

## ASX Announcement (ASX: CCV)

### Cash Converters Non-Cash Impairment to Goodwill

Cash Converters International Limited (ASX: CCV) ('Cash Converters' or 'The Company') today announces that following a review of the carrying value of Goodwill, in accordance with the relevant accounting standards, the Company expects to recognise a one-off, non-cash, pre-tax impairment charge within a range of \$90 million to \$110 million in its financial results, for the half year ended 31 December 2022.

This expected impairment is a result of legislative changes that were passed by Federal Parliament in December 2022, that contain a number of Financial Sector reforms, some of which relate to Small Amount Credit Contracts (SACC). These changes reflect the anticipated diminishing strategic contribution of the SACC loan products to the Company's earnings from FY2024, going forward (no other products are impacted).

Responding to legislative changes is a complex process that requires the application of significant judgement. Complete disclosure on this matter will be released with the Interim Financial Report.

The impairment charge is one-off, non-cash in nature and a non-operating item. Therefore, underlying EBITDA and Net Profit after Tax is not impacted in FY2023. Going forward, these changes will impact the forecast for SACC related earnings. The management team remains focused on delivering an exciting new product pipeline, in addition to executing on organic and inorganic strategic initiatives as outlined in previous market updates. Ensuring the Company remains in the best possible position to assist customers who are impacted by these changes will remain a priority, in addition to addressing the expected earnings impact.

The H1 FY2023 accounts remain subject to Board approval, as well as completion of the external auditor review and are scheduled to be released on 27 February 2023.

### Financial Services Reform Bill - Update

A Bill passed by the Senate in December 2022 contains a number of Financial Services legislative changes. These changes focus on the enhanced regulation of SACC loan products offered by the Company. The key impact resulting from these changes is the extension of a Protected Earnings Amount (PEA) requirement to all borrowers (including those fully employed). Previously, the PEA only applied to Centrelink recipients. The PEA change will come into effect in June 2023.

Whilst uncertainty exists as to customer behaviour resulting from these changes, our customer's need for cash does not. If anything, the need is growing with Australians struggling to deal with rising energy and general cost of living pressures. The Company continues to believe that further restricting access to this regulated credit product will have significant unintended consequences, making SACC loans longer in duration and more expensive for the borrower as a result. We remain focused on assisting our customers with this transition and confident that where suitable, we will be one of the few lenders able to offer an alternative credit solution going forward.

#### **Sam Budiselik**

Managing Director & Chief Executive Officer

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

## About Cash Converters

Cash Converters International (ASX: CCV) is Australia's leading sub-prime, non-bank lender and second-hand retailer.

Commencing trade in 1984 as a single store in Perth, Western Australia Cash Converters has since expanded its footprint to over 150 stores in Australia and over 500 franchise stores overseas. Our product offering has also been expanded over time, entering personal and vehicle finance markets where we now maintain significant market share.

Cash Converters has also established a significant online presence in recent years to complement its extensive store network, providing both lending and retail services online to a growing number of customers.

Cash Converters holds an Australian Credit Licence, operates under the National Credit Act and offers customers the key protections of regulated credit products under the responsible lending framework overseen by regulators.

To learn more, please visit: [www.cashconverters.com](http://www.cashconverters.com)

---