

Chief Executive Officer's AGM Address

Thank you, Jason, and good morning fellow shareholders.

It is a pleasure to be here at our AGM, my first as CEO and the first virtual AGM held by the Company.

I have had the pleasure of working at Cash Converters since 2016, holding a variety of roles including Chief Operating Officer before being appointed Chief Executive Officer in February 2020.

That appointment followed the devastating bushfires during summer and coincided with the outbreak of COVID-19 in Australia, and the corresponding restrictions deployed to limit its spread.

I do believe that a Company's success in dealing with unexpected and unpredictable events such as these over the short-term is largely dependent on what has been established over the long-term - in relation to strategies, systems, people and most importantly, culture.

As a regulated credit provider, we were well equipped to care for our customers, that needed our support most, by extending our hardship assistance program, providing interest and fee relief and deferring our collections activity, in line with government mandated closures.

Our most recent Net Promoter Score of 62.0, which is well above other banking and financial service businesses, was a strong signal to me that we got our approach right.

I cannot recall a clearer display of our organisational values than throughout this period. Being **'Real People who are Passionate and Proud'**, **'Caring and Respectful'** and **'Tenacious Problem Solvers'** we continued to deliver on our purpose of **'Unlocking Possibilities Together'**.

I am proud of how my colleagues dealt with the complexities faced throughout the year and I wanted to acknowledge and thank everyone across our business for working tirelessly to ensure we were there for our customers, when they needed us most.

It should be noted that these challenges remain ongoing with Victoria only recently coming out of its extended lockdown and more recently South Australia entering a period of temporary lockdown. Our priorities remain keeping our people safe, keeping those who rely on our businesses safe whilst meeting their needs, and safeguarding the capital of our shareholders.

I would hope you agree that to date we have achieved those objectives.

Performance

Our FY 2020 results have been communicated to the market, so I will touch on them only briefly in addition to providing an update as to how the business has been trading over the course of the first quarter of FY 2021.

I should note at this point that any information relating to FY 2021 is unaudited and should not be taken as guidance.

Our performance during FY 2020, summarised in AGM Presentation, was pleasing considering the challenges outlined previously. An operating EBITDA of \$62.1 million and an operating NPAT of \$19.6 million reflect a significant improvement on the previous corresponding period.

A key driver of this performance was our online sales growth, a direct result of significant investment in digital assets and capabilities that has enabled us to interact with our customers across multiple channels and formats.

Our online corporate retail sales increased 42.6% during the year and online lending increased to account for 61.2% of all loans funded. Our physical store network continues to provide us with a significant competitive advantage as a distribution network, complementing the growing online channel, with a record fourth quarter store retail result in FY 2020 demonstrating this value.

Our focus on operational excellence and cost base management allowed the Company to close the financial year with cash and equivalents of \$106.5 million and a per share Net Tangible Asset value of 28.9 cents.

As communicated previously, a reduction in credit demand as a result of COVID-related Government stimulus and early Superannuation access, which impacted our customer segment in particular, resulted in our loan book values decreasing throughout the second-half of FY 2020, a trend that continued in to the first quarter of FY 2021 but has now reversed.

Whilst all loan books are now growing again, the impact will result in what we expect to be a softer first-half of FY 2021, when compared to the prior year.

To give you a feel for the recovery in underlying business activity, at the height of Australia's economic lockdown in April 2020, our combined store and online unsecured loan application volumes dropped to around 550 applications per day. By September 2020 that had recovered to over 1,000 applications per day and has continued growing.

Over the same period, the approval rate for these applications increased from a low of around 15%, as we implemented many short term COVID-related credit rules, which now removed has restored the approval rate to a more 'normal' rate of around 25%.

Our Pawnbroking loan book also recovered from a low point of \$7.6 million in July 2020 to over \$10.8 million by the end of September 2020.

Total net bad debt as a percentage of revenue has continued to decrease, down from 24.3% at the end of June 2020, to 18.9% at the end of September 2020, reflecting our ongoing investment in data analytics, credit risk modelling and assessor training.

As demand for credit continues ahead of Christmas, we remain focused on the objective of continuing to optimise our bad debt levels.

Whilst remaining alert to an ever-changing economic landscape, we remain cautiously optimistic that our first quarter FY 2021 momentum will continue, as Australia hopefully continues to emerge from hard lockdowns and resumes some semblance of 'normal' economic activity.

Strategy

Moving on to our strategy, we continue to expand our corporate retail store network in Australia to complement our growing online presence. We will acquire franchises in a disciplined manner where it makes financial and strategic sense to do so and selectively open new outlets where we are under-represented in growth corridors. We will continue to evolve our lending product range and focus on operational excellence, particularly platform and service optimisation across all parts of our business.

Underpinning the execution of this strategy is the ability to attract and retain leaders and team members who are passionate about our business, with the necessary skills to enable us to succeed, and who embody the cultural values outlined earlier.

The fact that we have already started delivering on our strategic objectives – such as the acquisition of our Morley (Western Australia) and Melbourne City (Victoria) franchise stores – shows that we have found the right mix of passion, skill, and cultural alignment. With our team now in place, I am confident we can continue to generate value for our customers and shareholders alike.

Outlook

We believe our business model and integrated, multi-channel store and online network is unique in our sector and provides us with a significant competitive advantage. A robust pipeline of potential store acquisition and development opportunities, supported by a strong balance sheet and cash flow, provide us with a clear runway to grow our business in a measured and disciplined way, in markets that we know and with customers we understand.

With a new securitisation facility agreed with our financier to December 2022 and strong levels of available cash, we are well positioned to benefit from the anticipated increase in consumer spending and general economic recovery.

As Jason mentioned in his address, it is the Board's intention that Cash Converters again becomes a dividend paying company. The appropriate point to discuss timing, value, and method of delivery for a dividend is at the close of the half-year. At which point, should the Board approve the payment of a dividend, the market will be informed in line with our continuous disclosure obligations.

As CEO and a fellow shareholder of Cash Converters I thank you all for your continued support and look forward to delivering on the growth plan outlined – and to addressing you, hopefully in person, at future meetings.

I will now hand back to the Chairman to continue the meeting.

Thank you.

Authorised for release by the Company Secretary of Cash Converters International Limited.

For further information, please contact:

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Annual General Meeting

23 November 2020

cashconverters



Internal use only

Sam Budiselik

Chief Executive Officer



FY 2020 Key Metrics

Operations



\$279.0m

Revenue
(down 0.9%)



\$62.1m

Operating[^] EBITDA
(up 51.5%)



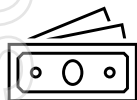
\$106.5m

Cash & Equivalents
(up 31.4%)



61.2%

Online lending^{^^}
(up from 55.9%)



\$19.6m

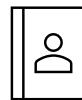
Operating[^] NPAT
(up 63.2%)



\$8.4m

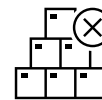
Online Retail sales
(up 42.6%)

Loan Books



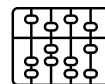
\$160.0m

Gross Value^{^^^}
(down 24.2%)



\$55.1m

Gross Bad Debt Expense^{^^^}
(down 4.5%)



19.0%

Provision^{^^^^}
(from 17.3%)



24.3%

Net Bad Debt / Revenue
(from 33.4%)

Other



\$0.289

NTA per share



62.0

Net Promoter Score

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

^{^^}Funded loans originated online as a proportion of the total number of funded loans during the period.

^{^^^}Inclusive of SACC, MACC, GLA, Cash Advance and Pawn Broking Loans

^{^^^^}Inclusive of a macro-economic risk overlay

All comparisons are against the previous corresponding period (pcp) being the financial year ended 30 June 2019 (FY 2019).

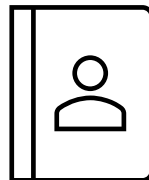


Q1 FY 2021 Performance



+1,000

Avg Daily SACC-MACC Applications
(from ~550 in April)



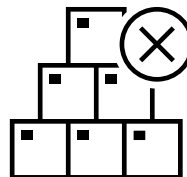
\$135.8m

Gross Loan Book Value[^]
(down 15.1% on 30 June 2020)



+25%

SACC-MACC Approval Rate
(from ~15% in April)



18.9%

Net Bad Debt / Revenue
(down from 24.3% at 30 June 2020)



\$3.1m

Online Retail Sales Volume
(up 60.6% on Q1 FY 2020)



\$10.8m

Pawnbroking Book Value
(from a July low of \$7.6m)

[^]at 30 September 2020 inclusive of SACC, MACC, GLA, Cash Advance and Pawn Broking Loans



Strategy

Generate meaningful value for our Customers, Colleagues and Shareholders

Meeting our customers' **cash needs** by leveraging and **growing** our **corporate stores (and digital)** assets



Franchise acquisitions

Greenfield developments

Hub & Spoke model



Customer-centric

Secured and Unsecured

Risk Based Pricing



Collections insourcing

Brand relaunch

Capital management



mal use only

Thank you!

cashconverters