

FY 2021 Investor Presentation

30 August 2021

Cash Converters

As Australia's largest sub-prime, non-bank lender, we are delivering value through an omni-channel network with high brand recognition and a large loyal customer base.

Our Vision

An established brand with over 37 years of experience and customer data, now leveraging technology to innovate and **develop new products to better meet our customers cash needs.**

Our Purpose

To provide our customers with access to responsible finance and a **pathway up the credit curve and down the cost curve.**



Our Ecosystem

Growing online presence complementing our 155 Australian stores, serving a large and growing customer base in growing markets.



Retail

High customer satisfaction
NPS 61¹



Personal Finance



Vehicle Finance

\$46b+ Australian Circular Economy²

\$2bn+ Australian Sub-prime Market Demand³

512k+ Active Customers

98k+ Active Customers

1.5k+ Accredited Brokers and Dealers

Online

B2B

Strategic investment pre-COVID – significant growth rates experienced

Digital platform developed and deployed pre-COVID

29.3m website views
84k transactions
\$13.2m online retail sales

393k Applications (74% of Total Apps)
75k Loans (37% of Total Loans)
\$95.4m Outgoings (49% of Total Outgoings)

\$30.2m in applications
\$6.7m net amount financed and growing
New platform released, approval in minutes

Store

B2C

1.1m transactions
\$112.2m retail sales
\$44.5m inventory value (at 30 June 2021)

136k Applications (26% of Total Apps)
129k Loans (63% of Total Loans)
\$99.7m Outgoings (51% of Total Outgoings)⁴

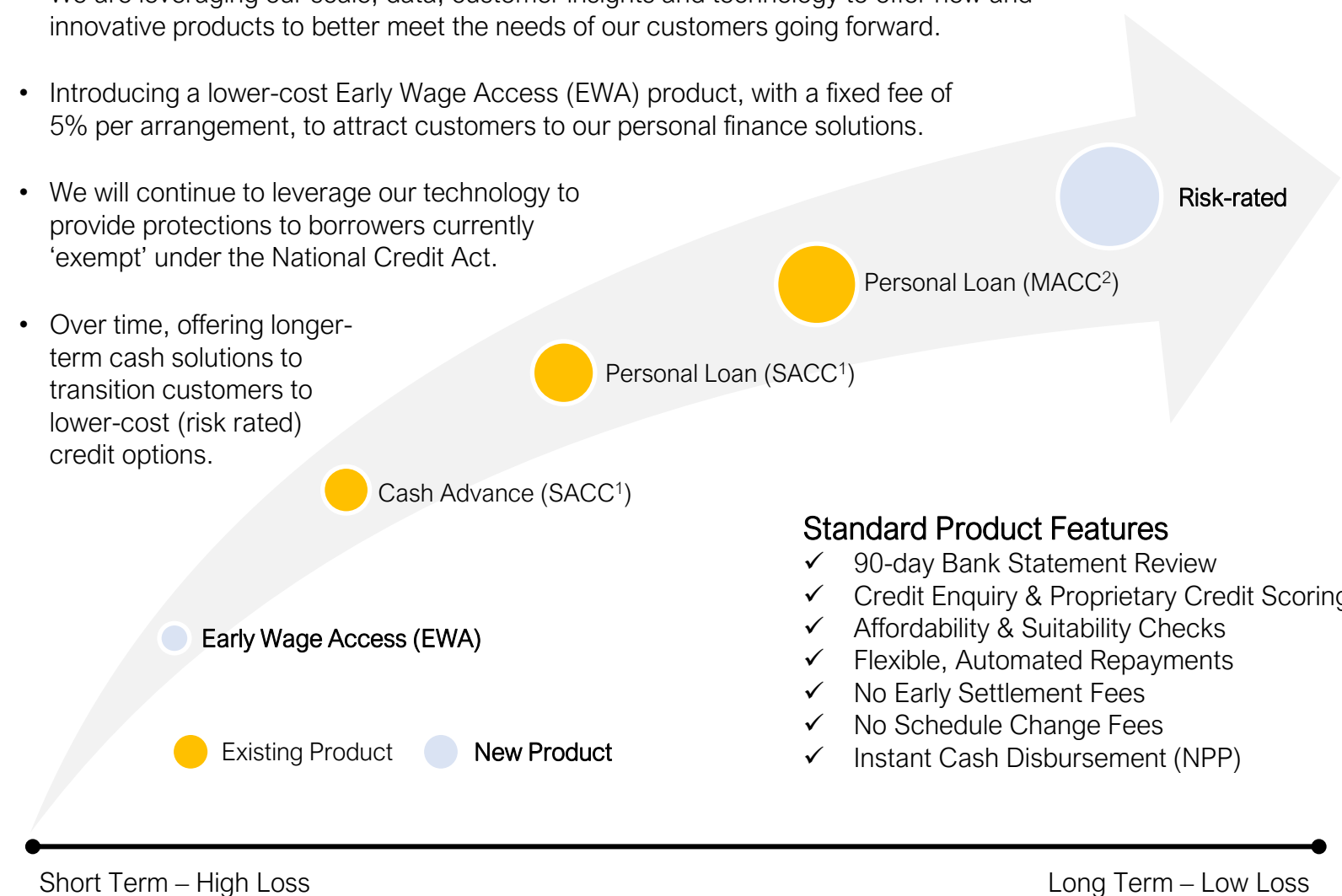
Leveraging tech, entered B2C channel
Released new online borrower direct product
Promising early signs

1. Net Promoter Score (NPS) measures customer satisfaction based on the likelihood of recommending Cash Converters.
2. Sourced from Gumtree Second-hand Economy Report (2020) – page 2 – “Aussies could earn their share of the \$46 billion second-hand economy...”
3. This represents the estimated Australian sub-prime market size, by credit demand, across vehicle and unsecured personal finance.
4. Store outgoings include Small Amount Credit Contract (SACC) & Medium Amount Credit Contract (MACC) principal advances (outgoings) made in store.
Note: All ecosystem statistics and market estimates relate to the period 1 July 2020 to 30 June 2021 (FY 2021). Store metrics include franchises.

New Product Strategy

FY 2022 will see the introduction of new low-cost cash solutions that leverage our new technology and platform to better meet customer needs.

- Customers traditionally entered our Personal Finance business via Cash Advance¹ loans.
- We are leveraging our scale, data, customer insights and technology to offer new and innovative products to better meet the needs of our customers going forward.
- Introducing a lower-cost Early Wage Access (EWA) product, with a fixed fee of 5% per arrangement, to attract customers to our personal finance solutions.
- We will continue to leverage our technology to provide protections to borrowers currently 'exempt' under the National Credit Act.
- Over time, offering longer-term cash solutions to transition customers to lower-cost (risk rated) credit options.



Current Product Stats

Personal Finance

Same day

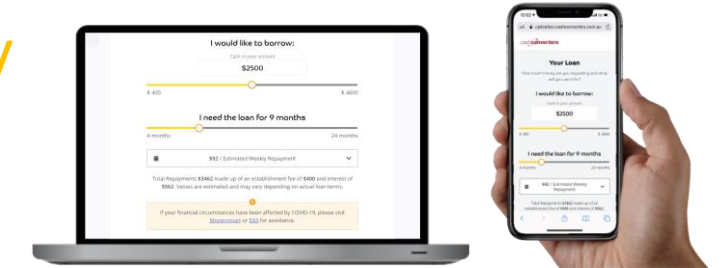
Speed-to-Cash³

1,000+

Applications per day

400+

Potential attributes checked by Machine Learning model prior to manual assessment.



Vehicle Finance

25mins

Fastest Application Approval

~500

Average Credit Score (Equifax)



1. Small Amount Credit Contract (SACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$2,000. Cash Converters offers 'Cash Advance' and 'Personal Loan' 'SACC' products.

2. Medium Amount Credit Contract (MACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$5,000.

3. The time between an application submitted and the loan being funded. Describes the ideal customer journey for a simple and fully completed loan application passing assessing guidelines.

Our Cash Solutions

New product releases will continue to transition our personal finance offering away from short-term, high-loss products to lower-cost, longer-term cash solutions to meet our customers needs.

	Short Term – High Loss			Long Term – Low Loss	
	Early Wage Access	SACC ¹	MACC ²	Risk-rated	Vehicle Finance
Status	NEW (FY 2022)	Existing		NEW (FY 2022)	Existing
Max. Term	60 days	1 year	2 years	2 years	5 years
Max. Loan Amount	\$200	\$2,000	\$5,000	\$10,000	\$45,000
Avg. Loan Term	4 weeks	10 months	16 months	24 months	4 years
Secured	No	No	No	No	Yes (recourse)
Interest Rate & Fees	No est ³ . fee, 5% single arrangement fee	4% monthly fee 20% est. fee	48% APR \$400 est. fee	<=48% APR No other fees	<=48% APR Inc. all fees
National Credit Act Regulated	Exempt We will responsibly assess	Yes		Yes	Yes
Channel	B2C Digital	B2C Digital & In-Store		B2C Digital & In-store	B2B & B2C Digital
Digital assets serving growing demand and enabling new product releases					
Immediate access to wages for general expenses; avoid the risk of credit card debt spiral.		A lower cost credit facility enabling a pre-approved credit limit to be accessed with interest charged only on amount borrowed			

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 2. Medium Amount Credit Contract (MACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$5,000.
 3. 'Est. fee' = Establishment Fee governed by the National Credit Act.

Our Strategy

We continue to grow our customer reach, innovate new product releases and focus on operational excellence to deliver shareholder value.



Product Development

FY 2021

Enhance existing product suite

- ✓ MACC¹ product eligibility refined
- ✓ Green Light Auto² offering overhauled
- ✓ Developed app and mobile channels

FY 2022

Leverage data to release new online products

- ❑ Release Early Wage Access product
- ❑ Release Longer term, lower cost products
- ❑ Increase app and online asset awareness



Australian Network Expansion

FY 2021

Expand network to reach new customers

- ✓ Six franchise stores acquired
- ✓ Five greenfield locations opened³
- ✓ Brand campaign re-launch

FY 2022

Extend our reach to grow revenue base

- ❑ Leverage new online retail and lending assets
 - ❑ Target franchise stores acquisitions
 - ❑ Open greenfield locations



Operational Excellence

FY 2021

Progress Target Operating Model

- ✓ Collections in-sourcing delivered
- ✓ Assessing optimisation initiated
- ✓ Online marketing focus

FY 2022

Optimise cost-base, increase profitability

- ❑ Strategic funding review
- ❑ Realise value of global operation
- ❑ Launch webchat and digital support

FY 2021 Financial Results

FY 2021 Highlights

Strong earnings growth despite recurring lockdowns reflects significant investment in digital assets and underlying business momentum.

Strong Financial Result (pcp unless otherwise indicated)



Revenue **\$201.3m** (down 23%)
Significant COVID disruption, *JobKeeper* not claimed. Franchise royalties down 24%.

EBITDA **\$45.3m** (up 136%)

NPAT **\$16.2m** (up from \$10.5m loss)

Fully franked final dividend of **1c** per share (FY 2021: **2c** total)

Online Assets Performing Strongly



Digital investment ensured crucial online capability in place

Online outgoings up **13%**

Online retail sales up **14%**

97k registered *My Loans* (app) customers

105k online valuations completed

Second-half Momentum Building



PF¹ applications up **32%** H2 vs H1 FY 2021

Gross loan book up **14%** H2 vs H1 FY 2021³

MACC² loan book growth up **60%** H2 vs H1 FY 2021³

Vehicle net amount financed up **249%** H2 vs H1 F 20Y21

Quality Underwriting & Collections Improvements



Gross bad debt expense down to **23%** of revenue⁴ (from 35%)

18% increase in Hardship accounts making repayments⁵

Released 4th generation credit models, superior vintage curves

New vehicle score and rate cards deployed

New Product Development & Network Expansion Progressing



'My Loans' finance app released, new retail and lending sites enhanced

Technology enabled risk rating and decisioning developed

New vehicle broker portal and products released

New finance product experiments progressing to delivery

Franchise store acquisitions performing

Strong Balance Sheet



Cash & equivalents **\$72.2m**

Net Tangible Assets⁶ **31.25** cents per share

Weighted avg. borrowing rate 9%, loan facility only 47% drawn

Earnings generating free cash flow

1. Personal Finance (PF) representing SACC and MACC loan products
2. Medium Amount Credit Contract (MACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$5,000.
3. 30 June 2021 gross loan book balance vs 31 December 2020
4. This ratio relates specifically to financial services interest revenue.
5. The proportion of SACC and MACC accounts in approved Financial Hardship variations who are making some form of repayment.
6. Excludes right of use asset and liability under AASB16

Segment Earnings

The Cash converters business model evolution has seen the Personal Finance segment grow to contribute over 53% of earnings¹

 **\$38.6m**
Personal Finance

 **\$13.8m**
Corporate Stores

 **\$11.7m**
Vehicle Finance

 **\$8.4m**
Franchising

Personal Finance – 53% of EBITDA

Personal Finance is the largest contributor to total earnings, representing the contribution from unsecured lending (up to \$5,000) online and instore.

Stores – 19% of EBITDA

This segment reflects Cash Converters' 75 company-owned retail stores, which sell second-hand goods, offer unsecured personal loans and provide secured (pawnbroking) loans.

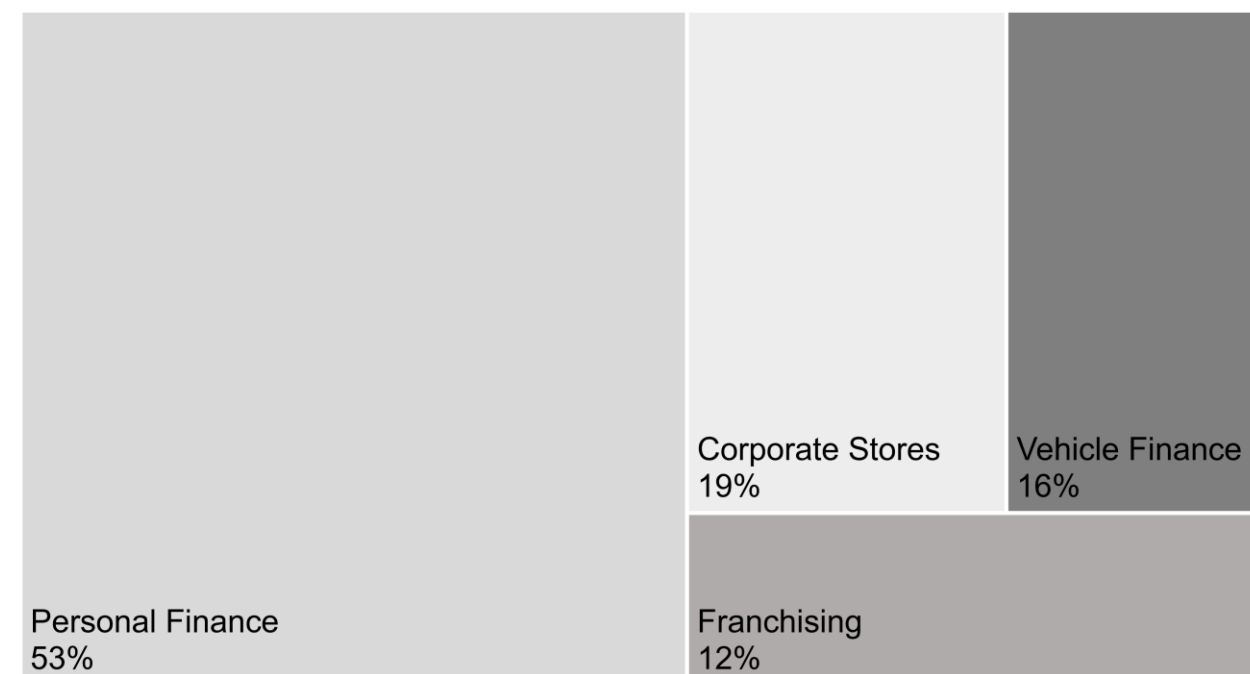
Vehicle Finance – 16% of EBITDA

This wholly-owned subsidiary provides secured vehicle loans to brokers and dealers under the Green Light Auto Finance (GLA) brand.

Franchising – 12% of EBITDA and stable

This segment recognises royalties from Cash Converters 618 franchise stores; including 80 in Australia. The decision to proactively offer fee relief to support our network, due to government mandated lockdowns, further cemented the positive working relationship with our franchise partners across the globe. Revenue in this segment fell \$4.4m and EBITDA dropped \$1.8m as a result. As of 30 June 2021, all international franchise operations (excluding Malaysia) had reopened.

Segment Contribution¹



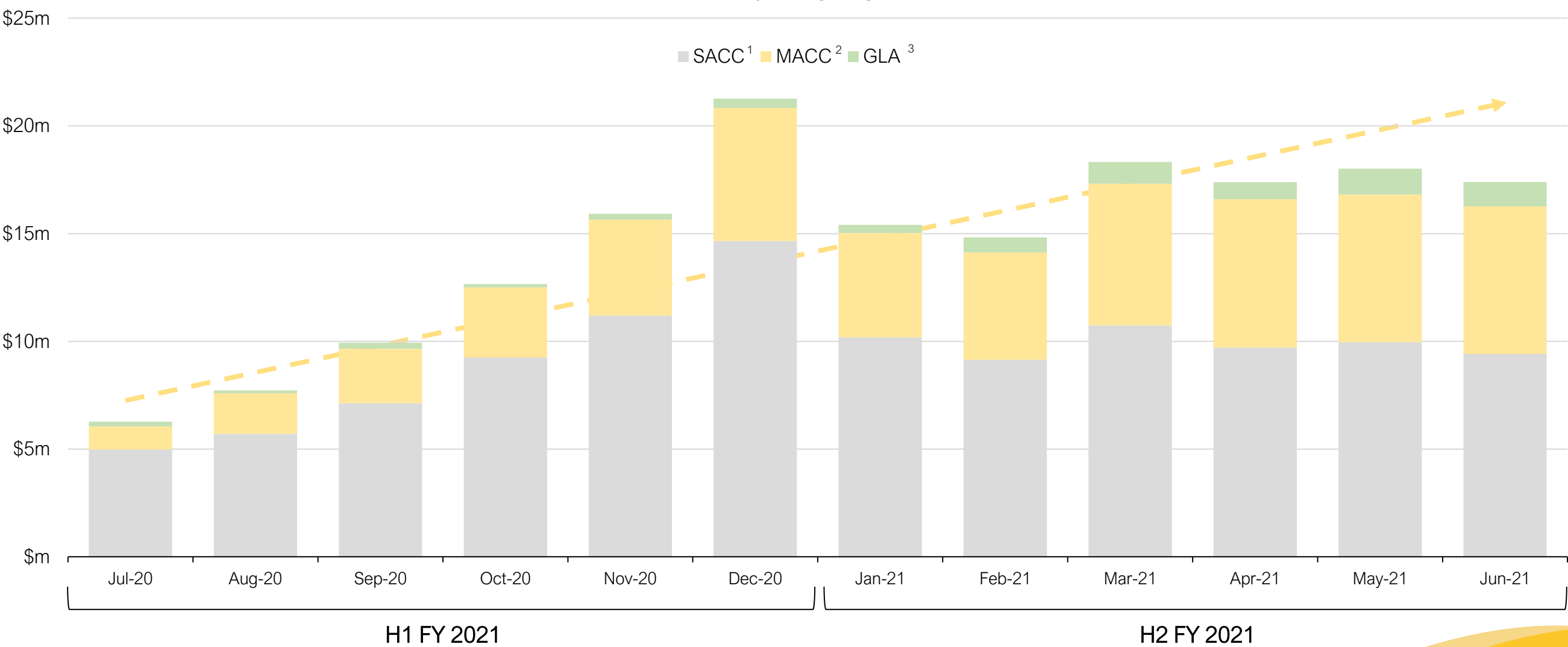
■ Personal Finance ■ Corporate Stores ■ Vehicle Finance ■ Franchising

1. Segment contribution calculated before Head Office costs

Origination Recovery

Accelerating credit demand in the second half pushed personal finance loan applications **up 32%** and vehicle finance applications **up 125%** respectively (H2 on H1 FY 2021).

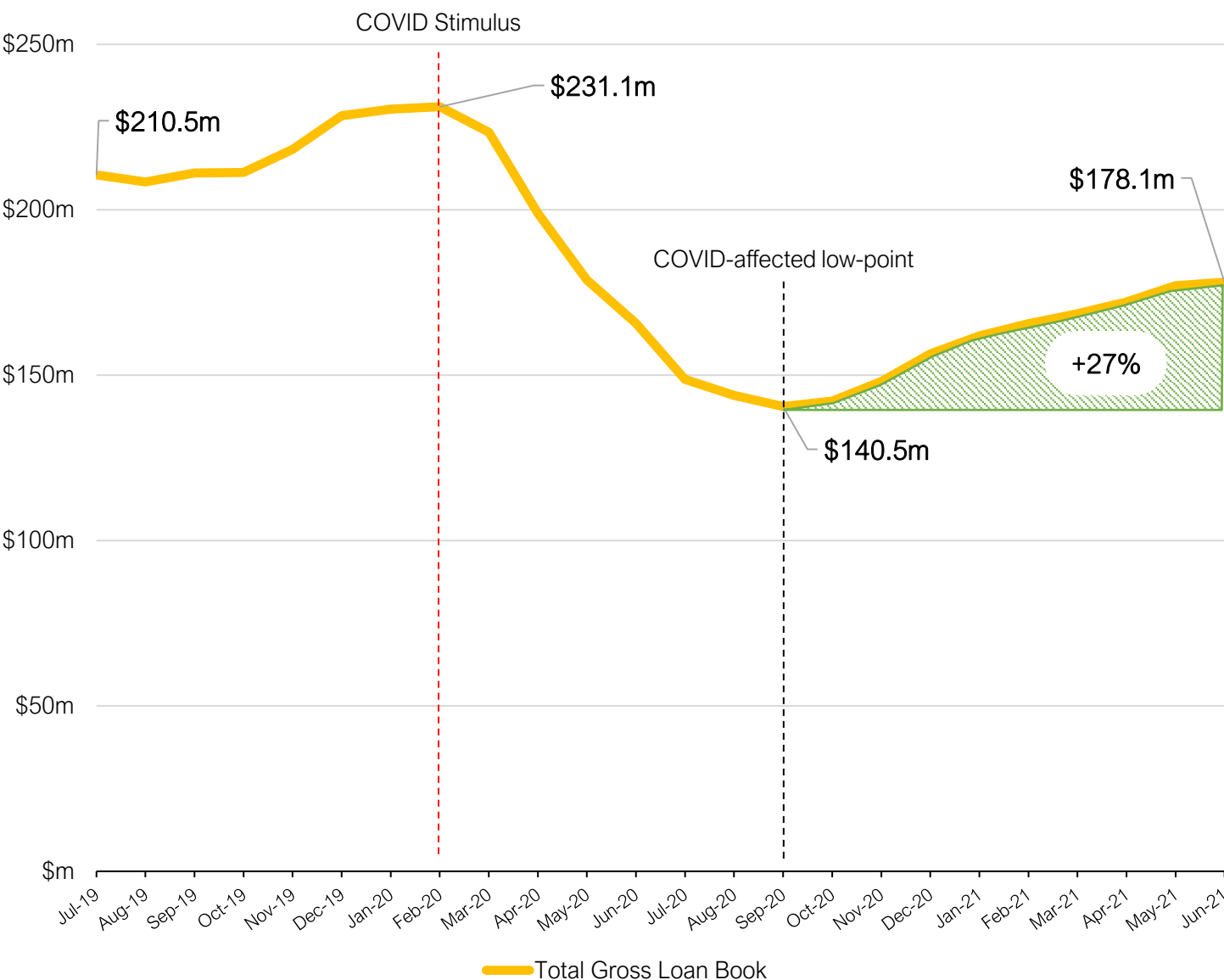
Monthly Outgoings



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2. Medium Amount Credit Contract (MACC) is a regulated unsecured personal loan product, transacted in-store and online, up to \$5,000.
3. Green Light Auto (GLA) is a fully owned subsidiary of CCV offering secured vehicle loans through a network of brokers and dealers.

Loan Book Recovery

COVID-impacted short term loan books are growing strongly, up 27% from FY 2021 low point.



Gross Loan Books		31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021	Y-o-Y
SACC ¹	Loan Book	\$93.0m	\$63.1m	\$59.8m	\$67.6m	+7%
	% of Total	41%	38%	38%	38%	
MACC ²	Loan Book	\$47.3m	\$31.7m	\$30.9m	\$49.4m	+56%
	% of Total	21%	19%	20%	28%	
GLA ³	Loan Book	\$70.1m	\$61.5m	\$49.7m	\$44.3m	-28%
	% of Total	31%	37%	32%	25%	
PB ⁴ (Corp)	Loan Book	\$18.1m	\$9.3m	\$16.0m	\$16.8m	+81%
	% of Total	7%	6%	10%	9%	
Total Gross Loan Book		\$228.4m	\$165.6m	\$156.4m	\$178.1m	+8%

Note: Gross loan book metrics have been reclassified to include commissions and broker fees.
Note: MACC² product focus with book growth strong as a result, up 56% year on year.
Note: Green Light Auto³ vehicle business repositioned for profitable growth.
Note: Pawnbroking book movement reflects average loan terms of 1-to-3-months.

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3. Green Light Auto (GLA) is a fully owned subsidiary of CCV offering secured vehicle loans through a network of brokers and dealers.
4. Pawnbroking (PB) loan products offered through stores, corporate store loan book balance showing.

Free Cash Flow

Earnings recovery, borrowing optimisation and investing activities are facilitating shareholder returns.

	30 June 2021	30 June 2020	Variance
	\$'000	\$'000	\$'000
EBITDA	45,312	19,168	26,144
Net non-cash items	(2,502)	(1,313)	(1,189)
Net (funding) / repayment of loan books	(10,081)	46,632	(56,713)
Working capital changes	(19,185)	18,336	(37,521)
Interest and finance costs	(11,715)	(12,564)	849
Income tax	(144)	(148)	4
Operating Cash Flow	1,685	70,111	(68,426)
Cash flows from investing activities	(6,454)	(1,776)	(4,678)
Cash flows from financing activities	(29,770)	(43,560)	13,790
Net increase in cash and cash equivalents	(34,539)	24,775	(59,314)
Cash and cash equivalents at beginning of period	106,548	81,101	25,447
Effects of exchange rates changes	157	672	(515)
Cash and cash equivalents at end of period	72,166	106,548	(34,382)

- \$45.3m EBITDA has delivered strong operational cash flow, utilised to fund loan book and inventory rebuild.
- Working capital outflow includes \$10.0m paid out as the final class action instalment in September 2020.
- Investing activity outflow includes investment in franchise store acquisitions and greenfield store expansions
- Financing activities reflects net retirement of borrowings as well as funding the \$6.2m interim dividend net of \$2.5m recouped through the Dividend Reinvestment Plan (now suspended).

Outlook

We have steadily repositioned our business to capitalise on market opportunities as they occur.

Our Business

- ✓ Significant investment in digital strategy over recent years.
- ✓ Moving away from higher cost, short term lending.
- ✓ Ideating, developing and releasing new products.
- ✓ Renewed focus on longer-term, lower-cost cash solutions.
- ✓ Optimised assessing function, leveraging technology.
- ✓ Continuing to rationalise cost base to maximise returns.
- ✓ Large, highly satisfied and loyal existing customer base.
- ✓ Geographically diverse network, dominant market positions.

Our Market

- Overall economic health and credit demand returning.
- Large and underserved market.
- Consumers looking to interact across omni channels.
- Vehicle demand remains robust due to supply shortages.
- High entry barriers in regulated personal finance markets.
- Limited credit agency coverage of our borrowers.
- Fragmented competition lacking scale.
- Acceptance of non-bank lenders increasing.

Our Outlook

- ❑ Digital strategy and investment now supporting growth and yielding results.
- ❑ Product innovation expanding our customer reach and driving origination growth.
- ❑ Proprietary credit risk models continuing to optimise bad debt.
- ❑ Establishing new loan books to further diversify revenue base.
- ❑ Continuing to facilitate the circular, re-use economy.
- ❑ Continued second half momentum into new financial year.
- ❑ Revenue and earnings growing.

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Thank You

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Appendix 1: Reconciliations

	30 June 2021 \$'000	30 June 2020 \$'000
EBITDA¹	45,312	19,168
Class Action settlement	-	42,500
Class Action legal fees	-	448
Normalised EBITDA	45,312	62,116
EBIT	28,800	(693)
Class Action settlement	-	42,500
Class Action legal fees	-	448
Normalised EBIT	28,800	42,255
Profit before tax (PBT)	17,083	(13,300)
Class Action settlement	-	42,500
Class Action legal fees	-	448
Normalised profit before tax	17,083	29,648
NPAT	16,199	(10,491)
Class Action settlement	-	42,500
Class Action legal fees	-	448
Tax effect	-	(12,884)
Normalised NPAT	16,199	19,573

1. The Company calculates EBIT as earnings before interest expense and tax and presents EBITDA calculated as EBIT before depreciation and amortisation. EBIT and EBITDA are non-IFRS measures and are alternative performance measures reported in addition to but not as a substitute for the performance measures reported in accordance with IFRS. These measures focus directly on operating earnings and enhance comparability between periods. 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

Appendix 2: Sustainability Update

A partnership has been formed between **Carrefour** and **Cash Converters** to 'promote more sustainable consumerism'.

Carrefour is a French based global hypermarket operator with over 12,225 stores in over 30 countries reaching some 104 million households a year worldwide, with 1.3 million unique visits to all its online shopping websites every day¹.

As announced by Carrefour in March 2020:

'Carrefour is partnering with Cash Converters to launch the Carrefour Occasion shop-in-shop concept. This new offering, which creates value for consumers, is being introduced at the Les Ulis store. It aims to increase Carrefour's contribution to the circular economy while giving its customers greater purchasing power.

Managed by Cash Converters, this space will facilitate sustainable consumerism by allowing consumers to buy and sell secondhand items. A second location is to open soon, followed by a roll-out on a larger scale at Carrefour hypermarkets.'

'Carrefour is continuing its commitment to the circular economy by offering a new shop-in-shop format that promotes sustainable consumerism and gives new life to day-to-day objects.'

"The launch of Carrefour Occasion increases Carrefour's contribution to the circular economy. Thanks to the expertise contributed by Cash Converters, this new concept is fully in line with new consumer trends focused on mindful, sustainable consumerism and greater purchasing power" said Pascal Clouzard, Carrefour France Executive Director.

"This collaboration with Carrefour confirms our commitment to supporting and accelerating changes in consumer trends together with a major player that also believes in the circular economy" explained Bruno Bée, President of Cash Converters Europe².

Appendix 2: Sustainability Update Continued

Environmental and social risks where the Board considers that Cash Converters has exposure include:

- Reducing the environmental impact of landfill by facilitating the recycling and repurposing of products through our circular (re-use) retail operation;
- Reduction of carbon footprint of our operations by using renewable energy sources where possible;
- Working with legislators, regulators to deliver improvements and initiatives to support a trustworthy, reliable and lower cost financial services industry;
- Managing impacts on our colleagues from prolonged lockdowns by some States in response to COVID-19;
- Understanding that diversity in thought is crucial to higher performance levels, innovation, and the growth of our business, encouraging diversity of thought through engagement and inclusion of a diverse workforce.
- Identifying and preventing the occurrence of fraud against the Commonwealth and criminal activity generally;
- Contributing to evolving legislation and the advent of new and often unregulated online credit products and services.

FY 2021 Update:

- Over 1m secondhand retail transactions were completed in our Australian network in FY 2021 alone, eliminating landfill contribution.
- Extending the life of used products has other environmental benefits including reducing the manufacturing, distribution, transportation and bulk packaging carbon emissions and raw material waste.
- The facilitation of all services online and the addition of online repayments during FY 2021 for all finance products has reduced the need to visit a store.
- Moved our head office in to a 5-star NABERS energy rating premises.
- Implemented recycling and waste management initiatives throughout our office and store locations.

Governance Update:

- A comprehensive Board Governance review was conducted by Herbert Smith Freehills in the previous reporting period with a report issued in June 2020. The report's recommendations have been implemented during the Reporting Period.
- From the commencement of the Reporting Period until 23 November 2020, the Board comprised of six directors, three of whom were independent. With the appointment of independent director Mr. Henry Shiner on 1 July 2021, the Board currently has seven directors of whom three are independent. The Board is in the process of recruiting an additional independent director to join the Board.

Disclaimer

The material contained in this presentation is intended to be general background information on Cash Converters and its activities current at the date of the presentation. The information is supplied in summary form and is therefore not necessarily complete. It is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending on their specific investment objectives, financial situation or particular needs. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

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