that was accrued in FY 2020 for Mr Egan in relation to incentives foregone with his previous employer and paid in early FY 2021.

The LTI value reported in the table is the accounting charge of all grants, recognised over the vesting period. Where a market-based measure of performance is used as a vesting condition, such as comparison to a TSR index, no adjustments can be made to the profit or loss to reflect rights that lapse unexercised due to measurement conditions not having been met. However, in relation to non-market vesting conditions, such as EPS, adjustments have been made to the profit or loss to reverse amounts previously expensed for rights that have lapsed during the period due to not meeting measurement conditions.

The following table shows the relative proportions of remuneration for the year that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense:

Name	**Year**	**Fixed remuneration**	**At risk remuneration**	
			STI	**LTI**
Mr S Budiselik	2021	39%	36%	25%
Mr L Crockett	2021	61%	28%	11%
Mr B Edwards	2021	57%	22%	21%
Mr J Miles	2021	65%	28%	7%
Ms L Stedman	2021	69%	22%	9%
Mr P Egan *	2021	100%	0%	0%

* Mr Egan departed the Company on 23 October 2020 and accordingly was ineligible for at risk remuneration in FY 2021.

7. Employment terms for executive key management personnel

The remuneration and other terms of employment for executive officeholders are covered in formal employment contracts of an ongoing nature. All employees are entitled to receive pay in lieu of any accrued but untaken annual and long service leave on cessation of employment. However, amounts payable will be limited to the terms of Part 2D.2 of the Corporations Act.

A summary of contract terms is presented below:

Name	Position held	Period of notice	
		From Company	From KMP
Mr P Cumins	Executive Deputy Chairman	12 months	6 months
Mr S Budiselik	Chief Executive Officer	12 months	12 months
Mr L Crockett	Chief Financial Officer	6 months	6 months
Mr B Edwards	General Counsel and Company Secretary	6 months	6 months
Mr J Miles	Chief Technology Officer	6 months	6 months
Ms L Stedman	Chief Operating Officer	6 months	6 months
Mr P Egan	Chief Risk Officer	6 months	6 months

Mr Budiselik commenced as Chief Executive Officer on 26 February 2020 on a permanent basis with the termination notice periods as outlined above and was appointed, on the same remuneration terms, as Managing Director on 18 December 2020. A base salary of $525,000 plus minimum statutory superannuation contribution is payable. Mr Budiselik participates in the incentive programmes outlined at the discretion of the Board with a target STI set as 100% of base salary and LTI set as 75% of base salary.

For all participants, termination of employment will trigger a forfeiture of all unearned incentive entitlements except under certain limited circumstances defined in the Plan. Amounts that are not forfeited will be tested and potentially awarded or paid based on actual performance relative to the performance goals, following the end of the Measurement Period. Under the Plan rules the Board retains discretion to trigger or accelerate payment or vesting of incentives, provided that the limitations on termination benefits as outlined in the Corporations Act are not breached.

On appointment to the Board, all Non-Executive Directors (NEDs) enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the director and does not include a notice period. NEDs are not eligible to receive termination payments under the terms of the appointments.

8. Changes in KMP-held equity

The following tables outline the changes in equity held by KMP over the financial year.

Fully paid ordinary shares of Cash Converters International Limited

For the year ended 30 June 2021

	Opening 1 July 2020	Granted as remuneration	Received on exercise of rights	Net other change	Closing 30 June 2021	Nominally held 30 June 2021
	Number	Number	Number	Number	Number	Number
Directors						
Mr S Grimshaw (2)	-	-	-	-	-	-
Mr J Kulas (1)	-	-	-	-	-	-
Mr S Budiselik	248,375	-	-	-	248,375	248,375
Mr P Cumins	8,175,694	-	-	-	8,175,694	8,175,694
Mr K Dundo (2)	-	-	-	-	-	-
Ms J Elliott	147	-	-	-	147	147
Mr L Given	-	-	-	-	-	-
Mr R Hines	422,000	-	-	-	422,000	422,000
Executive key management personnel						
Mr L Crockett	-	-	-	6,731	6,731	6,731
Mr B Edwards	846,679	-	-	(846,679)	-	-
Mr P Egan (2)	-	-	-	-	-	-
Ms L Stedman (1)	-	-	-	-	-	-
Mr J Miles (1)	-	-	-	-	-	-
	9,692,895	**-**	**-**	**(839,948)**	**8,852,947**	**8,852,947**

For the year ended 30 June 2020

	Opening 1 July 2019	Granted as remuneration	Received on exercise of rights	Net other change	Closing 30 June 2020	Nominally held 30 June 2020
	Number	Number	Number	Number	Number	Number
Directors						
Mr S Grimshaw	-	-	-	-	-	-
Mr P Cumins	7,575,694	-	-	600,000	8,175,694	8,175,694
Mr K Dundo	-	-	-	-	-	-
Ms J Elliott (1)	147	-	-	-	147	147
Mr L Given	-	-	-	-	-	-
Mr R Hines (1)	422,000	-	-	-	422,000	422,000
Executive key management personnel						
Mr S Budiselik	116,875	-	-	131,500	248,375	248,375
Mr L Crockett (1)	-	-	-	-	-	-
Mr B Edwards	166,203	-	-	680,476	846,679	846,679
Mr P Egan (1)	-	-	-	-	-	-
Mr B Cox (2)	-	-	-	-	-	-
Mr M Jenkins (2)	3,375	-	-	-	3,375	3,375
Mr B White (2)	-	-	-	-	-	-
	8,284,294	**-**	**-**	**1,411,976**	**9,696,270**	**9,696,270**

(1) Opening balance at date of becoming KMP
(2) Closing balance at date of ceasing to be KMP

Performance rights of Cash Converters International Limited

	Balance at 1 July 2020	Granted as remuneration	Rights exercised	Rights lapsed / forfeited (3)	Balance at 30 June 2021	Balance vested at 30 June 2021
	Number	Number	Number	Number	Number	Number
Executive directors						
Mr S Budiselik	6,505,762	4,613,356	-	(1,126,664)	9,992,454	-
Executive key management personnel						
Mr L Crockett	-	2,050,380	-	-	2,050,380	-
Mr B Edwards (4)	3,073,420	2,050,380	-	(3,071,724)	2,052,076	-
Mr P Egan (2)	1,639,344	1,757,470	-	(3,396,814)	-	-
Ms L Stedman (1)	-	1,054,482	-	-	1,054,482	-
Mr J Miles (1)	-	1,054,482	-	-	1,054,482	-
	11,218,526	**12,580,550**	**-**	**(7,595,202)**	**16,203,874**	**-**

(1) Opening balance at date of becoming KMP
(2) Closing balance at date of ceasing to be KMP
(3) Rights that were issued in FY 2019 relating to Mr Budiselik and Mr Edwards lapsed as a result of not meeting the required vesting measurement thresholds during the period. A total of 3,396,814 rights issued to Mr Egan in FY 2020 & FY 2021 were forfeited during the period.
(4) A total of 2,047,484 rights issued to Mr Edwards in FY 2020 & FY 2021 were forfeited during the period in line with the Separation Agreement executed on 28 June 2021. The Board resolved to exercise the discretion available to them under the Plan Rules to allow a pro-rata portion of the remaining rights granted to him, that would otherwise have been forfeited, to be retained with the original terms of the grants to apply including the applicable vesting conditions and measurement dates.

	Balance at 1 July 2019	Granted as remuneration	Rights exercised	Rights lapsed / forfeited (3)	Balance at 30 June 2020	Balance vested at 30 June 2020
	Number	Number	Number	Number	Number	Number
Executive key management personnel						
Mr S Budiselik	1,513,760	5,379,098	-	(387,096)	6,505,762	-
Mr L Crockett (1)	-	-	-	-	-	-
Mr B Edwards	1,411,336	2,049,180	-	(387,096)	3,073,420	-
Mr P Egan (1)	-	1,639,344	-	-	1,639,344	-
Mr B Cox (2)	682,826	-	-	(409,072)	273,754	-
Mr M Jenkins (2)	1,206,488	-	-	(1,206,488)	-	-
Mr B White (2)	3,687,266	-	-	(3,687,266)	-	-
	8,501,676	**9,067,622**	**-**	**(6,077,018)**	**11,492,280**	**-**

(1) Opening balance at date of becoming KMP
(2) Closing balance at date of ceasing to be KMP
(3) Rights that were issued in FY 2018 relating to Mr Budiselik and Mr Edwards lapsed as a result of not meeting the required vesting measurement thresholds during the period. A total of 409,072 rights issued to Mr Cox and 3,687,266 rights issued to Mr White in FY 2019, and 1,206,488 rights issued to Mr Jenkins in FY 2018 and FY 2019 were forfeited during the period.

Terms and conditions of share-based payment arrangements affecting remuneration of KMP in the current or future financial years are set out below:

Tranche	Grant date	Grant date fair value (i)	Exercise price	Expiry date	Vesting date
		$	$		
Tranche 23	19 Dec 2018	0.146	-	30 Jun 2021	30 Jun 2021
Tranche 24	19 Dec 2018	0.240	-	30 Jun 2021	30 Jun 2021
Tranche 27	9 Jun 2020	0.171	-	30 Jun 2022	30 Jun 2022
Tranche 28	9 Jun 2020	0.195	-	30 Jun 2022	30 Jun 2022
Tranche 29	29 Sep 2020	0.096	-	30 Jun 2023	30 Jun 2023
Tranche 30	29 Sep 2020	0.150	-	30 Jun 2023	30 Jun 2023

(i) The grant date fair value is calculated as at the grant date using a Monte Carlo pricing model for tranches 23, 27 and 29 and a binomial pricing model for other tranches.

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

The following table outlines the value of performance rights granted to KMP during the year that may be realised in the future:

Name	Tranche	Number of rights	Value at grant		Value expensed in current year	Value to be expensed in future years
			Per right	Total		
			$	$	$	$
Mr S Budiselik	29	2,306,678	0.096	221,441	60,433	161,008
	30	2,306,678	0.150	346,002	94,427	251,575
Mr B Edwards	29	1,025,190	0.096	98,418	32,836	-
	30	1,025,190	0.150	153,779	51,307	-
Mr L Crockett	29	1,025,190	0.096	98,418	26,859	71,559
	30	1,025,190	0.150	153,779	41,968	111,811
Ms L Stedman	29	527,241	0.096	50,615	13,813	36,802
	30	527,241	0.150	79,086	21,583	57,503
Mr J Miles	29	527,241	0.096	50,615	13,813	36,802
	30	527,241	0.150	79,086	21,583	57,503
Total		**10,823,080**		**1,331,239**	**378,622**	**784,563**

(1) A total of 2,047,484 rights issued to Mr Edwards in FY 2020 & FY 2021 were forfeited during the period in line with the Separation Agreement executed on 28 June 2021. The Board resolved to exercise the discretion available to them under the Plan Rules to allow a pro-rate portion of the remaining rights granted to him, that would otherwise have been forfeited, to be retained with the original terms of the grants to apply including the applicable vesting conditions and measurement dates.

9. Non-Executive Director fee policy rates for FY 2020 and FY 2021 and fee limit

Non-executive director fees are managed within the current annual fees limit (AFL or fee pool) of $800,000 which was approved by shareholders on 18 November 2015, and it is anticipated that there will be no requirement for an increase of the AFL in FY 2022.

The following table outlines the Non-Executive Director Remuneration policy rates that were applicable as at the end of FY 2021.

The Non-Executive Director Remuneration policy is designed to ensure that remuneration is reasonable, appropriate, and produces outcomes that fall within the fee limit, at each point of being assessed. The Board assessed the current level of NED fees for FY 2021 and determined that no change would be applicable to main Board and existing committee fees.

Function	Role	Fee including superannuation
Main Board	Chair	$170,000
	Member	$95,000
Audit and risk committee	Chair	$15,000
	Member	$0
Remuneration committee	Chair	$15,000
	Member	$0

This directors' report is signed in accordance with a resolution of directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the directors

Jason A Kulas
Chairman

Perth, Western Australia
29 August 2021

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Cash Converters International Limited
Level 11, 37 St Georges Terrace
Perth WA 6000

29 August 2021

Dear Directors

Cash Converters International Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Cash Converters International Limited.

As lead audit partner for the audit of the financial statements of Cash Converters International Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants

Corporate governance statement

The statement outlining Cash Converters International Limited's corporate governance framework and practices in the form of a report against the Australian Securities Exchange Corporate Governance Principles and Recommendations, 4th Edition, is available on the website, Corporate Governance - Cash Converters (https://www.cashconverters.com/wp-content/uploads/2021/08/CCIL-Corporate-Governance-Statement-2021.pdf), under Corporate Governance in accordance with listing rule 4.10.3.

Cash Converters International Limited
ABN 39 069 141 546
Annual Financial Report - 30 June 2021

Financial statements

These financial statements are consolidated financial statements for the group consisting of Cash Converters International Limited and its subsidiaries. A list of major subsidiaries is included in note 15.

The financial statements are presented in the Australian currency.

Cash Converters International Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Cash Converters International Limited
Level 11, 141 St Georges Terrace
Perth, Western Australia
6000

The financial statements were authorised for issue by the directors on 29 August 2021. The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our Investor Centre on our website: https://www.cashconverters.com/

Consolidated statement of profit or loss and other comprehensive income

	Notes	2021 $'000	2020 $'000
Continuing operations			
Franchise fee revenue		10,088	13,215
Financial services interest revenue		118,797	157,375
Sale of goods		69,914	88,238
Other revenues		2,547	3,193
Total revenue	3	201,346	262,021
Financial services cost of sales	5	(18,127)	(43,129)
Cost of goods sold		(39,676)	(48,759)
Other cost of sales		(1,615)	(2,287)
Total cost of sales		(59,418)	(94,175)
Gross profit		141,928	167,846
Employee expenses	5	(67,459)	(72,246)
Administrative expenses	5	(6,742)	(8,647)
Advertising expenses		(8,333)	(6,780)
Occupancy expenses	5	(5,091)	(4,485)
Class Action settlement expense	4	-	(42,500)
Depreciation and amortisation expense	5	(16,512)	(19,861)
Other expenses	5	(10,698)	(15,058)
Finance costs	5	(11,717)	(12,607)
Share of net profit of equity accounted investments		1,707	1,038
Profit / (Loss) before income tax		17,083	(13,300)
Income tax (expense) / benefit	6	(884)	2,809
Profit / (Loss) for the year		16,199	(10,491)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		210	376
Total comprehensive profit / (loss) for the year		16,409	(10,115)
Profit (Loss) per share			
Basic (cents per share)	22	2.62	(1.70)
Diluted (cents per share)	22	2.55	(1.70)

The accompanying notes form an integral part of the consolidated statement of profit or loss and other comprehensive income.

Consolidated statement of financial position

	Notes	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	7.d	72,166	106,548
Trade and other receivables	7.a	4,733	5,523
Loan receivables	7.b	120,586	97,115
Inventories	8.a	24,128	15,221
Prepayments	7.c	1,233	1,498
Current tax receivable		-	1,425
Total current assets		222,846	227,330
Non-current assets			
Trade and other receivables	7.a	4,894	6,107
Loan receivables	7.b	29,700	38,091
Plant and equipment	8.b	5,941	4,628
Right-of-use assets	8.c	59,177	50,523
Deferred tax assets	8.f	19,295	18,181
Goodwill	8.d	109,305	106,967
Other intangible assets	8.e	19,598	21,371
Investments in associates	15.c	7,168	6,636
Total non-current assets		255,078	252,504
Total assets		477,924	479,834
Current liabilities			
Trade and other payables	7.e	13,027	23,316
Lease liabilities	8.c	6,925	6,922
Current tax payable		587	-
Borrowings	7.f	51,318	60,618
Provisions	8.g	9,799	8,055
Total current liabilities		81,656	98,911
Non-current liabilities			
Lease liabilities	8.c	57,484	46,121
Borrowings	7.f	18,035	27,174
Provisions	8.g	971	1,257
Total non-current liabilities		76,490	74,552
Total liabilities		158,146	173,463
Net assets		319,778	306,371
Equity			
Issued capital	9	251,213	248,714
Reserves		7,656	7,068
Retained earnings		60,909	50,589
Total equity		319,778	306,371

The accompanying notes form an integral part of the consolidated statement of financial position.

Consolidated statement of changes in equity

	Notes	Issued capital	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2019		248,714	6,354	884	60,900	316,852
Loss for the year		-	-	-	(10,491)	(10,491)
Exchange differences arising on translation of foreign operations		-	376	-	-	376
Total comprehensive loss for the year		-	376	-	(10,491)	(10,115)
Share-based payments		-	-	(366)	-	(366)
Transfer reserve balance to retained earnings		-	-	(180)	180	-
Balance at 30 June 2020		248,714	6,730	338	50,589	306,371
Profit for the year		-	-	-	16,199	16,199
Exchange differences arising on translation of foreign operations		-	210	-	-	210
Total comprehensive profit for the year		-	210	-	16,199	16,409
Share-based payments		-	-	890	-	890
Transfer reserve balance to retained earnings		-	-	(285)	285	-
Transfer of modified awards to provisions	20.c	-	-	(227)	-	(227)
Dividends paid	13.b	-	-	-	(6,164)	(6,164)
Contributions from dividend reinvestment plan	9.a	2,499	-	-	-	2,499
Balance at 30 June 2021		251,213	6,940	716	60,909	319,778

The accompanying notes form an integral part of the consolidated statement of changes in equity.

Consolidated statement of cash flows

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		119,342	199,209
Payments to suppliers and employees		(137,346)	(165,960)
Payment for Class Action settlement		(10,000)	(32,500)
Interest received		479	539
Interest received from personal loans		66,348	67,811
Net (increase) / decrease in personal loans advanced		(25,279)	13,757
Interest and costs of finance paid		(11,715)	(12,597)
Income tax paid		(144)	(148)
Net cash flows provided by operating activities	10.a	1,685	70,111
Cash flows from investing activities			
Payment for acquisition of stores, net of cash acquired	14.b	(6,684)	-
Acquisition of intangible assets		(941)	(2,961)
Proceeds on sale of plant and equipment		-	409
Purchase of plant and equipment		(2,651)	(1,212)
Instalment credit loans repaid by franchisees		2,698	1,329
Dividend received from equity investment		1,124	659
Net cash flows used in investing activities		(6,454)	(1,776)
Cash flows from financing activities			
Proceeds from borrowings		78,750	134,500
Repayment of borrowings		(97,792)	(169,750)
Payment of borrowing costs		-	(1,500)
Repayment of lease liabilities		(7,063)	(6,810)
Dividends paid	13.b	(6,164)	-
Shares issued under DRP	9.a	2,499	-
Net cash flows used in financing activities		(29,770)	(43,560)
Net (decrease) / increase in cash and cash equivalents		(34,539)	24,775
Cash and cash equivalents at the beginning of the year		106,548	81,101
Effects of exchange rate changes on the balance of cash held in foreign currencies		157	672
Cash and cash equivalents at the end of the year	7.d	72,166	106,548

The accompanying notes form an integral part of the consolidated statement of cash flows.

Notes to the financial statements

Contents

1. Basis of preparation

Cash Converters International Limited is a for-profit company limited by shares, incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange.

The financial report of the Company for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of directors dated 29 August 2021. The financial report comprises the consolidated financial report of Cash Converters International Limited and its subsidiaries (the Group, as outlined in note 15).

The financial report complies with Australian Accounting Standards. The consolidated financial statements of the Cash Converters International Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except where noted. The financial report is presented in Australian dollars.

The financial report comprises the consolidated financial report of Cash Converters International Limited and its subsidiaries (the Group), as outlined in note 15. Accounting Standards include Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements have been prepared on a going concern basis.

1.a) Changes in presentation

Certain classifications on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and in the notes to the financial statements have been reclassified. The group believes that this will provide more relevant information to stakeholders. The comparative information has been reclassified accordingly.

Changes in presentation of commissions
Commissions paid by the Group to external parties are accounted for under the effective interest rate method as prescribed by the Australian Accounting Standards. For 2021, the commissions expense has been included in Financial services interest revenue and prepaid commissions have been included in loan receivables and the comparatives have been reclassified as follows:

- commissions expense of $16.987 million has been included in Financial services interest revenue;
- current prepaid commissions of $3.428 million have been included in current loan receivables and $0.033 million has been included in non-current loan receivables to correct the classification; and
- non-current prepaid commissions of $2.129 million have been included in non-current loan receivables, net of the $0.033 million current prepaid commissions.

There is no impact on net assets or the net profit of the Group as outlined below:

Changes in presentation of prepayments

	2020		
	As reported	Adjusted	Restated
	$'000	$'000	$'000
Financial services interest revenue	174,362	(16,987)	157,375
Financial services cost of sales	(60,116)	16,987	(43,129)
Loan receivables - Current	93,687	3,428	97,115
Prepayments - Current	4,959	(3,461)	1,498
Loan receivables - Non-current	35,929	2,162	38,091
Prepayments - Non-current	2,129	(2,129)	-

1.b) New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020.

The adoption of these amendments has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

New and amended Accounting Standards that are effective for the current year

Implementation of IFRIC agenda decision and change in accounting policy

During the year, the Company revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The new accounting policy is presented below at note 25.z.

Determination whether configuration and customisation services are distinct from the SaaS access

Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the company applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term.

During the year, the Company expensed $189,322 (2020: Nil) that would have previously been capitalised in respect of customisation and configuration activities undertaken in implementing SaaS arrangements which are considered to be distinct from the access to the SaaS over the contract term.

Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software that would be deemed significant.

During the year, the Company recognised $224,131 (2020: Nil) as prepayments in respect of customisation and configuration activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS over the contract term.

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2022
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022
AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2	1 June 2021

2. Segment information

2.a) Description of segments and principal activities

The Group's operating segments are organised and managed separately according to the nature of their operations. Each segment represents a strategic business unit that provides different services to different categories of customer. The Managing Director and Chief Executive Officer (chief operating decision-maker) monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group's reportable segments under AASB 8 Operating Segments are therefore as follows:

Franchise operations
This involves the sale of franchises for the retail sale of new and second-hand goods and the sale of master licenses for the development of franchises in countries around the world.

Store operations
This segment involves the retail sale of new and second-hand goods, cash advance and pawnbroking operations at corporate owned stores in Australia.

Personal finance
This segment comprises the Cash Converters Personal Finance personal loans business and Mon-E, which is responsible for providing the administration services for the Cash Converters network in Australia to offer small cash advance loans to customers.

Vehicle financing
This segment comprises Green Light Auto Group Pty Ltd, which provides motor vehicle finance.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

Segment profit represents the profit earned by each segment without the allocation of central administration costs and directors' salaries, interest income and expense in relation to corporate facilities and tax expense. This is the measure reported to the Managing Director and Chief Executive Officer (chief operating decision-maker) for the purpose of resource allocation and assessment of segment performance.

	Personal finance	Vehicle financing	Store operations	Franchise operations	Head office	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2021						
Interest revenue [1]	73,976	13,368	40,365	297	-	128,006
Other revenue	-	-	70,210	13,222	-	83,432
Gross revenue	73,976	13,368	110,575	13,519	-	211,438
Less inter-company sales	(1,301)	-	(7,908)	(1,069)	-	(10,278)
Segment revenue	72,675	13,368	102,667	12,450	-	201,160
External interest revenue [2]	-	-	-	-	186	186
Total revenue	72,675	13,368	102,667	12,450	186	201,346
EBITDA [3]	39,477	11,667	11,416	10,844	(28,092)	45,312
Less inter-company eliminations	(896)	2	2,402	(2,408)	900	-
Segment EBITDA	38,581	11,669	13,818	8,436	(27,192)	45,312
Depreciation and amortisation	(614)	(484)	(8,933)	(555)	(5,926)	(16,512)
EBIT	37,967	11,185	4,885	7,881	(33,118)	28,800
Interest expense	(4,976)	(2,432)	(3,813)	(19)	(477)	(11,717)
Profit / (loss) before tax	32,991	8,753	1,072	7,862	(33,595)	17,083
Income tax expense						(884)
Profit for the year						16,199

	Personal finance $'000	Vehicle financing $'000	Store operations $'000	Franchise operations $'000	Head office [4] $'000	Total $'000
Year ended 30 June 2020						
Interest revenue [1]	104,660	18,087	44,533	972	-	168,252
Other revenue	-	435	87,981	17,258	-	105,674
Gross revenue	104,660	18,522	132,514	18,230	-	273,926
Less inter-company sales	(2,308)	-	(8,570)	(1,356)	-	(12,234)
Segment revenue	102,352	18,522	123,944	16,874	-	261,692
External interest revenue [2]	-	-	-	-	329	329
Total revenue	102,352	18,522	123,944	16,874	329	262,021
EBITDA [3]	51,084	2,876	23,017	10,943	(68,752)	19,168
Less inter-company eliminations	(1,913)	6	2,732	(825)	-	-
Segment EBITDA	49,171	2,882	25,749	10,118	(68,752)	19,168
Depreciation and amortisation	(1,309)	(152)	(9,641)	(1,790)	(6,969)	(19,861)
EBIT	47,862	2,730	16,108	8,328	(75,721)	(693)
Interest expense	(5,864)	(2,689)	(3,814)	(51)	(189)	(12,607)
Profit / (loss) before tax	41,998	41	12,294	8,277	(75,910)	(13,300)
Income tax benefit						2,809
Loss for the year						(10,491)

1 Interest revenue comprises personal loan interest, cash advance fee income, pawnbroking interest from customers and commercial loan interest from third parties
2 External interest is interest received on bank deposits
3 EBITDA is earnings before interest, tax, depreciation, amortisation and impairment
4 Class Action settlement expense of $42.500 million has been included in the Corporate head office segment

2.b) Segment assets

	2021 $'000	2020 $'000
Group assets by reportable segment		
Personal finance	212,581	196,915
Vehicle financing	40,497	53,100
Store operations	123,386	96,693
Franchise operations	13,312	15,609
Total of all segments	389,776	362,317
Unallocated assets	88,148	117,517
Consolidated total assets	477,924	479,834

2.c) Segment liabilities

	2021 $'000	2020 $'000
Group liabilities by reportable segment		
Personal finance	54,551	71,938
Vehicle financing	21,817	32,457
Store operations	63,751	57,014
Franchise operations	3,132	5,618
Total of all segments	143,251	167,027
Unallocated liabilities	14,895	6,436
Consolidated total liabilities	158,146	173,463

2.d) Other segment information

	Depreciation, amortisation and impairment		Additions to non-current assets	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Personal finance	235	183	106	203
Vehicle financing	463	98	4	2,231
Store operations	1,776	1,919	4,734	815
Franchise operations	174	1,359	388	314
Total of all segments	2,648	3,559	5,232	3,563
Unallocated	13,864	16,302	1,289	610
Total	16,512	19,861	6,521	4,173

2.e) Geographic information

The Group operates in two principal geographical areas – Australia (country of domicile) and the United Kingdom. The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue from external customers		Non-current assets	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Australia	195,023	252,011	246,615	248,581
United Kingdom	5,607	9,259	8,463	3,923
Rest of world	716	751	-	-
	201,346	262,021	255,078	252,504

3. Revenue

		2021 $'000	2020 $'000
Financial services interest revenue			
Personal loan interest and establishment fees	1.a	70,821	99,249
Pawnbroking fees		27,491	27,262
Cash advance fee income		6,824	12,500
Vehicle loan interest and establishment fees		13,364	18,049
Other financial services revenue		297	315
		118,797	157,375
Sale of goods			
Retail sales		69,914	88,034
Vehicle trade sales		-	204
		69,914	88,238
Other revenue			
Bank interest		186	329
Other vehicle revenue		-	231
Webshop commission revenue		1,526	1,928
Other revenue		835	705
		2,547	3,193

Accounting policies

Franchise fees
Franchise fees and levies in respect of particular services are recognised as income when they become due and receivable and the costs in relation to the income are recognised as expenses when incurred.

Personal loan, cash advance, vehicle finance loan and pawnbroking fees
Interest revenue is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, inclusive of commissions paid to originate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Loan establishment fee revenue
Establishment fees are deferred and recognised over the life of the loans at the effective interest rate applicable so as to recognise revenue at a constant rate to the underlying principal over the expected life of the loan.

Retail sales
The retail sale of new and second-hand goods, in store and on-line are recognised when the Group has transferred the risks and rewards of the goods to the buyer or when the services are provided.

Other categories of revenue
Other categories of revenue, such as webshop commissions, are recognised when the Group has transferred the risks and rewards of the goods to the buyer or when the services are provided. Bank interest is recognised as earned on an accruals basis.

No entities within the Group have made any claims under the JobKeeper Payment scheme allowances.

4. Material profit or loss items

Class Action settlement expense

On 21 October 2019, the Company announced that it had reached a settlement in relation to the Lynch Proceeding, under the terms of which the Company paid a total of $42.500 million ($32.500 million in November 2019 and $10.000 million in September 2020) into a fund for distribution to members of the class. The $42.500 million was accounted for as an expense in the FY 2020 consolidated statement of profit or loss and other comprehensive income.

Impairment

Impairment expenses are recognised to the extent that the carrying amount of assets exceeds their recoverable amount. Refer to note 25.h for further details on impairment.

5. Expense items

	2021 $'000	2020 $'000
Financial services cost of sales		
Net bad debt and expected credit loss expense	24,254	48,699
Bad debt recovered	(8,764)	(8,711)
Other financial services cost of sales	2,637	3,141
	18,127	43,129
Employee expenses		
Employee benefits	61,474	67,525
Share-based payments	890	(366)
Superannuation expense	5,095	5,087
	67,459	72,246
Administrative expenses		
General administrative expenses	3,036	3,291
Communications expenses	783	955
IT expenses	2,781	3,620
Travel costs	142	781
	6,742	8,647
Occupancy expenses		
Rent	263	260
Outgoings	2,185	2,144
Other - cleaning, repairs, security, electricity	2,643	2,081
	5,091	4,485
Depreciation and amortisation expense		
Depreciation	1,763	2,118
Depreciation of right-of-use assets	9,829	9,154
Amortisation of other intangible assets	4,574	5,967
Loss on write down of assets	346	2,622
	16,512	19,861
Other expenses		
Legal fees	885	1,171
Professional and registry costs	5,789	8,159
Auditing and accounting services	790	507
Bank charges	795	986
Other expenses from ordinary activities	2,439	4,235
	10,698	15,058
Finance costs		
Interest	7,198	8,384
Interest expense on lease liabilities	4,519	4,223
	11,717	12,607

6. Income tax

6.a) Income tax expense

	2021 $'000	2020 $'000
Current income tax expense		
Current year	2,076	(2,874)
Adjustment for prior years	-	(341)
Deferred income tax expense		
Temporary differences	2,649	(136)
Adjustment for prior years	386	542
Deferred tax asset on recognition of carry forward UK losses	(4,227)	-
Income tax expense / (benefit) reported in income statement	884	(2,809)

6.b) Numerical reconciliation of income tax expense to prima facie tax payable

	2021 $'000	2020 $'000
Tax reconciliation		
Profit / (loss) before tax from continuing operations	17,083	(13,300)
Income tax at the statutory rate of 30% (2020: 30%)	5,125	(3,990)
Adjustments relating to prior years	386	201
Income tax rate differential	(34)	(21)
Other adjustments	(397)	980
Tax effect of share-based payment expense	267	(110)
Recognition of carry forward tax losses	(4,463)	131
Income tax expense / (benefit) on profit before tax	884	(2,809)

6.c) Tax losses

	2021 $'000	2020 $'000
Tax losses - revenue	-	4,312

A deferred tax asset in respect of carry forward losses of $7.065 million (2020: $2.758 million) has been recognised in relation to the Group's UK operations. Profit has been achieved in the last three years with the FY 2021 year reflecting utilisation of the carry forward losses because of taxable profits arising. Ongoing taxable profit forecasts have supported recognising in full the deferred tax asset (DTA) that arises from unused tax losses from previous years. This has flowed to the consolidated accounting net profit after taxation of the Group with the equivalent $4.227 million recognised through the current year income tax expense line in the statement of comprehensive income.

Carry forward losses of $Nil (2020: $3.945 million) have been recognised in relation to losses in the Group's Australian operations during the current year. Refer to note 25.e for further information supporting the recognition of these losses.

6.d) Uncertainty over Income Tax Treatments

There were no adjustments to the amounts recognised in the financial report as a result of adopting IFRIC 23.

The Group adopted IFRIC 23 for the first time during the year ended 30 June 2020. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments, under AASB 12 Income Taxes.

The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a Group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - if yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings
  - if no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

6.e) Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Cash Converters International Limited. The members of the tax-consolidated group are identified in note 15.

6.f) Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Cash Converters International Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligation. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

See note 8.f for Deferred tax balances.

See note 25.e for the accounting policy.

7. Financial assets and financial liabilities

	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	72,166	106,548
Trade and other receivables	9,627	11,630
Loan receivables	150,286	135,206
	232,079	253,384
Financial liabilities		
Trade and other payables	13,027	23,316
Borrowings	69,353	87,792
	82,380	111,108

7.a) Trade and other receivables

	2021 $'000	2020 $'000
Current		
Trade receivables	1,315	1,862
Allowance for expected credit losses	(99)	(154)
Total trade receivables (net)	1,216	1,708
Vendor finance loans	818	1,797
Other receivables	2,699	2,018
Total trade and other receivables	4,733	5,523
Non-current		
Vendor finance loans	394	2,060
Loan to associate	2,837	2,848
Other receivables	1,663	1,199
Total trade and other receivables	4,894	6,107

Trade receivables include weekly franchise fees and OTC fees. Where the collection of the debtor is doubtful, an allowance for expected credit losses is recognised. The average credit period on sales is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter, interest may be charged on the outstanding balance.

Vendor finance loans are loans made to purchasers of the Group's UK corporate stores during the year ended 30 June 2017 as part of the purchase agreement. The loans have various terms of up to 6 years, and bear interest at rates between nil and 8%. The receivables are held at amortised cost.

Commercial loan advanced to Cash Converters Holdings LP (New Zealand master franchisee) with a maturity date of 14 September 2023. Interest is charged quarterly at a rate of 5% per annum.

Other receivables include development agent fees outstanding, sub-master license sales, Mon-E fees, financial commission, and instalment credit loans.

As at 30 June the ageing analysis of trade receivables was as follows:

	2021 **$'000**	**2020** **$'000**
0 to 30 days	451	509
31 to 60 days	19	235
61 to 90 days	173	343
90+ days	573	621
Stage 3 expected credit loss	99	154
Balance at end of year	1,315	1,862

Allowance for expected credit losses

As at 30 June 2021, trade receivables of $99 thousand (2020: $154 thousand) were considered to be in Stage 3 of expected credit losses as described in the accounting policy. Movements in the allowance for expected credit losses of trade receivables were as follows:

	2021 **$'000**	**2020** **$'000**
Balance at beginning of year	154	26
Expected credit losses recognised on receivables	(57)	131
Foreign currency exchange differences	2	(3)
Balance at end of year	99	154

See note 25.k for the accounting policy.

7.b) Loan receivables at amortised cost

2021	Personal Finance $'000	Store Operations $'000	Vehicle Financing $'000	Total $'000
Current				
Outstanding balance	105,954	16,834	21,091	143,879
Allowance for expected credit losses	(17,072)	(2,080)	(4,141)	(23,293)
Net	88,882	14,754	16,950	120,586
Non-current				
Outstanding balance	10,998	-	23,188	34,186
Allowance for expected credit losses	(1,543)	-	(2,943)	(4,486)
Net	9,455	-	20,245	29,700

2020	Personal Finance $'000	Store Operations $'000	Vehicle Financing $'000	Total $'000
Current				
Outstanding balance	90,367	9,285	19,929	119,581
Allowance for expected credit losses	(16,985)	(937)	(4,544)	(22,466)
Net	73,382	8,348	15,385	97,115
Non-current				
Outstanding balance	4,477	-	41,527	46,004
Allowance for expected credit losses	(817)	-	(7,096)	(7,913)
Net	3,660	-	34,431	38,091

The credit period provided in relation to personal short-term unsecured loans varies from 30 days to 24 months. Interest is charged on these loans at a fixed rate which, for pawnbroking loans, varies dependent on the state of origin. An expected credit loss allowance has been made for estimated unrecoverable amounts arising from loans already issued, which has been determined by reference to past default experience. Before accepting any new customers, the Group uses an internally developed scoring system, which uses available credit data, to assess the potential customer's credit quality and define credit limits by customer. There is no concentration of credit risk within the personal loan book.

Vehicle finance loans are secured loans advanced for financing the purchase of vehicles. The average remaining term of these loans is 2.6 years (2020: 3.2 years) and the average interest rate is 24.2% (2020: 24.9%).

As at 30 June the ageing analysis of personal loan and store operations receivables was as follows:

	2021 $'000	2020 $'000
0 to 30 days	104,641	78,059
31 to 60 days	4,300	2,492
61 to 90 days	2,613	2,383
90 + days	1,537	2,456
Loan receivables carrying value	113,091	85,390
Stage 3 expected credit loss	20,695	18,739
Gross carrying value	133,786	104,129

As at 30 June the ageing analysis of vehicle finance loan receivables was as follows:

	2021 $'000	2020 $'000
0 to 30 days	25,241	34,835
31 to 60 days	2,476	4,830
61 to 90 days	1,923	2,659
90 + days	7,555	7,492
Loan receivables carrying value	37,195	49,816
Stage 3 expected credit loss	7,084	11,640
Gross carrying value	44,279	61,456

Allowance for expected credit losses

In determining the recoverability of a personal loan, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit loss allowance required in excess of the loss allowance.

The following table explains changes in the loss allowance between the beginning and end of the year:

Personal loan receivables Loss allowance	**Stage 1 12 month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Balance at 1 July 2020	3,562	5,035	10,142	18,739
Movements with P&L impact				
Transfers:				
Transfers from Stage 1 to Stage 2	(245)	245	-	-
Transfers from Stage 1 to Stage 3	(178)	-	178	-
Transfers from Stage 2 to Stage 1	118	(118)	-	-
Transfers from Stage 2 to Stage 3	-	(470)	470	-
Transfers from Stage 3 to Stage 1	123	-	(123)	-
Transfers from Stage 3 to Stage 2	-	906	(906)	-
New financial assets originated	5,022	5,852	5,056	15,930
Changes in PDs/LGDs/EADs	(847)	(1,329)	(982)	(3,158)
Changes to model assumptions and methodologies	218	1,038	1,888	3,144
Written off and settled loans	(2,653)	(3,928)	(7,379)	(13,960)
Total net change during the period	1,558	2,196	(1,798)	1,956
Balance at 30 June 2021	5,120	7,231	8,344	20,695

The following table further explains changes in the gross carrying amount of the loans and receivables to help explain their significance to the changes in the loss allowance:

Personal loan receivables Gross carrying amount	**Stage 1 12 month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Balance at 1 July 2020	63,185	19,216	21,728	104,129
Movements with P&L impact				
Transfers:				
Transfers from Stage 1 to Stage 2	(2,788)	2,788	-	-
Transfers from Stage 1 to Stage 3	(1,668)	-	1,668	-
Transfers from Stage 2 to Stage 1	457	(457)	-	-
Transfers from Stage 2 to Stage 3	-	(1,570)	1,570	-
Transfers from Stage 3 to Stage 1	342	-	(342)	-
Transfers from Stage 3 to Stage 2	-	2,412	(2,412)	-
New financial assets originated	93,055	18,390	10,505	121,950
Changes in outstanding balances	(4,466)	(4,338)	(1,593)	(10,397)
Written off and settled loans	(52,095)	(14,889)	(14,912)	(81,896)
Total net change during the period	32,837	2,336	(5,516)	29,657
Balance at 30 June 2021	96,022	21,552	16,212	133,786

In determining the recoverability of a vehicle finance loan, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The Group has made a provision based on known historical losses and a reasonable estimation of expected future losses. As these loans are secured by the underlying vehicle financed, the total loss will be reduced by the recoverable amount. Accordingly, the directors believe that there is no further credit loss allowance required in excess of the loss allowance for expected credit losses.

The following table explains changes in the loss allowance between the beginning and end of the year:

Vehicle finance loans receivables Loss allowance	**Stage 1 12 month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Balance at 1 July 2020	1,757	4,006	5,877	11,640
Movements with P&L impact				
Transfers:				
Transfers from Stage 1 to Stage 2	(233)	233	-	-
Transfers from Stage 1 to Stage 3	(144)	-	144	-
Transfers from Stage 2 to Stage 1	847	(847)	-	-
Transfers from Stage 2 to Stage 3	-	(1,037)	1,037	-
Transfers from Stage 3 to Stage 1	334	-	(334)	-
Transfers from Stage 3 to Stage 2	-	282	(282)	-
New financial assets originated	252	121	117	490
Changes in PDs/LGDs/EADs	(1,130)	283	718	(129)
Changes to model assumptions and methodologies	(551)	(650)	242	(959)
Written off and settled loans	(263)	(1,062)	(2,633)	(3,958)
Total net change during the period	(888)	(2,677)	(991)	(4,556)
Balance at 30 June 2021	869	1,329	4,886	7,084

The following table further explains changes in the gross carrying amount of the loans and receivables to help explain their significance to the changes in the provision as discussed above:

Vehicle finance loans receivables Gross carrying amount	**Stage 1 12 month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Balance at 1 July 2020	43,218	9,599	8,639	61,456
Movements with P&L impact				
Transfers:				
Transfers from Stage 1 to Stage 2	(3,707)	3,707	-	-
Transfers from Stage 1 to Stage 3	(2,561)	-	2,561	-
Transfers from Stage 2 to Stage 1	2,284	(2,284)	-	-
Transfers from Stage 2 to Stage 3	-	(3,127)	3,127	-
Transfers from Stage 3 to Stage 1	552	-	(552)	-
Transfers from Stage 3 to Stage 2	-	437	(437)	-
New financial assets originated	6,286	418	145	6,849
Changes in outstanding balances	(8,747)	(1,342)	(871)	(10,960)
Written off and settled loans	(7,470)	(2,163)	(3,433)	(13,066)
Total net change during the period	(13,363)	(4,354)	540	(17,177)
Balance at 30 June 2021	29,855	5,245	9,179	44,279

Changes in the loss allowance between the beginning and end of the year were attributable to the following items:

- Transfers to/(from) stages: movements due to transfers of credit exposures between Stage 1, Stage 2 and Stage 3.
- New financial assets originated: movements in credit exposures and provisions for impairment due to new financial assets originated.
- Changes in PDs/LGDs/EADs: movements due to changes in probability of default, loss given default and exposure at default. Expected loss rates are based on payment profiles, age and expected lifetime of the receivables, changes in underlying credit quality and historic loss experience.
- Changes to model assumptions and methodologies: movements in provisions for impairment due to adjustments reflecting forward-looking macro-economic information or other assumptions.
- Written-off and settled loans: derecognition of credit exposures and provisions for impairment upon write-off or repayment of receivables.

Accounting policy

Loan receivables that have fixed or determinable payments that are not quoted in an active market are classified as loan receivables and are measured at amortised cost using the effective interest method including transaction costs, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Key estimate – impairment of financial assets
Under AASB 9, a three-stage approach is applied to measuring expected credit losses (ECL) based on credit migration between the stages as follows:

- Stage 1: At initial recognition, a provision equivalent to 12 months ECL is recognised.
- Stage 2: Where there has been a significant increase in credit risk (SICR) since initial recognition, a provision equivalent to full lifetime ECL is required.
- Stage 3: Lifetime ECL is recognised for loans where there is objective evidence of impairment.

ECL are probability weighted and determined by evaluating a range of possible outcomes, taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Probability of default

To measure the expected credit losses, loan receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of loan receivables over a period prior to 1 July 2021 and the corresponding historical credit losses experienced within this period. The provision assessment has required the application of judgement as the underlying data trend seen is potentially impacted by government stimulus which ended March 2021 and resulted in favourable customer repayment behaviour compared to historic norms. Noting the uncharacteristic macro-economic environment in which originations have occurred during the reporting period, the assessment has been informed by stress testing alternative scenarios and assessing model outcomes arising from alternative data windows pre-COVID. Accordingly, the probability of default is adjusted to best reflect the expected credit loss in an environment un-influenced by government stimulus and other temporary measures and a likely increased probability of default.

During the period there was a change in estimates including a specific provision for accounts reported as being in a formal hardship arrangement to reflect the uncertainty and increased credit risk for this customer cohort. The outcome of this is an additional $1.684 million provision for personal loans receivable and $0.381 million provision for vehicle finance loan receivables.

Macro-economic scenarios

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis to identify key economic variables impacting credit risk and expected credit losses for Personal Loans and Motor Vehicle Loans. Expected credit losses are a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The ECL model is adjusted to reflect forward-looking macro-economic information to allow for additional risk in compliance with AASB 9. An assessment was undertaken to determine the most relevant and reliable economic indicator on which to base a forward-looking assessment of expected credit loss. The unemployment rate was chosen as a key indicator of impairment levels for the portfolios. Using publicly available forecasts for unemployment rates over the next year, alternate scenarios, outlined below, were determined.

The outlook in forecast unemployment has improved significantly since June 2020 although management remain concerned with the potential for continued short-term volatility given the rapid change in a relatively short period of time and the potential impact from subsequent lockdowns.

The outcome of this estimate, weighing significantly improved unemployment forecasts compared to June 2020 and the potential for continued volatility in unemployment rates, is an additional $0.596 million (2020: additional $4.282 million) provision for personal loan receivables and an additional $0.232 million (2020: $2.910 million) provision for vehicle finance loan receivables.

The table below provides a summary of the unemployment rate forecasts used in the baseline, upside and downside scenarios:

Unemployment rate	FY 2022 (forecast)	FY 2023 (forecast)
Baseline	4.7%	4.5%
Upside	4.3%	3.6%
Downside	5.4%	5.5%

Loss given default

Loss given default is estimated based on historical data related to amounts recovered post write off.

Write-off policy

The Group writes off financial assets in whole or in part on the following basis:

- For personal loans, when payments on the loan reach 90 days past due, unless the loan is in a hardship arrangement or in dispute.
- For motor vehicle loans, the date on which all practical asset recovery efforts have been exhausted with no reasonable expectation of further recoveries, if, prior to write off, a loan has reached 180 days in contractual arrears and no payment has been received for 90 days it is subject to a specific provision for the full outstanding balance.

Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral such that there is no reasonable expectation of full recovery. Written off loans can subsequently be sent to third party collection agents for recovery.

7.c) Prepayments

	2021 $'000	2020 $'000
Current		
Other prepayments	1,233	1,498
	1,233	1,498

See note 25.i for the accounting policy.

7.d) Cash and cash equivalents

	2021 $'000	2020 $'000
Cash on hand	2,993	2,050
Cash at bank	69,173	104,498
	72,166	106,548

Cash at bank includes restricted cash of $4.836 million (2020: $4.839 million) that is held in accounts controlled by the CCPF Receivables Trust No 1 that was established to operate the Company's securitisation facility with Fortress Finance. The facility prescribes that cash deposited in this account can only be used to fund new principal advances. Surplus funds at the end of the period are redistributed in keeping with the terms of the securitisation facility. Cash at bank includes a further $6.220 million (2020: $6.270 million) on deposit as security for banking facilities.

See note 25.j for the accounting policy.

7.e) Trade and other payables

	2021 $'000	2020 $'000
Current		
Trade payables	1,319	1,952
Accruals	11,708	11,364
Class Action final settlement payment	-	10,000
	13,027	23,316

The Group has financial risk management policies in place to ensure that all payables are paid within the allowed credit period in order to avoid the payment of interest on outstanding accounts.

See note 25.o for the accounting policy.

7.f) Borrowings

	2021 $'000	2020 $'000
Current		
Securitisation facility	51,318	60,576
Insurance premium funding	-	42
	51,318	60,618
Non-current		
Securitisation facility	18,035	27,174
Total	69,353	87,792

The securitisation facility represents a liability owed by CCPF Receivables Trust No 1, a consolidated subsidiary established as part of the borrowing arrangement with the Fortress Investment Group. This liability is secured against eligible receivables (which includes Small and Medium Amount Credit Contracts issued by Cash Converters Personal Finance and secured vehicle loans provided by Green Light Auto) which have been assigned to the Trust. Collections from Trust receivables are used to pay interest of the securitisation facility, with the remainder remitted to the Group twice per month. Receivables have maturities of up to 5 years and the facility has accordingly been presented as current and non-current liabilities in line with the maturities of the underlying receivables.

The facility limit is $150 million. Under the current facility terms, in the ordinary course of business, the consolidated entity currently expects to utilise the facility until at least the Maturity Date, and the consolidated entity currently has the ability to extend the facility term by two years beyond the initial Maturity Date of 18 December 2022 subject to the agreement of terms with the financier.

Reconciliation of liabilities arising from financing activities – see note 10.c.

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	2021 $'000	2020 $'000
Total facilities		
Securitisation facilities	150,000	150,000
Used at balance date		
Securitisation facilities	70,250	89,250
Unused at balance date		
Securitisation facilities	79,750	60,750

See notes 25.q and 25.r for the accounting policy.

Loan facility undertakings and review events

The Group's borrowing facilities are subject to various undertakings. The securitisation has various eligibility criteria which the receivables of the Group must meet to be funded under the facility. During the reporting period there have been no events of default or potential events of default.

8. Non-financial assets and liabilities

8.a) Inventories

	2021 $'000	2020 $'000
New and pre-owned goods at cost	25,923	16,272
Provision for obsolete stock	(1,795)	(1,051)
Net realisable value	24,128	15,221

See note 25.l for the accounting policy.

8.b) Property, plant and equipment

	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Cost			
Balance at 1 July 2019	12,914	9,885	22,799
Additions	462	749	1,211
Disposals	(513)	(2,736)	(3,249)
Foreign currency exchange differences	-	(2)	(2)
Balance at 30 June 2020	12,863	7,896	20,759
Additions	134	2,580	2,714
Additions from business combinations	-	425	425
Disposals	(129)	(1,399)	(1,528)
Foreign currency exchange differences	-	7	7
Balance at 30 June 2021	12,868	9,509	22,377
Depreciation			
Balance at 1 July 2019	9,270	7,356	16,626
Disposals	(389)	(2,220)	(2,609)
Depreciation expense	1,156	962	2,118
Foreign currency exchange differences	-	(4)	(4)
Balance at 30 June 2020	10,037	6,094	16,131
Disposals	(87)	(1,377)	(1,464)
Depreciation expense	938	825	1,763
Foreign currency exchange differences	-	6	6
Balance at 30 June 2021	10,888	5,548	16,436

See note 25.m for the accounting policy.

8.c) Leases

The Group has adopted AASB 16 Leases from 1 July 2019. Under AASB 16, a contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Group adopted AASB 16 using the modified retrospective method on 1 July 2019 by using the option to recognise right-of-use assets at the value of lease liabilities, adjusted for any related prepaid and accrued lease payments for all leases. Under this method, the standard was applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application, with no restatement of comparatives.

The Group's weighted average incremental borrowing rates applied to the lease liabilities is 7.83% (2020: 7.60%) for leases in Australia and 7.05% (2020: 7.03%) for leases in the United Kingdom.

Right-of-use assets

	2021 $'000	2020 $'000
Cost		
Balance at beginning of year	59,646	61,904
Additions	15,198	499
Terminations	(922)	(122)
Other remeasurements	33	(890)
Lease extensions	4,589	975
Lease reductions	(1,340)	(2,746)
Foreign currency exchange differences	22	26
Balance at end of year	77,226	59,646
Depreciation		
Balance at beginning of year	9,123	-
Terminations	(922)	-
Depreciation expense	9,829	9,153
Foreign currency exchange differences	19	(30)
Balance at end of year	18,049	9,123
Net book value	59,177	50,523
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	9,829	9,153
Interest expense on lease liabilities	4,519	4,223
Expense relating to short-term leases	263	259
	14,611	13,635

The Group right-of-use assets relate to property leases. The average lease term is 6.43 years (2020: 5.42 years).

See note 25.f for the accounting policy.

Lease liabilities

	2021 $'000	2020 $'000
Current	6,925	6,922
Non-current	57,484	46,121
	64,409	53,043
Maturity analysis		
Year 1	11,252	10,694
Year 2	10,442	9,295
Year 3	9,870	7,840
Year 4	8,937	7,284
Year 5	8,563	6,381
Onwards	44,500	34,650
	93,564	76,144
Less: unaccrued interest	(29,155)	(23,101)
	64,409	53,043

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

See note 25.f for the accounting policy.

8.d) Goodwill

Gross carrying amount

	2021 **$'000**	**2020** **$'000**
Balance at beginning of year	106,967	106,967
Recognition on business combinations	2,338	-
Balance at end of year	109,305	106,967

Goodwill related to acquisitions of franchise stores completed during the period as disclosed in note 14 has been provisionally allocated to Store operations. The allocation of goodwill will be finalised within the measurement period of 12 months from acquisition date and disclosed in subsequent reporting.

Accounting policy

Goodwill arising on an acquisition of a business is carried at cost at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro rata based on the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is recognised directly in profit or loss and is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Allocation of goodwill to CGUs

Goodwill has been allocated for impairment testing purposes to the following CGUs or groups of CGUs:

	2021 $'000	2020 $'000
Personal finance	90,561	90,561
Store operations	18,744	16,406
	109,305	106,967

Impairment losses recognised

No impairment losses have been recognised in the years ended 30 June 2021 or 30 June 2020.

Impairment testing and key assumptions

Impairment testing approach applicable to all CGUs

Impairment modelling for each CGU has been prepared separately based on a value in use model which uses cash flow projections based on budgets approved by management covering a five-year period. Cash flows beyond the five-year period are estimated using industry growth rates and a terminal value calculated based on a terminal growth rate under standard valuation principles.

Key assumptions are based on a combination of past experience for mature products and external sources (market data) for less mature products and economic metrics such as interest rates. There is inherent uncertainty associated with the key assumptions supporting the cash flow projections including the duration of the economic downturn associated with COVID-19 and the recovery period.

Working capital requirements are factored into the modelling based on historic requirements for each CGU, and vary in line with earnings growth. Capital investment, required to run the business (i.e. replacement and non-expansionary capital expenditure) has been included based on budgeted amounts for the next financial year and incremental growth in subsequent years consistent with increasing revenues.

The recoverable value of all non-current assets, including goodwill, property, plant and equipment (note 8.d) and other intangible assets (note 8.e) is assessed using the impairment testing as outlined in this note.

Significant accounting estimates and assumptions

Significant management judgement is required with respect to estimating the timing and amount of forecast cash flows including:

- projecting loan origination volumes, customer repayments and the forecast expected credit losses;
- consideration of the impact of COVID-19 on lending volumes, loan loss rates and retail sales, including expected recovery timing and rates in these metrics; and
- the potential impact of possible future changes in legislation. Including the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020 (“the Bill”).

Significant management judgement is required with respect to the application of an appropriate discount rate to present value the forecast cash flows in which the purpose is to estimate, as far as possible:

- a market assessment of expectations about possible variations in the amount or timing of those cash flows;
- the time value of money, represented by the current market risk-free rate of interest;
- the price for bearing the uncertainty inherent in the asset; and
- other, sometimes unidentifiable, factors (such as illiquidity) that market participants would reflect.

Impact of COVID-19

The impact of COVID-19 on the general economy is sufficiently pervasive to be considered an impairment indicator. Impairment testing undertaken incorporates assumptions on lending and retail recovery in forecast years reflecting the recovery trends observed during FY 2021.

Impact of regulation

The Personal Finance business operates in a regulated industry. The impairment testing for this business segment is based on management’s expectation of performance, at the date of the impairment testing, being 30 June 2021.

There has been consideration of the potential impact of possible future regulatory changes that are not yet legislated, in particular the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020 (“the Bill”).

The Bill includes the potential consideration for Small Amount Credit Contract (SACC) ‘protected earnings amounts’ (PEA legislation) changes. While the Bill remains in the Bills List before Senate a very low (less than 10%) chance is ascribed to the potential for the Bill to complete the legislative process in its current form for the foreseeable future. The considerations behind this assumption included the lobbying undertaken, the reported lack of support for the Bill in the required Senate majority, and the postponement of prior readings (March 2021) and removal from the debate list in the most recent Senate period.

Given the very low probability for the potential impact on cashflows from the PEA legislation becoming enacted it is ascribed zero weighting in the forecast cashflows supporting the recoverable value at 30 June 2021.

Key Assumptions

Forecast revenue growth rates in the table below reflect the assumptions in the forecast cashflows. Revenue growth projections for FY 2022 reflect an improvement in lending volumes and retail sales with an expectation of reaching pre-COVID-19 levels in FY 2023 from a diminished revenue base for FY 2021. Management has considered the most recent revenue run rate for Personal finance and store operations in refining our FY 2022 forecast assumptions.

The following key assumptions were used in the impairment testing:

Assumption	Personal finance	Store operations
2022 budget revenue growth	34%	30%
2023 forecast revenue growth	2%	1%
Revenue growth rate beyond year 2	3% to 5%	2%
Terminal growth rate > 5 years	2%	2%
Post-tax discount rate applied to cash flows	10.6%	10.6%

For the year ended 30 June 2020, the key assumptions, included below, for forecast revenue growth rates reflected the range of assumptions in the scenarios developed spanning varying lending recovery rates post COVID-19 in FY 2021 and FY 2022, as well as the impact of PEA legislation changes in FY 2023 (impacting cash flows beyond year 2). Probability weightings were applied to the scenarios.

Assumption	Personal finance	Store operations
2021 budget revenue growth / (reduction)	(26%) to (30%)	(8%) to (9%)
2022 forecast revenue growth / (reduction)	29% to 37%	7%
Revenue growth rate beyond year 2	(20%) to 5%	(5%) to 1%
Terminal growth rate > 5 years	2%	2%
Post-tax discount rate applied to cash flows	10.6%	10.6%

Impairment sensitivity

Sensitivity tests were performed on key assumptions regarding discount rate and bad debt forecasts. Management has considered a scenario in which the impact of government responses to COVID-19 would cause a further delay in the FY 2022 forecasted growth. This indicated that when management assumptions are sensitised for identified reasonably possible changes, no impairment would be recognised.

8.e) Intangible assets

Allocation of other intangible assets to CGUs

	2021 $'000	2020 $'000
Franchise operations (excluding UK)	5,657	5,085
Franchise operations (UK)	1,279	1,722
Personal finance	5,762	8,053
Store operations	4,559	3,363
Vehicle financing	2,341	3,148
	19,598	21,371

Other intangible assets are allocated to their respective CGU and tested for impairment when impairment indicators are identified. Intangible assets with indefinite lives included within other intangible assets are tested for impairment annually. Refer to note 8.d for details of impairment testing. The recoverable value of other intangible assets is assessed using the same assumptions and methods as the goodwill for the related CGUs.

No impairment has been recognised in the year ended 30 June 2021 (2020: Nil).

Categories of other intangible assets

	Reacquired Rights $'000	Trade names & customer relationships $'000	Software $'000	Total $'000
Cost				
Balance at 1 July 2019	7,622	16,850	25,292	49,764
Additions	-	-	2,962	2,962
Disposals	(746)	-	(5,584)	(6,330)
Foreign currency exchange differences	(9)	-	6	(3)
Balance at 30 June 2020	6,867	16,850	22,676	46,393
Additions	-	-	1,120	1,120
Additions from business combinations	1,733	527	-	2,260
Disposals	-	-	(2,051)	(2,051)
Foreign currency exchange differences	29	-	8	37
Balance at 30 June 2021	8,629	17,377	21,753	47,759
Amortisation				
Balance at 1 July 2019	5,466	8,853	8,521	22,840
Disposals	-	-	(3,776)	(3,776)
Amortisation expense	329	127	5,511	5,967
Foreign currency exchange differences	(4)	-	(5)	(9)
Balance at 30 June 2020	5,791	8,980	10,251	25,022
Disposals	-	-	(1,453)	(1,453)
Amortisation expense	371	155	4,048	4,574
Foreign currency exchange differences	11	-	7	18
Balance at 30 June 2021	6,173	9,135	12,853	28,161

See note 25.n for the accounting policy.

8.f) Deferred tax balances

	2021 $'000	2020 $'000
Deferred tax assets		
Allowance for expected credit losses	7,700	9,128
Accruals	612	686
Provision for employee entitlements	2,613	2,322
Other provisions	1,486	415
Leases	1,497	688
Other	89	178
Carry forward losses	7,065	6,566
	21,062	19,983
Deferred tax liabilities		
Fixed assets	(1,334)	(687)
Intangible assets	(417)	(1,097)
Other	(16)	(18)
	(1,767)	(1,802)
Net deferred tax assets	19,295	18,181
Reconciliation of net deferred tax assets		
Opening balance at beginning of period	18,181	14,820
Tax expense during period recognised in profit or loss	(2,649)	136
Tax on business combinations	(158)	-
Prior year adjustment	(386)	(542)
Transfer current year tax benefit	-	3,792
Other	80	(25)
Deferred tax asset on recognition of carry forward UK losses	4,227	-
Closing balance at end of period	19,295	18,181

A net deferred tax asset of $19.295 million (2020: $18.181 million) has been recognised in the consolidated statement of financial position. There is a critical accounting judgement with respect the recognition of deferred tax assets including where they arise from previous years losses and will be offset against any future taxes on profit. In making this assessment, a forward-looking estimation of taxable profit was made, based on management's best estimate of future performance from continuing operations as at 30 June 2021.

This includes a deferred tax asset in respect of carry forward losses of $7.065 million (2020: $2.758 million) recognised in relation to the Group's UK operations. Profit has been achieved in the last three years with the FY 2021 year reflecting utilisation of the carry forward losses because of taxable profits arising. Ongoing taxable profit forecasts have supported recognising in full the deferred tax asset (DTA) that arises from unused tax losses from previous years.

Continuing operations in Australia made a taxable profit during the current year and is expected to be profitable in future years, therefore supporting the recognition of net deferred tax assets arising from temporary differences in Australia.

See note 25.e for the accounting policy.

8.g) Provisions

	2021 $'000	2020 $'000
Current		
Employee benefits	7,975	6,942
Fringe benefits tax	29	54
Onerous lease contracts	767	82
Other	1,028	977
	9,799	8,055
Non-current		
Employee benefits	735	798
Onerous lease contracts	236	459
	971	1,257

Movements in the provisions were as follows:

	Employee benefits $'000	Fringe benefits tax $'000	Onerous lease contracts $'000	Other $'000	Total $'000
2021					
Carrying amount at start of year	7,740	54	541	977	9,312
Acquired through business combinations	216	-	-	-	216
Transfer from reserves for awards granted	-	-	-	227	227
Charged to profit or loss	804	1	444	285	1,534
Utilised during the year	(50)	(26)	-	(469)	(545)
Foreign currency exchange differences	-	-	18	8	26
Carrying amount at end of year	8,710	29	1,003	1,028	10,770
2020					
Carrying amount at start of year	7,115	41	1,343	257	8,756
Charged to profit or loss	625	13	(539)	725	824
Utilised during the year	-	-	(263)	-	(263)
Foreign currency exchange differences	-	-	-	(5)	(5)
Carrying amount at end of year	7,740	54	541	977	9,312

See note 25.r for the accounting policy.

9. Issued capital

	2021 Number	2020 Number	2021 $'000	2020 $'000
Balance at beginning of year	616,437,946	616,437,946	248,714	248,714
Issued during the year	11,107,069	-	2,499	-
Balance at end of year	627,545,015	616,437,946	251,213	248,714

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the Corporations Act abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Additional fully paid ordinary shares were issued during 2021 under the Dividend Reinvestment Plan for the dividend paid on 14 April 2021.

See note 25.u for the accounting policy.

10. Cash flow information

10.a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2021 $'000	2020 $'000
Profit / (loss) after tax	16,199	(10,491)
Non-cash adjustment to reconcile profit after tax to net cash flows:		
Amortisation	4,574	5,967
Depreciation	11,592	11,281
Share-based payments	890	(366)
Loss on disposal of non-current assets	346	2,623
Share of net (profit) / loss of equity accounted investment	(1,707)	(957)
Changes in assets and liabilities:		
Trade and loan receivables	(14,482)	46,632
Inventories	(8,112)	5,125
Other assets	265	2,907
Trade and other payables	(9,635)	9,493
Provisions	1,015	811
Income tax payables	740	(2,914)
Net cash provided by operating activities	1,685	70,111

Cash flows are included in the cash flow statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

10.b) Non-cash investing and financing activities

	2021 $'000	2020 $'000
Net Recognition of right of use asset and liability	18,429	(2,205)
Share based payment reserve transferred to retained earnings	285	180
Share based payment reserve transferred to provisions	227	-

10.c) Reconciliation of liabilities arising from financing activities

	Opening $'000	Net cashflows $'000	Non-cash transaction costs $'000	Closing $'000
2021				
Securitisation facility	89,250	(19,000)	-	70,250
Transaction costs and other	(1,458)	(42)	603	(897)
Lease liabilities	53,043	(11,582)	22,948	64,409
	140,835	(30,624)	23,551	133,762
2020				
Securitisation facility	124,500	(35,250)	-	89,250
Transaction costs and other	(1,164)	(1,458)	1,164	(1,458)
Lease liabilities	-	(11,022)	64,065	53,043
	123,336	(47,730)	65,229	140,835

11. Critical estimates and judgements

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amount recognised in the financial statements:

- Recoverability of deferred tax assets – see note 6.c
- Classification of contingent liabilities – see note 16

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

- Impairment of goodwill and other intangible assets – see note 8.d
- Incremental borrowing rate used in calculating lease asset and liability values – see note 8.c
- Impairment of equity investment in associate – see note 15.c
- Useful lives of other intangible assets – see note 25.n
- Impairment of financial assets (including loan receivables) – see note 7.b
- Impairment for inventory – see note 8.a
- What constitutes a business combination – see note 14

Capitalisation of configuration and customisation costs in SaaS arrangements

Note 25.z describes the entity's accounting policy in respect of customisation and configuration costs incurred in implementing SaaS arrangements. In applying the entity's accounting policy, the directors made the following key judgements that may have the most significant effect on the amounts recognised in financial statements.

Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications (referred to as bridging modules or APIs).

Judgement was applied in determining whether the additional code meets the definition of and recognition criteria for an intangible asset in AASB 138 Intangible Assets.

12. Financial risk management

The Group's activities expose the Group to a variety of financial risks: market risks (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

Financial risk and capital management is carried out in accordance with policies approved by the Board. The Board reviews and approves written principles of overall risk management, as well as written policies covering specific areas such as managing capital, mitigating interest rates, liquidity, foreign exchange and credit risk. The Audit and Risk Committee assists the Board in monitoring the implementation of risk management policies.

The Group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Group. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

12.a) Categories of financial instruments

	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	72,166	106,548
Trade and other receivables	9,627	11,630
Loan receivables	150,286	135,206
	232,079	253,384
Financial liabilities		
Trade and other payables	13,027	23,316
Borrowings	69,353	87,792
	82,380	111,108

The Group has no material financial assets or liabilities that are held at fair value. See note 12.j.

12.b) Market risk

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the Group’s exposure to market risks or the manner in which it manages and measures the risk from the previous period.

12.c) Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are relatively small and spot rates are normally used to translate transactions into the reporting currency. There are no foreign currency denominated monetary assets or monetary liabilities in the Group at the reporting date (2020: nil) other than in the functional currency of the operating entity.

12.d) Cash flow and fair value interest rate risk

The Company and the Group are exposed to interest rate risk as entities in the consolidated Group borrow funds at variable rates and place funds on deposit at variable rates. Loans issued by the Group are at fixed rates. The risk is managed by the Group by monitoring interest rates.

The Company and the Group’s exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

12.e) Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50-basis point increase or decrease is used because this represents management’s assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group’s net profit would increase/decrease by approximately $198 thousand (2020: increase/decrease by approximately $129 thousand).

12.f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than its franchisees. Refer to note 7.b. The Group has a policy of obtaining sufficient collateral or other securities from these franchisees. The majority of loans within the financing divisions relate to loans made by Cash Converters Personal Finance and Green Light Auto which may be both secured and unsecured loans. Credit risk is present in relation to all loans made, which is managed within an agreed corporate policy on customer acceptance and ongoing review of recoverability. For secured loans, the fair value of the credit risk considers the underlying value of the collateral against the loan.

12.g) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Included in note 7.f is a listing of additional undrawn facilities that the Company / Group has at its disposal to further reduce liquidity risk.

12.h) Remaining contractual maturity for its financial liabilities

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are at floating rates, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	1 year or less	1 to 5 years	More than 5 years	Total	Carrying value 30 June
	$'000	$'000	$'000	$'000	$'000
2021					
Non-interest bearing	13,027	-	-	13,027	13,027
Variable interest rate instruments	6,341	73,221	-	79,561	69,353
	19,368	73,221	-	92,588	82,380
2020					
Non-interest bearing	23,316	-	-	23,316	23,316
Variable interest rate instruments	7,001	99,531	-	106,533	87,792
	30,317	99,531	-	129,849	111,108

The amounts included above for variable interest rate instruments are subject to change if actual rates differ from those applied in the above average calculations.

12.i) Financial assets

The following table details the Group's expected maturity for its financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company / Group anticipates that the cash flow will occur in a different period.

	1 year or less	1 to 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000
2021				
Non-interest bearing	40,587	-	-	40,587
Fixed interest rate instruments	7,245	3,434	-	10,679
Variable interest rate instruments	30,683	-	-	30,683
	78,515	3,434	-	81,949
2020				
Non-interest bearing	41,109	-	-	41,109
Fixed interest rate instruments	8,240	5,564	-	13,804
Variable interest rate instruments	63,469	-	-	63,469
	112,818	5,564	-	118,382

The amounts included above for variable interest rate instruments are subject to change if actual rates differ from those applied in the above average calculations.

12.j) Fair value of financial instruments

The fair value of the Group's financial assets and liabilities are determined on the following basis:

Financial assets and financial liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

At 30 June 2021 and 30 June 2020, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

The fair value of the monetary financial assets and financial liabilities is based upon market prices where a market price exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Financial assets and financial liabilities that are measured at fair value on a recurring basis

Subsequent to initial recognition, at fair value financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2021 and 30 June 2020, the Group has no material financial assets and liabilities that are measured on a recurring basis at fair value.

13. Capital management

13.a) Risk management

The Board determines the appropriate capital structure of the Group, specifically how much is raised from shareholders (equity) and how much is borrowed from financial institutions and capital markets (debt), in order to finance the Group's activities both now and in the future.

The Board considers the Group's capital structure and its dividend policy at least twice a year ahead of announcing results, in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan.

Financial risk and capital management is carried out in accordance with policies approved by the Board. The Board reviews and approves written principles of overall risk management, as well as written policies covering specific areas such as managing capital, mitigating interest rates, liquidity, foreign exchange and credit risk. The Audit and Risk Committee assists the Board in monitoring the implementation of risk management policies.

13.b) Dividends

	2021		2020	
	Cents per share	**$'000**	**Cents per share**	**$'000**
Recognised amounts				
1H21 dividend on fully paid ordinary shares held on 25 March 2021 paid on 14 April 2021	1.00	6,164	-	-
Unrecognised amounts				
The Directors have recommended the payment of a final fully franked dividend.	1.00	6,275	-	-

The Company did not pay a dividend in respect of the financial year ended 30 June 2020.

Franking credits

	2021 $'000	2020 $'000
Franking credits available on a tax paid basis.	65,369	68,379

See note 25.v for the accounting policy.

14. Business combination – provisional accounting applied

During the period the Group acquired the trade and other assets of six Cash Converters franchised stores in Australia for total consideration of $6.738 million. There were no acquisitions in the year ending 30 June 2020.

Store	State	Acquisition date
Morley	WA	8 October 2020
Melbourne City	VIC	10 December 2020
Blacktown	NSW	11 March 2021
Richmond	NSW	11 March 2021
Coconut Grove	NT	17 June 2021
Palmerston	NT	18 June 2021

The values identified in relation to the acquisitions are provisional as at the reporting date.

14.a) Summary of acquisition

	2021 $'000
Net assets acquired	
Cash and cash equivalents	54
Trade and other receivables	55
Loan receivables	1,156
Inventories	824
Plant and equipment	425
Other intangible assets	2,260
Deferred tax liability	(158)
Provisions	(216)
	4,400
Consideration satisfied in cash	6,738
Goodwill arising on acquisition	2,338

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire the stores. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the stores. These benefits are not recognised separately from goodwill as the future economic benefits from them cannot be reliably measured.

No amount of the goodwill recognised is expected to be deductible for tax purposes.

14.b) Purchase consideration – cash outflow

	2021 $'000
Cash outflow to acquire franchise stores	
Cash consideration	6,738
Less cash balances acquired	(54)
Net outflow of cash - investing activities	6,684

14.c) Revenue and profit contribution

The acquired business contributed revenues of $2,782,266 and net profit before income tax of $280,626 to the group for the period from 8 October 2020 to 30 June 2021.

If the acquisitions had all occurred on 1 July 2020, for the year ended 30 June 2021 consolidated pro-forma revenue for the group would include an additional $5,986,268 and the consolidated pro-forma net profit before income tax would include an additional $744,635. These amounts have been calculated using the data examined as part of the due diligence conducted prior to each store acquisition.

14.d) Acquisition related costs

Acquisition-related costs of $449,511 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

14.e) Significant accounting judgements

The Group has applied judgement in determining what constitutes a business combination as well as applying judgement to classifying the individual businesses acquired as individually immaterial and as such has disclosed the business acquisitions in aggregate. This is consistent with past acquisitions of franchise stores.

14.f) Significant accounting estimates and assumptions

The Group has applied judgement in determining the fair values assigned to the individual assets and liabilities acquired with each franchise store under the business combination.

Separately Identifiable Intangible Assets

To calculate Customer Relationships and Reacquired Rights, the Group has used the 'excess earnings' method which measures the value of an intangible assets after excluding the proportion of the cash flows that are attributable to other assets.

In assessing the Fair Value of the Customer Relationships, the excess earnings methodology was applied by forming assumptions on the retention rates of Personal Finance and Pawnbroking customers of the business and forecasting the expected cash flows to be derived from these relationships based on revenue assumptions.

In assessing the Fair Value of the Reacquired Rights, the excess earnings approach was used where the value of the Reacquired Rights was assessed as being the net present value of the future cash flows which are expected to be generated over the remaining contractual life of the franchise agreement. The cash flows which were allocated to the Fair Value of the Customer Relationships were deducted in this assessment to avoid any double counting of cash flows.

15. Interests in other entities

15.a) Subsidiaries

Controlled entities of Cash Converters International Limited:

Name of entity		Country of incorporation	Ownership interest 2021	2020
Cash Converters (Cash Advance) Pty Ltd	1 2	Australia	100%	100%
Cash Converters Finance Corporation Limited	3	Australia	64.33%	64.33%
Cash Converters (NZ) Pty Ltd		Australia	100%	100%
Cash Converters Personal Finance Pty Ltd	1 2	Australia	100%	100%
Cash Converters Pty Ltd	1 2	Australia	100%	100%
Cash Converters (Stores) Pty Ltd	1 2	Australia	100%	100%
Cash Converters UK Holdings PLC		UK	100%	100%
Cash Converters USA, Inc	3 4	USA	0%	99.285%
Cash Converters USA Limited	3	Australia	99.285%	99.285%
CC Acquisitions Pty Ltd	2	Australia	100%	100%
Finance Administrators of Australia Pty Ltd	1 2	Australia	100%	100%
Green Light Auto Group Pty Limited	1 2	Australia	100%	100%
Mon-E Pty Ltd	1 2	Australia	100%	100%
Safrock Finance Corporation (QLD) Pty Ltd	2	Australia	100%	100%
CCPF Receivables Trust No 1		Australia	100%	100%

1 These companies are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 June 2021.
2 These companies are members of the tax consolidated group.
3 Non-controlling interest is not considered material in these subsidiaries.
4 Entity dissolved on 28 April 2021.

15.b) Deed of cross guarantee

Cash Converters International Limited and certain wholly-owned companies (the Closed Group), identified in (a) above, are parties to a Deed of Cross Guarantee (the Deed). The effect of the Deed is that members of the Closed Group guarantee to each creditor payment in full of any debt in the event of winding up of any of the members under certain provisions of the Corporations Act 2001. ASIC Corporations Instrument 2016/785, issued on 28 September 2016, provides relief to parties to the Deed from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports, subject to certain conditions as set out therein.

Pursuant to the requirements of this Corporations Instrument, a summarised consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021 and consolidated Statement of Financial Position as at 30 June 2021, comprising the members of the Closed Group after eliminating all transactions between members, are set out on the following pages.

Summarised statement of profit or loss and comprehensive income

	2021 $'000	2020 $'000
Profit / (Loss) before income tax	6,213	(12,841)
Income tax (expense) / benefit	(5,186)	2,824
Total comprehensive income / (loss)	1,027	(10,017)

Summary of movements in Closed Group's retained earnings

	2021 $'000	2020 $'000
Retained earnings at beginning of year	88,458	98,295
Transfer reserve balance	285	180
Dividend paid	(6,164)	-
Net profit	1,027	(10,017)
Retained earnings at end of year	83,606	88,458

Statement of financial position

	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	66,871	102,897
Trade and other receivables	1,768	735
Loan receivables	120,586	97,149
Inventories	23,748	14,900
Prepayments	1,288	1,259
Current tax receivable	-	1,424
Total current assets	214,261	218,364
Non-current assets		
Trade and other receivables	4,168	14,589
Loan receivables	29,700	38,057
Plant and equipment	5,551	4,535
Right-of-use assets	59,171	50,139
Deferred tax assets	12,231	15,423
Goodwill	109,305	106,967
Other intangible assets	18,590	20,299
Investments in associates	7,168	6,636
Other financial assets	30,250	30,250
Total non-current assets	276,134	286,895
Total assets	490,395	505,259
Current liabilities		
Trade and other payables	11,128	20,051
Lease liabilities	6,667	6,092
Current tax payable	550	-
Borrowings	51,318	60,618
Provisions	9,182	7,329
Total current liabilities	78,845	94,090
Non-current liabilities		
Lease liabilities	57,396	45,783
Borrowings	18,035	27,174
Provisions	735	798
Total non-current liabilities	76,166	73,755
Total liabilities	155,011	167,845
Net assets	335,384	337,414
Equity		
Issued capital	251,213	248,714
Reserves	565	242
Retained earnings	83,606	88,458
Total equity	335,384	337,414

15.c) Interests in associates

	2021 $'000	2020 $'000
Balance at beginning of year	6,636	6,452
Net profit for year	1,707	3,338
Provision for impairment of investment	-	(2,300)
Return on investment received	(1,124)	(659)
Foreign exchange adjustment in value of investment	(51)	(195)
Balance at end of year	7,168	6,636

Associates are those entities over which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

The financial statements include the Company's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. If the Company's share of losses exceeds its interest in an associate, their carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

During the year, the Company held an investment in the Cash Converters Holdings Limited Partnership, the master franchisor in New Zealand. The Company holds a 25% equity interest (ownership and voting interest) in all aspects of the New Zealand enterprise, including corporate stores, franchise contracts and financial services.

The provision for impairment of the investment in the prior year arose because of changes to consumer credit laws during FY 2020. While no change was assessed to be required in the current year, to the extent that the recoverable amount of the investment subsequently increases any reversal of the impairment loss is recognised in accordance with AASB 136 Impairment of Assets.

Summarised financial information

Summarised financial information in respect of the Group's interest in Cash Converters Holdings Limited Partnership is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2021 $'000	2020 $'000
Current assets	8,471	7,943
Non-current assets	4,207	4,266
Current liabilities	(493)	(425)
Non-current liabilities	(2,717)	(2,848)
Net assets	9,468	8,936

16. Contingent liabilities

In the course of its normal business the Group occasionally receives claims and writs for damages and other matters arising from its operations. Where, in the opinion of the directors it is deemed appropriate, a specific provision is made, otherwise the directors deem such matters are either without merit or of such kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the economic entity if disposed of unfavourably.

The Company has previously disclosed that on 7 August 2020, AUSTRAC issued a Notice on Cash Converters Pty Ltd, a wholly owned subsidiary of the Group. Issued under subsection 167(2) of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), the Notice required information and documents be given and produced on or before 2 October 2020. The relevant period to which the Notice applies is 14 February 2014 to 14 February 2020. The Company has continued to co-operate fully with AUSTRAC and complied by responding to the requirements outlined in the Notice on or before the requested due date, as well as addressing in a timely manner all follow up information requests.

Additionally, the Group has significantly strengthened its Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Program with ongoing constructive engagement with the regulator. An Independent Review has been completed by a leading AML/CTF compliance expert. The review was completed to ensure that the AML/CTF Program is aligned to the money laundering/terrorism funding risks faced, is compliant with the AML/CTF Rules, and is being followed. Where opportunities have been identified where Cash Converters could enhance the AML/CTF Program to more appropriately document and reflect the systems and controls it has designed and implemented, these were considered, and the required changes have been actioned and completed. The close out of the Independent Review has included keeping the regulator informed.

At the date of this report the outcome is unknown as AUSTRAC have not completed their investigation and therefore it is not possible to determine the extent of any potential financial impact to the Group. Consequently, no amounts have been recognised or provided for as contingent liabilities at the date of this report.

The directors are not aware of any other material contingent liabilities in existence as at 30 June 2021 requiring disclosure in the financial statements.

17. Commitments

Capital expenditure

As at 30 June 2021, capital expenditure commitments were Nil (2020: Nil).

Other contractual commitments

	2021 $'000	2020 $'000
Within one year	1,641	295
One to five years	3,170	1,098
	4,811	1,393

18. Events occurring after the reporting period

In a COVID-19 context, the Group has noted the recent further waves of infections and ease of transmission of the Delta variant since mid-June 2021, which has led to quick and extended lockdowns and the reinstatement of certain government support measures to protect the economy and jobs. The recent outbreaks have impacted significant aspects of everyday lives and the flow on effects to the economy and related business effects remain highly uncertain. State governments have ordered lockdowns which have resulted in disruptions, in particular to in-store trade including the following:

- Greater Sydney closures from 27th June and the rest of NSW impacted by closures from 6th August to the date of this report
- Victoria store closures during 16th July to 27th July and from 6th August to the date of this report (except Geelong which was not closed from 10th August to 21st August)
- ACT store trade impacted from 13th August until the date of this report
- South Australia store closures from 20th July to 27th July
- Greater Brisbane closures from 30th June to 1st July and a further period from 1st August to 8th August
- Cairns store closures from 9th August to 11th August
- Perth store closures from 29th June to 2nd July

There were no other significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

19. Related party transactions

19.a) Subsidiaries

The immediate parent and ultimate controlling party of the Group is Cash Converters International Limited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

19.b) Key management personnel compensation

Details of directors and other members of KMP of Cash Converters International Limited during the year are:

- Mr Stuart Grimshaw (Chairman and non-executive director to 28 August 2020)
- Mr Jason Kulas (Chairman and non-executive director, appointed 28 August 2020)
- Mr Kevin Dundo (Non-executive director to 23 November 2020)
- Ms Julie Elliott (Non-executive director)
- Mr Robert Hines (Non-executive director)
- Mr Lachlan Given (Non-executive director)
- Mr Sam Budiselik (Chief Executive Officer; Managing director, appointed 18 December 2020)
- Mr Peter Cumins (Executive Deputy Chairman)
- Mr Leslie Crockett (Chief Financial Officer)
- Mr Brad Edwards (General Counsel and Company Secretary)
- Mr Peter Egan (Chief Risk Officer to 23 October 2020)
- Ms Lisa Stedman (Chief Operating Officer, appointed 7 September 2020)
- Mr James Miles (Chief Technology Officer, designated from 1 July 2020)

The aggregate compensation of the KMP of the Group is set out below:

	2021 $	2020 $
Short-term employee benefits	4,134,388	4,295,040
Post-employment benefits	171,558	112,947
Other long-term benefits	25,345	(24,019)
Share-based payments	656,482	(194,373)
Termination benefits	270,513	302,500
	5,258,286	4,492,095

19.c) Transactions with other related parties

During the year an amount of $120,000 (2020: $120,000) was paid for consulting services to an entity controlled by Mr P Cohen, the beneficial owner of EZCORP Inc, the Company's largest shareholder.

During the year, consistent with the terms of his employment contract, the Governance, Remuneration and Nomination Committee and Board approved a restructure of the fixed remuneration package of the Executive Deputy Chairman. The base salary per annum was increased from $371,597 to $441,426 and the Company was released from the contractual requirement to provide usage of a fully maintained company car.

Under the terms of the employment contract, the Governance, Remuneration and Nomination Committee approved the outright sale of the motor vehicle that had previously been provided, to the Executive Deputy Chairman. The sale was conducted at arms-length market value and settled in full on the date of transfer of ownership.

Other than share-based payments (as disclosed in note 20) and shareholdings of Key Management Personnel (KMP) (as disclosed in the remuneration report), the parent, its subsidiaries, associates and KMP made no other related party transactions during the reporting period.

20. Share-based payments

20.a) Employee rights plan

The Cash Converters rights plan, which was approved by shareholders on 18 November 2015, allows the directors of the Company to issue performance rights which will vest into ordinary shares in the Company upon the achievement of certain vesting conditions.

Each right entitles the holder to subscribe for one fully paid ordinary share in the Company at the exercise price of nil. During the reporting period, a total of 13,224,956 performance rights were granted in Tranches 29 and 30 to senior executives of the Company.

The following arrangements were in existence during the current reporting period:

Tranche	Grant date	Grant date fair value	Exercise price	Expiry date	Number
23	19 Dec 2018	$ 0.146	$0.00	30 Jun 2021	1,954,529
24	19 Dec 2018	$ 0.240	$0.00	30 Jun 2021	1,954,529
27	9 June 2020	$ 0.171	$0.00	30 Jun 2022	5,100,544
28	9 June 2020	$ 0.195	$0.00	30 Jun 2022	5,100,544
29	29 Sep 2020	$ 0.096	$0.00	30 Jun 2023	6,612,478
30	29 Sep 2020	$ 0.150	$0.00	30 Jun 2023	6,612,478

20.b) Fair value of performance rights granted during the year

The weighted average fair value of the performance rights granted during the financial year is $0.12 (2020: $0.18). Where relevant, the expected life used in the model is based on the earliest vesting date possible for each tranche, based on the vesting conditions.

	Tranche 29	**Tranche 30**
Grant date	29 Sep 2020	29 Sep 2020
Option pricing model	Monte Carlo	Binomial
Grant date share price	$0.15	$0.15
Exercise price	$0.00	$0.00
Expected volatility	0.5	0.5
Option life	2.75 years	2.75 years
Dividend yield	0.00%	0.00%
Risk-free interest rate	0.17%	0.17%

20.c) Movement in performance rights during the year

The following table illustrates the number of, and movements in, performance rights during the year. The performance rights were issued at no charge, and the weighted average exercise price is nil. No rights were exercisable at the end of the current year.

	2021 Number	**2020 Number**
Outstanding at beginning of year	14,110,146	10,973,770
Granted during year	13,224,956	10,201,088
Forfeited / lapsed during year	(9,353,356)	(7,064,712)
Exercised during year	-	-
To be cash settled at vesting	(2,052,076)	-
Outstanding at end of year	15,929,670	14,110,146

20.d) Share options exercised during the year

No share options were exercised during the years ended 30 June 2021 or 30 June 2020.

20.e) Share options forfeited / lapsed during the year

Tranche	Grant date	Number
Year ended 30 June 2021		
23	19 Dec 2018	1,954,529
24	19 Dec 2018	1,954,529
27	9 Jun 2020	1,160,266
28	9 Jun 2020	1,160,266
29	29 Sep 2020	1,561,883
30	29 Sep 2020	1,561,883
		9,353,356
Year ended 30 June 2020		
21	14 Feb 2018	999,380
22	14 Feb 2018	999,380
23	19 Dec 2018	689,343
24	19 Dec 2018	689,343
25	26 Mar 2019	1,843,633
26	26 Mar 2019	1,843,633
		7,064,712

20.f) Share options outstanding at year end

The total number of options outstanding at 30 June 2021 was 15,929,670 (2020: 14,110,146). The equivalent of 2,052,076 options will be cash settled at their vesting dates if they are determined under the Equity Plan Rules to vest. A provision has been recognised for these at 30 June 2021.

Tranche	Grant date	Grant date fair value	Exercise price	Expiry date	Number
27	9 June 2020	$ 0.171	$0.00	30 Jun 2022	3,256,282
28	9 June 2020	$ 0.195	$0.00	30 Jun 2022	3,256,282
29	29 Sep 2020	$ 0.096	$0.00	30 Jun 2023	4,708,553
30	29 Sep 2020	$ 0.150	$0.00	30 Jun 2023	4,708,553
					15,929,670

The weighted average remaining contractual life for the options outstanding at 30 June 2021 was 1.6 years (2020: 1.7 years).

21. Remuneration of auditors

The auditor of Cash Converters International Limited is Deloitte Touche Tohmatsu.

	2021	2020
Auditor of the parent entity		
Audit / review of the financial report	721,899	539,530
Other non-audit services		
Related practice of the parent entity auditor		
Audit	54,092	50,160
Taxation services	-	18,310
	775,991	608,000

22. Earnings per share

22.a) Reconciliations of earnings used in calculating earnings per share

	2021 $'000	2020 $'000
Basic and diluted earnings per share		
Profit / (loss) attributable to shareholders of the Company used in calculating earnings per share	16,199	(10,491)

22.b) Weighted average number of shares used as the denominator

	2021 Number	2020 Number
Weighted average number of shares - basic	618,781,081	616,437,946
Dilutive effect of performance rights	15,929,670	8,970,232
Weighted average number of shares - diluted	634,710,751	625,408,178

23. Assets pledged as security

See note 7.d for cash and cash equivalents designated as restricted cash to operate the securitisation facility and for cash on deposit as security for banking facilities.

See note 7.f for the borrowing facility secured against eligible receivables.

24. Parent entity financial information

The financial information of the parent entity, Cash Converters International Limited has been prepared on the same basis as the consolidated financial report.

Statement of financial position

	2021 $'000	**2020 $'000**
Assets		
Current assets	14	1,476
Non-current assets	320,076	251,986
Total assets	320,090	253,462
Liabilities		
Current liabilities	653	41
Non-current liabilities	-	-
Total liabilities	653	41
Net assets	319,437	253,421
Equity		
Issued capital	251,213	248,714
Reserves	716	337
Retained earnings	67,508	4,370
Total equity	319,437	253,421

Comprehensive income

	2021 $'000	**2020 $'000**
Profit / (Loss) for the year	69,302	(492)
Other comprehensive income	-	-
Total comprehensive loss	69,302	(492)

During the year, the subsidiaries declared dividends to the parent entity.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Cross guarantees have been provided by the parent entity and its controlled entities as listed in note 15.b.

Cash Converters International Limited has provided a cross guarantee to HSBC for a BACS facility provided to CCUK.

25. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Cash Converters International Limited and its subsidiaries.

25.a) Principles of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of Cash Converters International Limited and entities controlled by the Company and its subsidiaries (the Group, as outlined in note 15).

Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

25.b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Segment reporting is at note 2.

25.c) Foreign currency translation

Both the functional and presentation currency of Cash Converters International Limited and its Australian subsidiaries is Australian dollars ($). The functional and presentation currency of the non-Australian Group companies is the national currency of the country of operation.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into Australian dollars at the rate of exchange ruling at the reporting date and the statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity, the foreign currency translation reserve.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Foreign currency differences arising on translation are recognised in the income statement.

25.d) Revenue recognition

Accounting policy is at note 3.

25.e) Income tax

Income tax is accounted for using the balance sheet method. Accounting income is not always the same as taxable income, creating timing differences. These differences usually reverse over time. Until they reverse, a deferred tax asset or liability must be recognised in the statement of financial position.

Current taxes

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, taxation authorities. All are calculated at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred taxes

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available to utilise them. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) that affect neither taxable income nor accounting profit. A deferred tax liability is not recognised in relation to the temporary differences arising from the initial recognition of goodwill.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

25.f) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the right of use of an identified asset – this may be specified explicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset.

At inception or reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease i.e. the date the underlying asset is available for use. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less lease incentives received and an estimate of the costs to be incurred in dismantling and removing the underlying asset and restoring the site on which it is located to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain of obtaining ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

An impairment review is undertaken for any right-of-use asset that shows indicators of impairment and an impairment loss is recognised against any right-of-use asset that is impaired.

Lease liabilities

The lease liability is initially measured at the present value of the fixed and variable lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group adjusted the lease liability due to changes in lease payments and lease terms during the year ended 30 June 2021.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases i.e. those leases that have a lease term of 12 months or less. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (less than $7,500). Payments associated with short-term leases (buildings, equipment and vehicles) and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise IT equipment and small items of office furniture.

Incremental borrowing rate

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and adjustments specific to the lease (e.g. term, country, currency and security).

Extension and termination options

Extension and termination options are included in several property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options in head office leases have been included in the lease liability.

The lease term is reassessed if an option is exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

25.g) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 Business Combinations are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the consolidated entity of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the consolidated entity obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

25.h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

25.i) Prepayments

Prepayments for goods and services which are to be provided in future years are recognised as prepayments and amortised over the period in which the economic benefits are received.

25.j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

25.k) Trade receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as trade and other receivables and are measured at amortised costs using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

25.l) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including purchase costs are assigned to individual inventory items on hand. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

25.m) Property, plant and equipment

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	8 years
Plant and equipment	5 years
Fixtures and fittings	8 years
Computer equipment	3 years

25.n) Intangible assets

Reacquired rights and customer relationships acquired through business combinations are recognised at fair value at acquisition date less accumulated amortisation and impairment.

Trade names relating to repurchased sub-master licenses both overseas and in Australia are recognised at cost less accumulated amortisation.

Software development expenditure is recognised as an asset when it is possible that future economic benefits attributable to the asset will flow. Software assets are recognised at cost less accumulated amortisation.

Intangible assets are amortised as follows:

Asset	Amortisation period
Reacquired rights	The remaining life of each franchise agreement as at the acquisition date
Customer relationships	Useful life of 5 years based on historic average customer relationships
Trade names	Indefinite life intangible
Software	Useful life of 5 years based on historic experience

Key estimate – useful lives of other intangible assets

The Company reviews the estimated useful lives of other intangible assets at the end of each annual reporting period. The estimation of the remaining useful lives of other intangible assets requires the entity to make significant estimates based on both past performance and expectations of future performance.

25.o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

25.p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

25.q) Borrowing costs

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

25.r) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and personal leave when it is probable that settlement will be required, and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

25.s) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

Liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using appropriate market yields at the end of the reporting with terms that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

25.t) Share-based payments

The Group provides benefits to executives of the Group in the form of share-based payment transactions, whereby KMP render services in exchange for options (equity-based transactions). These performance rights are indeterminate rights and confer the right (following valid exercise) to the value of an ordinary Share in the Company at the time, either settled in Shares that may be issued or acquired on-market, or settled in the form of cash, at the discretion of the Board (a feature intended to ensure appropriate outcomes in the case of terminations).

The current plan to provide these benefits is the Executive Performance Rights Plan. The cost of the equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation methodology.

The cost of equity-based transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of:

- The grant date fair value of the award;
- The current best estimate of the number of the awards that will vest, taking into account such factors as the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where vesting is conditional upon a market condition and awards do not ultimately vest, amounts previously charged to the share-based payment reserve are reversed directly to retained earnings, and not to profit and loss.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of dilutive earnings per share.

25.u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

25.v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

25.w) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

25.x) Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

25.y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

25.z) Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

Directors’ declaration

The directors declare that:

a) in the directors’ opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b) in the directors’ opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;

c) in the directors’ opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

d) the directors have been given the declarations required by s295A of the Corporations Act 2001.

At the date of this declaration the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors’ opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 15.a to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the directors

Jason A Kulas Chairman

Perth, Western Australia
29 August 2021

Deloitte.

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Independent Auditor's Report to the members of Cash Converters International Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cash Converters International Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key audit matter	How the scope of our audit responded to the Key Audit Matter
Allowance for expected credit loss – loan receivables As disclosed in Note 7.b, the carrying value of loan receivables as at 30 June 2021 was $150.3 million, net of allowance for expected credit loss of $27.8 million. The assessment of the recoverable value of loans requires significant judgements in determining the approach for estimating expected credit losses. Management uses an expected credit loss model taking into account the historical losses observed, current conditions of the loan receivables and forecast future economic conditions. Significant judgement has been applied to assess the likely future economic conditions using an assessment of: • pre-COVID historical loss data compared to last twelve months historical loss data; • current hardship arrangements and repayment experience; and • macroeconomic model overlay incorporating publicly available forecasts for unemployment rates.	Our procedures included, but were not limited to: • evaluating the key controls management have in place in relation to loan originations, collections, arrears management and the estimation of the expected credit losses; • challenging the assumptions and methodology used to determine the timing of recognition of loss events and significant increase in credit risk, probability of default, loss given default; • challenging whether the recent recovery history, which had been impacted by government stimulus packages for COVID, has been appropriately considered in setting the assumptions; • testing, on a sample basis, the accuracy and completeness of the historical data utilised in the model; • in conjunction with our credit modelling specialists, developing an expected range of the allowance for impairment losses; • assessing the current hardship arrangements for amounts repaid on a sample basis; and • assessing the appropriateness of the disclosures in Note 7.b.

Carrying value of non-current assets
 	
As disclosed in Notes 8.d and 8.e, the carrying value of goodwill and other intangible assets as at 30 June 2021 is $109.3 million and $19.6 million respectively.
 	
Management undertakes impairment testing to assess the recoverability of goodwill and intangible assets annually.
 	
We focussed on the impairment assessment for the goodwill of $109.3 million and the intangible assets of $10.3 million in personal finance and store operations as indicators of impairment existed.
 	
The assessment of the recoverable value requires significant judgement in respect of assumptions and estimates in preparing a value in use model ('VIU') such as:
• discount rates;
• forecast retail growth rates;
• forecast loan volumes; and
• forecast bad debt levels.
	Our procedures included, but were not limited to:
	• obtaining an understanding of the key control's management has in place in relation its impairment assessment of goodwill and other intangible assets
	• comparing the forecasts used in the impairment assessment to the Board approved business plan;
	• assessing historical forecasting accuracy by comparing actual result to forecast;
	• in conjunction with our valuation experts, we challenged the key assumptions and methodologies used, in particular:
	    • the discount rate against that of comparable companies;
	    • forecast loan volumes for personal loans against recent actual levels and related trending;
	    • forecast bad debt levels for personal loans; and
	    • forecast retail and pawn broking revenue;
	• evaluating the probability weighted scenarios applied by the company for the impacts of the potential legislation changes on future personal loan volumes;
	• sample testing management's models for mathematical accuracy; and
	• assessing the appropriateness of the disclosures in Note 8.d.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual financial report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 40 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Cash Converters International Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 29 August 2021

Shareholder information

As at 11 August 2021

Distribution of holders of equity securities

	Holders Number	Fully paid ordinary shares Number
1 to 1,000	657	270,845
1,001 to 5,000	1,137	3,233,832
5,001 to 10,000	639	4,977,184
10,001 to 100,000	1,250	44,423,513
100,001 and over	325	574,639,641
	4,008	627,545,015

Voting rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Less than marketable parcel of shares

There were 986 holders of less than a marketable parcel of ordinary shares.

Substantial shareholders

Ordinary shareholder	Number of shares	% of issued shares
1. EZCORP Inc	225,077,991	35.87%
2. Perpetual Limited	44,640,346	7.24%
3. Fidelity Management & Research Company LLC	43,023,094	6.98%
4. Carol Australia Holdings Pty Ltd	41,397,986	6.72%
5. First Sentier Investors Holdings Pty Limited	38,464,142	6.24%
6. Ryder Capital Limited	35,750,000	5.70%
7. Commonwealth Bank of Australia	33,175,692	5.38%

Twenty largest equity security holders

Ordinary shareholder	Number of shares	% of issued shares
1. EZCORP Inc	223,702,991	35.65%
2. HSBC Custody Nominees (Australia) Limited	92,984,774	14.82%
3. Citicorp Nominees Pty Limited	50,418,298	8.03%
4. J P Morgan Nominees Australia Pty Limited	39,581,713	6.31%
5. Riolane Holdings Pty Ltd <Cumins Super Fund A/C>	6,075,226	0.97%
6. Mrs Lilian Jeanette Warmbrand	6,017,542	0.96%
7. Mr Frederick Benjamin Warmbrand <FB & LJ Warmbrand Super A/C>	3,088,697	0.49%
8. Croxted Group P/L	2,950,423	0.47%
9. Rayment Family Investments P/L	2,907,931	0.46%
10. Mr Kamil Umit Yesilyurt	2,816,734	0.45%
11. Vadina Pty Limited <Jordan Super Fund A/C>	2,718,750	0.43%
12. Cash Converters Franchisees Association Inc	2,710,375	0.43%
13. Consvest Pty Ltd <The Consvest Super Fund A/C>	2,600,000	0.41%
14. Acres Holdings Pty Ltd <Noel Edward Kagi Family A/C>	2,500,000	0.40%
15. Hopes & Wishes Pty Ltd <Greenland Super Fund A/C>	2,450,000	0.39%
16. BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	2,342,113	0.37%
17. BNP Paribas Noms Pty Ltd <DRP>	2,175,509	0.35%
18. Kamala Holdings Pty Ltd <Kamala 1994 Super Fund A/C>	2,154,896	0.34%
19. Mr Peter Cumins <Peter Cumins Family A/C>	2,100,468	0.33%
20. Fiske PLC	2,000,000	0.32%
20. Mr David Clement Hobby	2,000,000	0.32%
	456,296,440	72.71%