



Entitlement Offer Investor Presentation



May 2018

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To the maximum extent permitted by law, (1) Cash Converters (including its subsidiaries, related bodies corporate, shareholders, affiliates, advisers and agents); and (2) Hartleys Limited (**Lead Manager**) together with the

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You acknowledge and agree that:

- determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements and the discretion of Cash Converters and the Lead Manager;
- each of Cash Converters and the Lead Manager and their related bodies corporate, affiliates, officers, directors, employees, agents and advisers disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

The Lead Manager may have interests in the securities of Cash Converters, including by providing investment banking services to Cash Converters. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Lead Manager may receive fees for acting in its capacity as lead manager to the Offer.

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By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this 'Important notice and disclaimer'.

Section	Content
Introduction	<ul style="list-style-type: none">• Corporate Overview
Offer	<ul style="list-style-type: none">• Offer Overview• Shareholder Support• Use of Funds• Financial Impact of Offer• Pro-forma Statement of Financial Position• Basis of Preparation of Financial Information• Indicative Timetable
Business/Trading Update	<ul style="list-style-type: none">• Corporate Overview• FY18: H1 Highlights & Trading Update• Outlook – Strategy for Growth
Key Risks	
International Offer Restrictions	

Corporate Overview

Capital Structure

ASX Code	CCV
Shares on Issue	493.1 million
Share Price (28 May 2018)	\$0.365
Market Capitalisation	\$180 million
Cash & Cash Equivalents (31 Dec 2017) ¹	\$99.4 million
Borrowings (31 Dec 2017) ²	\$156.2 million

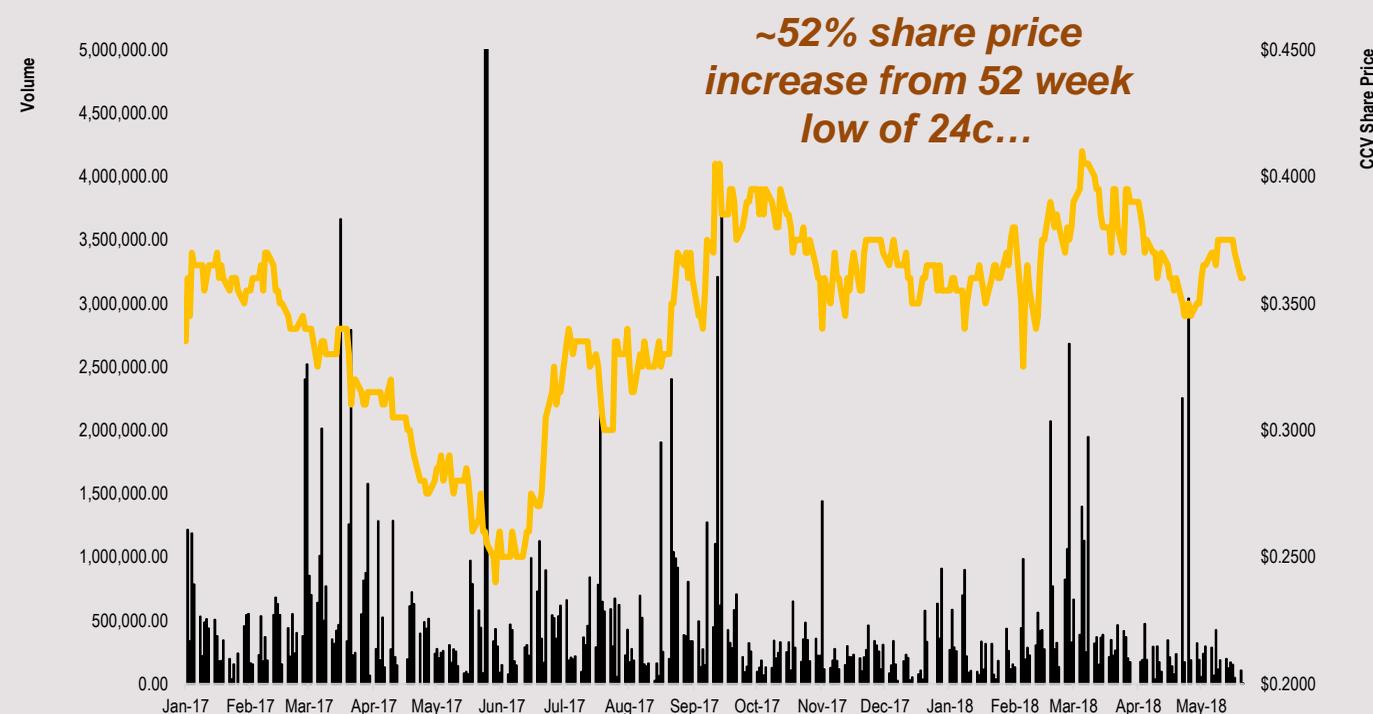
Substantial Shareholders³

EZCORP Inc	31.75%
Perpetual Investments Ltd	9.84%
Adam Smith Asset Management	5.21%
Fidelity Management & Research	5.71%
Commonwealth Bank Group	5.05%

Board of Directors

Non Executive Chairman	Stuart Grimshaw
Executive Deputy Chairman	Peter Cumins
Independent, Non Executive Director	Andrea Waters
Independent, Non Executive Director	Ellen Comerford
Independent, Non Executive Director	Kevin Dundo
Non Executive Director	Lachlan Given

Share Price Chart



Senior Management

Chief Executive Officer	Mark Reid
General Counsel & Company Secretary	Brad Edwards
Chief Operating Officer	Sam Budiselik
Chief Financial Officer	Martyn Jenkins

1. Cash & Cash Equivalents as at 30 April 2018 (unaudited) totalled \$99.3 million – Cash generated by the business throughout H1 FY18 has been re-invested in funding (the un-securitised element of) Loan Book growth.

2. Borrowings as at 30 April 2018 (unaudited) totalled \$159.5 million.

3. EZCORP Inc as at 29/3/18 Nasdaq Global Corporate Solutions Ownership Report; Perpetual Investments Ltd as at 14/09/17 Substantial Shareholder notice; Adam Smith Asset Management as at 23/08/17 Substantial Shareholder notice; Fidelity Management & Research as at 29/3/18 Nasdaq Global Corporate Solutions Ownership Report; Commonwealth Bank Group as at 1/03/18 Substantial Shareholder notice.

Entitlement Offer

- Offer**
 - Cash Converters is undertaking an underwritten pro-rata non-renounceable entitlement offer (**Offer**) of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of 32 cents per New Share
 - Under the Offer, approximately 123.3 million New Shares will be issued on a 1 for 4 basis to raise \$39.5 million, before costs. Hartleys Limited is acting as Lead Manager in respect of the Offer
- Offer Price**
 - 32 cents per New Share represents:
 - a discount of 12.3% to the closing price of 36.5 cents on 28 May 2018
 - a discount of 12.8% to the volume weighted average price for the 5 trading days up to and including 28 May 2018 of 36.7 cents
 - a discount of 10.1% to the theoretical ex-rights price¹ of 35.6 cents
- Oversubscription Facility**
 - Under the Oversubscription Facility, Eligible Shareholders may apply for additional New Shares, subject to a cap equal to 50% of their Entitlements and pro-rata scale back (if required).
- Underwriting and Major Shareholder Participation**
 - \$21 million of the Offer underwritten by the Lead Manager Hartleys Limited
 - Cash Converters' major shareholder, EZCORP Inc (31.75% shareholder), has pre-committed up to \$18.5 million for the Offer (see following slide)

1. The theoretical ex-rights price ("TERP") is the theoretical price at which a company's shares should trade after the ex-date for an Entitlement Offer, by reference to the last closing share price prior to announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares will trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to the TERP.

Support of Major Shareholder

- Cash Converters' major shareholder, EZCORP (31.75% shareholder), has committed to take up its full pro-rata entitlement of 31.75% of the New Shares and to apply for up to a further \$6 million worth of New Shares¹ either through the Oversubscription Facility or through an application for shortfall (or a combination of both). EZCORP's application for shortfall shares (not shares through the Oversubscription Facility) will be in priority to the underwriter and any sub-underwriter. EZCORP is not being paid a fee for these commitments.
- EZCORP's shareholding in Cash Converters may increase to 34.75% as a result of its pro-rata participation in, and take up of shortfall under, the Entitlement Offer¹.
- Cash Converters does not expect that the Offer will have any material effect or consequence on the control of Cash Converters.



- Formed in 1989, EZCORP has grown into a leading provider of pawn loans with 897 stores in the United States and Latin America
- Headquartered in Austin, Texas
- EZCORP is traded on NASDAQ under the ticker symbol EZPW
- Market Capitalisation circa A\$1 billion

	~A\$m
Major Shareholder Pre-Commitment for full entitlement	12.5
Major Shareholder shortfall subscription up to	6
Underwriting for the Offer	21
Total Offer Amount	39.5

1. New Shares applied for by EZCORP in addition to its pro rata entitlement will be within EZCORP's 3% capacity to acquire further shares in Cash Converters under item 9 of section 611 of the Corporations Act.

- The proceeds from the Offer, together with the Company's existing cash balance, will enable the Company to strengthen its balance sheet.

Sources of Funds	A\$m
Existing cash and cash equivalents (31 December 2017)	99.4
Offer	39.5
Total	138.9

Use of Funds	A\$m
Repayment of FIIG Bond	60.0
Retained cash & cash equivalents	77.4
Cost of Offer (estimate)	1.5
Total	138.9

- On completion of the Offer and repayment of the FIIG Bond, Cash Converters will have a net debt and gearing ratio that will provide sufficient headroom for growth.
- The \$60m FIIG Bond (senior unsecured 7.95% p.a.) matures in September 2018 and incurs an annual pre-tax interest expense of ~\$4.8m. The interest expense related to the FIIG Bond will not be incurred following its repayment. The interest expense may increase should the amount drawn down under the extended securitisation facility increase to fund loan book growth.

“This Offer is important for growth, it strengthens our balance sheet, eliminates unsecured debt and improves gearing. The additional capital will allow flexibility to pursue growth opportunities whilst maintaining sufficient working capital.”

Mark Reid, Chief Executive Officer

Financial Impact of Offer

- The Offer is expected to have the following impact on Cash Converters:

	Pre-Offer (31 Dec 2017)	Post-Offer Pro-forma (31 Dec 2017)
Cash & Cash Equivalents	A\$99.4m ¹	A\$77.4m
Net Debt²	A\$56.8m	A\$18.8m
Gearing (net debt / equity)	21.0%	6.1%
Banking covenants	<ul style="list-style-type: none"> Covenants applicable under both: <ul style="list-style-type: none"> - FIIG Bond - Fortress Securitisation Facility 	<ul style="list-style-type: none"> Securitised debt facility only, linked to loan book
Growth / working capital		<ul style="list-style-type: none"> Provides additional capital to allow financial flexibility to pursue growth opportunities whilst maintaining sufficient working capital
Profit & Loss	<ul style="list-style-type: none"> The \$60m FIIG Bond (senior unsecured 7.95% p.a.) matures in September 2018 and incurs an annual pre-tax interest expense of ~\$4.8m. 	<ul style="list-style-type: none"> The interest expense related to the FIIG Bond will cease following its repayment in September 2018. Future interest expense is dependent upon debt funding and would be impacted by any further drawdowns on existing or new facilities.

1. Cash & Cash Equivalents as at 30 April 2018 (unaudited) totalled \$99.3 million – Cash generated by the business throughout H1 FY18 has been re-invested in funding (the un-securitised element of) Loan Book growth.

2. Borrowings as at 30 April 2018 (unaudited) totalled \$159.5 million. Net Debt defined as Total Borrowings less Cash & Cash Equivalents, as at 30 April 2018 (unaudited) \$60.2m.

Pro-forma Statement of Financial Position

	Reported as at 31 December 2017 (\$m)	Offer ¹ (\$m)	Debt repayment ² (\$m)	Pro-forma as at 31 December 2017 (\$m)
Cash and cash equivalents	99.4	38.0	(60.0)	77.4
Loan receivables ³	135.2	-	-	135.2
Other receivables / Assets	84.2	-	-	84.2
Intangible assets (including goodwill) ⁴	135.7	-	-	135.7
Total assets	454.5	38.0	(60.0)	432.5
Borrowings ⁵	154.7	-	(60.0)	94.7
Other liabilities	28.8	-	-	28.8
Total liabilities	183.5	-	(60.0)	123.5
Total equity	271.0	38.0	-	309.0

Notes:

1. Funds received from the Offer are net of estimated \$1.5 million equity raising costs.
2. Pro-forma adjustment reflects the intention of the Company to repay the FIIG bond in full at its maturity date in September 2018 and therefore not incur any early termination fees.
3. Refer to the basis of preparation on slide 12 for impact of changes to Australian Accounting Standards and Interpretations applicable from 1 July 2018, with specific consideration of the impact of AASB 9 *Financial Instruments* which when adopted will impact loan book provisioning in future periods.
4. Refer to Key Risks on slide 21 for sensitivity disclosure in relation to impairment testing associated with non-current assets, including intangible assets.
5. Borrowings shown net of capitalised borrowing costs of \$1.5 million (estimate) and comprise amounts drawn under the recently extended \$150 million Fortress facility, which matures in December 2020.

Basis of Preparation of Financial Information

The basis of preparation in compiling the Pro-forma Statement of Financial Positions post Offer as disclosed on slide 11 of this presentation (and collectively referred to as the pro-forma historical financial information) is set out below:

- The pro-forma historical financial information has been prepared in accordance with the recognition and measurement principles described in Australian Accounting Standards (including Australian Accounting Interpretations). The accounting policies used in preparation of the pro-forma historical financial information are materially consistent with those set out in the Cash Converters annual financial report for the year ended 30 June 2017.
- The pro-forma historical financial information is presented in an abbreviated form and does not contain all the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the *Corporations Act 2001*.
- The pro-forma historical financial information has been derived from Cash Converters Half-Year Financial Report for the half-year ended 31 December 2017.
- Cash Converters complete Annual Financial Report for the year ended 30 June 2017, and Half Year Financial Report for the half-year ended 31 December 2017 is available from Cash Converters' website www.cashconverters.com, or ASX's website www.asx.com.au.
- The pro-forma historical financial information illustrates the financial performance of Cash Converters as if the Offer as at 31 December 2017 for the purposes of the pro-forma statement of financial position.

Impact of changes to Australian Accounting Standards and Interpretations

AASB 9 Financial Instruments ("AASB 9")

AASB 9 will be applied by Cash Converters for the period commencing 1 July 2018 and replaces AASB 139 'Financial instruments: Recognition and measurement'. AASB 9 significantly changes the recognition of impairment on customer receivables with the standard introducing an expected loss model. Under this approach impairment provisions are recognised based on the life time expected loss on a loan. This differs from the current incurred loss model under AASB 139 whereby impairment provisions are only reflected when there is objective evidence of impairment. The standard also includes a single approach for the classification and measurement of financial assets based on cash flow characteristics and the business model used for the management of the financial instruments. Of the changes that AASB 9 introduces, the Company has identified the impact of the revised credit provisioning approach, using the expected loss model, as having the most significant impact. The impact would be that impairment losses under AASB 9 are recognised in the income statement earlier in the life of the respective loan. This will result in a one-off adjustment to loan receivables and retained earnings / reserves on adoption of AASB 9, and for those loan products experiencing growth, the growth in profitability will be slower. Cash Converter's is in the process of modelling the impact of the changes on the impairment of customer receivables based on the 30 April 2018 loan book using the characteristics of the

underlying loan books at that point in time. The modelling is complex and is in the process of being finalised however the early preliminary results indicate a potential increase in the allowance of between \$5 - 10 million, from \$15.0 million at 31 December 2017 to between \$20 and \$25 million at 30 April 2018. The one-off increase in the allowance on adoption of AASB 9 would have resulted in an adjustment to retained earnings / reserves of between \$3.5 - 7 million tax affected (assuming an effective tax rate of 30%), based on the preliminary 30 April 2018 modelling. The actual impact of the initial adoption of AASB 9 on the allowance for impairment losses will be determined at 30 June 2018 based on the loan book at that point in time and will be recognised against retained earnings on initial adoption. Consequently the initial impact of the adoption of AASB 9 may differ significantly to the range illustrated here as further modelling is undertaken, and the make-up of the underlying loan books change.

AASB 15 Revenue from Contracts with Customers ("AASB 15")

AASB 15 replaces AASB 118 'Revenue' and will be applied from 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures regarding revenue are also introduced. An initial impact assessment has been performed and, based on material revenue streams in FY 2017, no significant risk of an impact to revenue recognition has been identified. This analysis considered the Company's current accounting policies for material revenue streams to which the new standard applies, including retail goods sold and franchise fees.

AASB 16 Leases

AASB 16 replaces AASB 117 'Leases' and will be applied from 1 July 2019. AASB 16 will significantly impact the accounting for operating leases as it requires the recognition of a lease liability being the present value of future lease payments and corresponding right-of-use asset, which will initially be recognised at the same value as the lease liability or lower amount depending on the transition approach adopted. The Company operates a corporate store network of 69 stores, each carrying a property lease and therefore the impact of the standard will most likely result in significant increases in assets and liabilities. It will also likely result in increased EBITDA, as the current operating lease expense will be recognised as a combination of interest and depreciation under the new standard, and result in earlier recognition of expenses over the life of the contract due to the front-loading of interest expense under the new standard.

Indicative Timetable

EVENT	DATE ¹
Announcement of Offer	Wednesday, 30 May 2018
Shares commence trading ex-entitlement	Friday, 1 June 2018
Record Date	5pm (Perth time) Monday, 4 June 2018
Offer opens	Tuesday, 5 June 2018
Last day to extend Offer closing date	Wednesday, 13 June 2018
Offer closes	5pm (Perth time) Monday, 18 June 2018
Allotment of New Shares	Tuesday, 26 June 2018
Normal trading of New Shares commences and despatch of holding statements	Wednesday, 27 June 2018

1. The Offer Indicative Timetable is subject to variation. The Company reserves the right to alter the timetable at its discretion and without notice, subject to ASX Listing Rules and the Corporations Act and other applicable laws. In particular, Cash Converters in conjunction with the Lead Manager reserves the right to either generally or in particular cases extend the closing date of the Offer, to accept late or to withdraw the Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from the ASX.

Business / Trading Update

Corporate Overview

Cash Converters is a leading operator and franchisor in retail, second hand goods and personal financial services markets, within Australia and internationally.

- The core business of Cash Converters is the ownership and franchising of retail and financial services stores
- The Company has built unique brand strength in Australia and internationally
- Cash Converters has a network through corporate and licencing arrangements of 726 stores in 18 countries (See Table 1)
- In Australia, there are 153 Corporate and Franchise Cash Converters outlets with over 1,750 employees
- Internationally the Company operates in the United Kingdom, New Zealand¹ and under licence in 15 other countries
- Cash Converters has successfully developed online channels for retail and personal lending and established the Green Light Auto secured vehicle finance business in Australia
- Cash Converters' strategy is one of growth, leveraging our trusted brand and continuing to put the customer at the centre of everything we do



Table 1: Corporate and Franchise Store Network.

¹NZ interest via 25% equity holding.

FY18: H1 Highlights & Trading Update

- H1 FY18 EBITDA \$21.5m; NPAT \$9.4m.
- FY18 NPAT guidance of a stronger H2 FY18 (vs. H1 FY18) remains on track.
- Continuing Loan Book Growth – H1 FY18 up to \$155.7m (+35% vs. H2 FY17) with moderate growth continuing in H2 FY18.
- Quality of Loan Book Improving – H1 FY18 Net Bad Debt¹ was down from 21.5% to 11.3% of Principal Advanced and is trending in line with expectations in H2 FY18.
- UK operations stable & profitable – H1 FY18 EBITDA contribution of \$1.4m.
- A positive H1 FY18 EBITDA result for Green Light Auto of \$0.9m delivered.
- Increased Loan Book securitisation facility of \$150m until 2020 along with a broadening of the eligibility criteria to include Medium Amount Credit Contract (MACC) and Green Light Auto secured vehicle lending.

“The first half results for the 2018 financial year demonstrate that our transition of the Cash Converters business is achieving all that we set out to do. The growth in the total loan book is driving revenue growth in the second half of the 2018 financial year and into the 2019 financial year”

—
Mark Reid
CEO



All comparisons H1 FY18 to prior corresponding period (H1 FY17) unless otherwise stated.

1. Net bad debt (SACC / MACC): Gross bad debts written off, net of recoveries.

Outlook – Strategy for Growth

✓ Continued Revenue Growth

- Transforming the Company's digital capabilities
- Ongoing development of new products & channels
- Transformation of Green Light Auto business
- Exploring International opportunities

✓ Continued Efficiency Improvements

- Disciplined cost management and productivity improvements

✓ Sound Risk Management Framework

✓ Sustainable Profit Growth

1

Continue NPAT growth from both new/existing products and channels

2

Continue to diversify revenue base

3

Position for future growth by repositioning the brand and culture, building new capabilities in digital and data and establishing a stronger franchise business model

Putting our customers at the centre of everything we do...

Key Risks

Key Risks

This section discusses some of the key risks associated with any investment in Cash Converters, which may affect the value of Cash Converters securities. The risks set out below are not listed in order of importance and do not necessarily constitute an exhaustive list of all risks involved with an investment in Cash Converters. Before investing in Cash Converters, you should be aware that an investment in Cash Converters has a number of risks, which are specific to Cash Converters and listed securities generally, and which are beyond the control of Cash Converters. Before investing in New Shares, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Cash Converters (such as that available on the websites of Cash Converters and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

Risks relating to Cash Converters

Cash Converters may be involved in disputes or litigation

Cash Converters operates in a highly regulated industry and is therefore exposed to risks arising from failure or inability to comply with applicable laws, regulations, licence conditions, regulatory standards, industry codes of conduct and its own policies and procedures that apply in Australia and in the international jurisdictions in which Cash Converters operates. This may include detrimental practices, such as the provision of products and services that do not comply with applicable laws (such as the National Consumer Credit Protection Act 2009 (Cth) and the National Credit Code), selling or unduly influencing customers to purchase inappropriate products and services and the provision of inappropriate financial advice or advice that is not in the best interests of customers. As a result, Cash Converters may be exposed to fines, public censure, litigation (including class actions), restitution to customers, regulators or other stakeholders, unenforceability of contracts such as loans, guarantees and other security documents, or enforced suspension of operations or loss of relevant licences to operate all or part of its business. This may adversely impact Cash Converters' reputation and financial performance and position.

Current class actions

As previously advised to the market, Cash Converters was served with the statements of claim referred to below, which relate to the legality of brokerage fees charged by Cash Converters to its customers. The brokerage fee system has not been used since 30 June 2013. On 31 July 2015, a statement of claim was lodged with the New South Wales Registry of the Federal Court of Australia, commencing a class action claim on behalf of borrowers resident in Queensland who took out personal loans from Cash Converters' subsidiaries during the period from 30 July 2009 to 30 June 2013; and on 27 April 2016, a statement of claim was lodged with the New South Wales Registry of the Federal Court of Australia, commencing a class action claim on behalf of borrowers resident in Queensland who took out cash advance loans during the period from 28 April 2010 to 30 June 2013. Cash Converters is vigorously defending these proceedings, with trial expected to commence in October 2018. Given the current stage of the proceedings, the financial impact of either class action on Cash Converters cannot be reliably and accurately determined at this time. However, if Cash Converters does not successfully defend either or both of the proceedings, Cash Converters would likely be required to make a significant payment by way of damages or settlement, which could have a material adverse impact on the financial performance and position of Cash Converters.

Cash Converters operates in a highly regulated industry and such laws and regulations may change

As noted above, Cash Converters operates in a highly regulated industry in Australia and overseas. In Australia, the industry is undergoing a period of political and regulatory scrutiny, which may result in regulatory change. The introduction of new, or the variation of existing laws, standards and regulations (including changes to laws, standards and regulations relating to lending and the provision of credit), or a change in the way existing laws, standards and regulations are interpreted or applied, may require changes to Cash Converters' methods of operation or limit the way Cash Converters operates. Any changes to laws, standards or regulations may require capital and other expenditures to be incurred, and/or inhibit Cash Converters' ability to offer its products and services to its customers. For example, the National Consumer Credit Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2018 is currently under review. If this review progresses and legislation is passed by both houses of Parliament, there may be changes to the terms on which small amount credit contracts may be provided. Cash Converters cannot reasonably assess the final impact changes in this law may have on its business. However, the Company has estimated the potential impact on impairment of goodwill if the law was enacted in its currently proposed form (refer slide 21). In addition, the Banking Royal Commission into Australia's banking, superannuation and financial services sectors is currently underway. While the terms of reference for this Royal Commission do not explicitly apply to Cash Converters, Cash Converters may be indirectly impacted by the Royal Commission's findings if legislated.

Cash Converters is exposed to the conduct of its franchisees

Cash Converters outsources the operation of the majority of its stores to third party franchisees. Cash Converters' operations are therefore reliant on being able to identify, attract and retain suitably qualified and motivated franchisees. An inability to do so or poor performance by franchisees may have a materially adverse impact on the financial performance of Cash Converters and could harm its reputation. Although the contractual arrangements Cash Converters has with its franchisees requires these parties to comply with all applicable laws, there is a risk that non-compliance by franchisees may cause damage to Cash Converters' brand and reputation, or require Cash Converters to take steps to remedy non-compliance. Furthermore, action by regulators in relation to its arrangements with franchisees may also impact on Cash Converters' operations and may increase Cash Converters' regulatory burden or otherwise impose unforeseen costs on Cash Converters.

2018 Senate Inquiry into Franchising Code of Conduct

On 22 March 2018 the Senate passed a motion to refer a matter to the Parliamentary Joint Committee on Corporations and Financial Services (Joint Committee) for inquiry and report by 30 September 2018 (Senate Inquiry). The Senate Inquiry is a wide ranging review including into the operation and effectiveness of the Franchising Code of Conduct. It is not clear at this point in time what changes to the Franchising Code of Conduct may result from the Senate Inquiry or the impact of any changes on Cash Converters franchising and business operations.

Key Risks (cont.)

Risks relating to Cash Converters (cont.)

Cash Converters may experience liquidity or refinancing pressures

A loss of, or adverse impact to, one or more of Cash Converters' funding sources could limit Cash Converters' ability to write new loans or write new loans on favourable terms. Cash Converters utilises debt to fund its business operations and may need to access additional debt financing to grow its operations. If Cash Converters is unable to refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, Cash Converters may not be able to meet its financial commitments or fund growth initiatives, which may adversely impact its financial performance and position. Cash Converters is required to maintain sufficient cash balances to meet the funding requirements of its loan books, which can necessitate careful management of liquidity. If Cash Converters does not meet its cash flow and operational targets, or does not have sufficient debt to draw down, it may be unable to service its loan books, which may lead to financial liability and penalties becoming payable by Cash Converters.

Cash Converters may not be able to manage credit risk and recover bad and doubtful debts

If Cash Converters' customers do not pay Cash Converters the principal, interest and fees owing under their loan contract then Cash Converters may experience a decrease in revenue, increase in expenses (including an increase in impairment expenses and an increase in funding costs), and/or decrease in operating cash flows received, which may have a material effect on Cash Converters' business, financial condition and operating and financial performance. Circumstances where customers may not repay their financial obligations to Cash Converters include: a deterioration in the customer's financial position (for example as a result of a general economic slow-down) or the customer prioritises other financial payments ahead of their payments to Cash Converters; and Cash Converters has failed to appropriately assess which customers can and will repay their obligations.

Cash Converters' competitive position may deteriorate

Cash Converters operates in a competitive industry. Its competitive position may deteriorate as a result of, for example, the emergence of new competitors (including online lenders), new competing products or services, or Cash Converters' failure to successfully adapt to changing market conditions, customer demands, pricing and legal developments. Such failures may adversely affect Cash Converters' operating and financial performance.

Cash Converters' is exposed to changes in foreign exchange rates and interest rates

Various entities within the Cash Converters group borrow funds at variable interest rates and place funds on deposit at variable rates. Personal loans issued by Cash Converters are at fixed rates. If there are adverse changes in interest rates, Cash Converters funding costs may increase and Cash Converters may not be able to pass any such cost increases onto its customers, including those who have loans with fixed interest rates. Furthermore, as Cash Converters has operations outside of Australia, it undertakes transactions denominated in foreign currencies. Adverse movements in exchange rates relative to the Australian dollar may adversely affect Cash Converters' financial position and performance.

Retail environment and general economic conditions risk

Cash Converters financial performance is sensitive to the current state of, and future changes in, the retail environment in the countries in which it operates. For example, the Australian retail environment has recently experienced challenging conditions due to soft consumer sentiment and retail demand. While this environment may encourage consumers to sell goods to Cash Converters or to buy second hand goods from Cash Converters, ultimately a challenging retail environment may be adverse to Cash Converters. Economic conditions may worsen in the countries in which Cash Converters operates its stores which could cause the retail environment to deteriorate as consumers reduce their level of consumption. Further, Cash Converters stores may be left with stock that they are unable to sell for a profit or at all. Should any of these risks occur, they are likely to have an adverse impact on Cash Converters financial performance.

Performance and reliability of Cash Converters' websites, databases and operating systems

Cash Converters' websites, databases, IT and management systems, including its security systems, are critically important to its success. The satisfactory performance, reliability and availability of Cash Converters' websites, databases, IT and management systems are integral to the operation of the business. There is a risk that if Cash Converters' IT and management systems do not function properly, there could be system disruptions, corruption in databases or other electronic information, delays in loan applications and processing, website slowdown or unavailability, loss of data or the inability to fulfil customer loans which, if sustained or regular, could materially adversely affect Cash Converters financial and operational performance. Cash Converters' financial and operational performance could be adversely affected by a system failure that causes prolonged disruption to its websites. This could directly damage the reputation and brand of Cash Converters and could reduce visitors to the affected websites, directly adversely effecting transactions with customers. Cash Converters' websites, databases and management systems are all hosted on servers owned by third party providers. Cash Converters is subject to the disaster planning contingencies of those third party providers to deal with events that are beyond the control of those parties such as earthquakes, floods, fires, power grid issues, telecommunication and network failures, terrorist attacks, computer viruses and other similar events. A catastrophic failure in the systems of a third party provider is likely to have a material impact on the systems and operations of Cash Converters.

Key Risks (cont.)

Risks relating to Cash Converters (cont.)

Data loss, theft or corruption

Cash Converters' databases of customers and data analytics are a key part of Cash Converters business and a valuable asset for continued success. However, such databases are subject to various risks including computer viruses, electronic theft, physical terminal theft, physical damage resulting in a loss or corruption of data, operating system failures, third party provider failures and similar disruptions. This could render the websites unavailable for a period of time while data is restored. Cash Converters efforts to combat such risks (including firewalls, encryption of customer data, a privacy policy and policies to restrict unauthorised access), might not be successful and there is a risk that a data breach may occur, or a third party may gain access to the confidential information of Cash Converters' customers or its internal systems and databases. The failure of Cash Converters to maintain the confidentiality of this information (in particular, its customer database) could result in a breach of law by Cash Converters and cause significant operational, reputational, legal and cost ramifications for Cash Converters, any of which could adversely affect Cash Converters' future financial performance.

Impairment of non-current assets sensitivity – potential change in legislation

As disclosed in note 3.5 of the 30 June 2017 annual financial statements, on 28 November 2016 the Minister for Revenue and Financial Services issued a media release in response to the Final Report of the Small Amount Credit Contract (SACC) Law Review advising that the government supports most of the recommendations, in part or in full, of the Final Report. One of the recommendations is to extend the SACC protected earnings amount (PEA) requirement to all consumers, and lowering it to 10 per cent of the consumer's net income. The Company is continuing discussions with the government around these recommendations, with no changes to the applicable SACC legislation having currently been enacted. Note 3.5 of the 30 June 2017 annual financial statements included details of the key assumptions applied in the impairment testing as at 30 June 2017, and also noted that the recoverable value of both the Personal finance and Store operations businesses may be impacted by potential future legislative changes given the impact on Cash Converters personal loan and cash advance operations. Whilst ultimately business operations could potentially be adjusted to mitigate the impact of these changes, the likely impact of the legislation if enacted in its currently proposed form, for loans issued on or after 1 July 2019, based on the profile of the loan book at 30 April 2018 and with reasonably possible changes to other key assumptions being taken into account, would result in an impairment within a reasonably likely range of \$45 million to \$55 million. As outlined above, this estimate is subject to significant variability due to both the ultimate form and enactment date of the legislation, both of which are uncertain, as well as the profile of the loan book when any applicable legislative changes were to come into effect. Additionally, there is no certainty that any change to applicable legislation will be made.

Impact of changes to Australian Accounting Standards and Interpretations

Cash Converter's is in the process of modelling the impact of the changes on the impairment of customer receivables based on the 30 April 2018 loan book using the characteristics of the underlying loan books at that point in time. The modelling is complex and is in the process of being finalised however the early preliminary results indicate a potential increase in the allowance of between \$5 - 10 million, from \$15.0 million at 31 December 2017 to between \$20 and \$25 million at 30 April 2018. The one-off increase in the allowance on adoption of AASB 9 would have resulted in an adjustment to retained earnings / reserves of between \$3.5 - 7 million tax affected (assuming an effective tax rate of 30%), based on the preliminary 30 April 2018 modelling. The actual impact of the initial adoption of AASB 9 on the allowance for impairment losses will be determined at 30 June 2018 based on the loan book at that point in time and will be recognised against retained earnings on initial adoption. Consequently the initial impact of the adoption of AASB 9 may differ significantly to the range illustrated here as further modelling is undertaken, and the make-up of the underlying loan books change.

The actual impact of the initial adoption of AASB 9 on the allowance for impairment losses will be determined at 30 June 2018 based on the loan book at that point in time and will be recognised against retained earnings on initial adoption. Consequently the initial impact of the adoption of AASB 9 may differ to the range illustrated here as further modelling is undertaken, and the make-up of the underlying loan books change.

Contingent liabilities – Class Actions

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. As previously advised to the market, Cash Converters was served with the statements of claim referred to below, which relate to the legality of brokerage fees charged by Cash Converters to its customers. The brokerage fee system has not been used since 30 June 2013. On 31 July 2015, a statement of claim was lodged with the New South Wales Registry of the Federal Court of Australia, commencing a class action claim on behalf of borrowers resident in Queensland who took out personal loans from Cash Converters' subsidiaries during the period from 30 July 2009 to 30 June 2013; and on 27 April 2016, a statement of claim was lodged with the New South Wales Registry of the Federal Court of Australia, commencing a class action claim on behalf of borrowers resident in Queensland who took out cash advance loans during the period from 28 April 2010 to 30 June 2013. Cash Converters is vigorously defending these proceedings, with trial expected to commence in October 2018 and therefore no provision has been made. Given the current stage of the proceedings, the financial impact of either class action on Cash Converters cannot be reliably and accurately determined at this time. However, if Cash Converters does not successfully defend either or both of the proceedings, Cash Converters would likely be required to make a significant payment by way of damages or settlement, which could have a material adverse impact on the financial performance and position of Cash Converters.

Key Risks (cont.)

Risks relating to the Offer

Risks associated with an investment in shares

There are general risks associated with investments in equity capital such as Cash Converters securities. The trading price of Cash Converters securities may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors that may affect the market price of shares include:

- general movements in Australia and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlooks;
- changes in interest rates and the rate of inflation;
- changes in government legislation and policies, in particular taxation laws;
- announcement of new technologies;
- geo-political instability, including international hostilities and acts of terrorism;
- demand for and supply of Cash Converters shares;
- announcements and results of competitors; and
- analyst reports.

No assurance can be given that the New Shares will trade at or above the Offer Price. None of Cash Converters, its directors or any other person guarantees the performance of the New Shares.

The operational and financial performance and position of Cash Converters and Cash Converters' share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.

Underwriting risk

Cash Converters has entered into an underwriting agreement under which Hartleys Limited has agreed to underwrite \$21 million of the Offer, subject to the terms and conditions of the underwriting agreement between Cash Converters and the Lead Manager (**Underwriting Agreement**). Cash Converters has also entered into an agreement with EZCORP, Cash Converters' largest shareholder, whereby EZCORP has committed to take up its full pro rata entitlement of the New Shares and to apply for up to a further \$6 million worth of New Shares either through the Oversubscription Facility or through an application for shortfall (or a combination of both) for a total commitment of \$18.5 million. This \$18.5 million is not underwritten by Hartleys Limited. Cash Converters therefore has in aggregate underwriting or a commitment for the whole \$39.5 million amount of the Offer. The Lead Manager's obligation to underwrite the Offer is conditional on certain customary matters and the EZCORP commitment being in place. EZCORP's commitment is conditional on the Underwriting Agreement not having been terminated. If certain events occur, the Lead Manager may terminate the Underwriting Agreement. Termination of the Underwriting Agreement and its consequential release of EZCORP's commitment could have

an adverse impact on the amount of proceeds raised under the Offer, which may limit Cash Converters' ability to use the proceeds as described in this Presentation and may cause the Offer to be withdrawn.

Control implications

As detailed in the cleansing notice released to the ASX on the date of this presentation, EZCORP may increase its voting power in Cash Converters from 31.75% to a maximum of 34.75% on completion of the Offer depending on the level of take up by shareholders of their entitlements. This is consistent with EZCORP's right to "creep" by up to 3% under an exception to the takeovers threshold contained in Corporations Act. Notwithstanding that the Offer is not expected to have any material effect or consequence on the control of Cash Converters, there is a risk that ASIC or another party could bring an action to the Takeovers Panel (Panel) claiming that the Offer gives rise to unacceptable circumstances. If an action is brought in the Panel and is successful, there are a broad range of orders that the Panel can make, including requiring Cash Converters to amend the terms of the Offer or withdraw the Offer.

Risk of dilution

Investors who do not participate in the Offer, or do not take up all of their entitlement under the Offer, will have their percentage security holding in Cash Converters diluted by not participating to the full extent in the Offer. Investors may also have their investment diluted by future capital raisings by Cash Converters. Cash Converters may issue new shares to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of an investor's interest. Cash Converters will only raise equity if it believes that the benefit to investors of conducting the capital raising is greater than the short term detriment caused by the potential dilution associated with a capital raising.

Taxation changes

There is the potential for changes to taxation laws and changes in the way taxation laws are interpreted. Any change to the current tax rates imposed on Cash Converters (including the foreign jurisdictions in which Cash Converters operates) is likely to affect returns to Cash Converters' shareholders. An interpretation of taxation laws by the relevant tax authority that is contrary to Cash Converters' view of those laws may increase the amount of tax to be paid or cause changes in the carrying value of tax assets in Cash Converters' financial statements. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns. An investment in shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in Cash Converters.

Laws and regulations may change

In the ordinary course of its business, Cash Converters is subject to a range of laws and regulations. Changes to laws and regulations that apply to Cash Converters may adversely affect Cash Converters, including by increasing its costs either directly (eg by increasing a tax Cash Converters is required to pay) or indirectly (eg by increasing the cost of complying with a particular legal requirement). Any such change may adversely affect Cash Converters' future financial performance.

International Offer Restrictions

International Offer Restrictions

This Presentation does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Cash Converters with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Cash Converters' shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

This document may not be released or distributed in the United States.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor the entitlements have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, neither the New Shares nor the entitlements may be offered or sold, directly or indirectly, to persons in the United States unless they have been registered under the Securities Act (which Cash Converters has no intention or obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States.

International Offer Restrictions (cont.)

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Cash Converters.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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