Cash Converters International Limited

ABN 39 069 141 546

Appendix 4D and Half-year Report for the period ended 31 December 2023

Cash Converters International Limited
ABN 39 069 141 546
Half-year Report for the period ended 31 December 2023

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Cash Converters International Limited ABN 39 069 141 546
Appendix 4D
Preliminary Financial Report
for the half-year ended 31 December 2023
(previous corresponding period half-year ended 31 December 2022)

Appendix 4D – Results for announcement to the market

	31-Dec 2023 $'000	**31-Dec 2022 $'000**	**Change $'000**	**%**
Revenue from ordinary activities	191,474	142,698	48,776	34%
Profit / (Loss) from ordinary activities after tax attributable to members	9,965	(105,670)	115,635	nm
Significant items [1]	-	4,670	(4,670)	-100%
Significant items [2]	-	110,481	(110,481)	-100%
Significant items [3]	(805)	(644)	(161)	25%
Significant items [4]	663	1,494	(831)	-56%
Operating Profit from ordinary activities after tax	9,823	10,331	(508)	-5%
Net profit / (loss) for the period attributable to members	9,965	(105,670)	115,635	nm
Basic profit / (loss) per fully paid ordinary share	1.59	(16.90)	cents per share	
Net tangible asset backing per ordinary share [5]	27.60	28.48	cents per share	

1. 1H24 is presented with nil impairment. The operating profit for 1H23 is presented excluding the non-cash impairment expense of $6.672 million ($4.670 million after-tax effect) on the carrying value excluding goodwill of the assets of individual corporate stores where forecast cash flows had been negatively impacted. 1H23 forecast cash flows were impacted due to Protected Earnings Amount ("PEA") legislation changes which came into effect on 12 June 2023 negatively impacting the expected future lending volumes and revenue generation of the Store Operations segment.

2 1H24 is presented with nil impairment. The operating profit for 1H23 is presented excluding the non-cash goodwill impairment expense of $110.481 million on the carrying value including goodwill of the assets of the group Cash Generating Units (CGU) where forecast cash flows have been negatively impacted due to PEA legislation changes which came into effect on 12 June 2023, negatively impacting the expected future lending volumes of both the Personal Finance and Store Operations segments.

3 The operating profit for 1H24 is presented excluding a non-recurring indirect tax recovery, net of consulting fees of $1.150 million ($0.805 million after tax effect) relating to indirect tax recovery on the Lynch class action settlement recorded within the FY2020 results. 1H23 operating profit is presented excluding a non-recurring indirect tax recovery, net of consulting fees of $0.920 million ($0.644 million after tax effect) relating to indirect tax recovery on the Mackenzie class action settlement recorded within the FY2019 results.

4 The operating profit for 1H24 is presented excluding various non-operating professional, employee and administrative costs of $0.882 million ($0.663 million after-tax effect) directly attributable to M&A conducted by the business relating to 1H24 acquisitions and potential future acquisitions that have not yet been finalised. 1H23 operating profit is presented excluding various non-recurring professional and administrative costs of $1.962 million ($1.494 million after tax effect) directly attributable to M&A due diligence conducted by the business.

5 The calculation of net tangible assets per ordinary share includes right-of-use assets and lease liabilities.

nm not meaningful

The operating result is presented to aid the comparability and usefulness of the financial information reflecting the underlying performance of the business. This information should be considered in addition to, but not instead of or superior to, the Group's financial statements prepared in accordance with IFRS. The operating results presented may be determined or calculated differently by other companies, limiting the usefulness of those measures for external comparative purposes.

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

Comparative period values may have changed for adjustments to provisional amounts recognised. On finalisation of the New Zealand business combination in June 2023, provisional amounts were adjusted as if the accounting for the business combination had been completed at the date of acquisition.

Additional Appendix 4D disclosure requirements can be found in the Directors' report and the 31 December 2023 half-year financial statements and accompanying notes.

Dividends per ordinary share / distributions

	Amount per security (cents)	Franked amount per security	Record date	Paid / payable date
2023 final dividend	1.00	100%	15-Sep-23	13-Oct-23
2024 interim dividend	1.00	100%	26-Mar-24	12-Apr-24

Dividends

The directors of the Company have declared an interim dividend of 1.00 cent per share with the release of the half-year results and reporting date of 28 February 2024. The dividend will be 100% franked and will be paid on 12 April 2024 to those shareholders on the register at the close of business on 26 March 2024.

The Company's Dividend Reinvestment Plan (DRP) remains suspended.

There is no provision for an interim dividend in respect of the half-year ended 31 December 2023. Provisions for dividends to be paid by the Company are recognised in the Consolidated Statement of Financial Position as a liability and a reduction in retained earnings once the dividend has been declared.

Financial statements

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

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

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

Details of entities over which control has been gained or lost

On 6 July 2023, the Group acquired 100% of the issued capital of Capital Cash Limited ("Capital Cash"). Prior to its acquisition, Capital Cash was the largest franchise group in the United Kingdom ("UK") operating under the Cash Converters Master Franchisor arrangement, with 42 Cash Converters franchise stores in the United Kingdom. Capital Cash contributed $2.020 million profit before tax to the Group's profit from ordinary activities during the period (31 Dec 2022: nil).

During the period, the Group acquired the trade and other assets of three Cash Converters franchised stores in Australia: Penrith in New South Wales on 2 November 2023, Ipswich in Queensland on 8 November 2023 and Belmont in Western Australia on 12 December 2023. The stores contributed net loss before tax of $0.085 million during the period (31 Dec 2022: nil).

Directors' report

The directors of Cash Converters International Limited submit the following report of the Company for the half-year ended 31 December 2023. To comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

Mr Timothy Jugmans	Non-Executive Chairman
Mr Peter Cumins	Executive Deputy Chairman
Mr Sam Budiselik	Managing Director
Ms Julie Elliott	Independent Non-Executive Director
Mr Lachlan Given	Non-Executive Director
Mr Robert Hines	Independent Non-Executive Director
Mr Henry Shiner	Independent Non-Executive Director
Mr Mark Ashby	Independent Non-Executive Director (appointed 6 October 2023)
Ms Susan Thomas	Independent Non-Executive Director (resigned 30 September 2023)

Principal activities

Cash Converters International Limited (ASX: CCV) ("Cash Converters" or "the Company") is an Australian-based consumer lender and second-hand goods retailer with owner-operated (corporate) and franchise-operated stores across Australia and overseas.

International jurisdiction country master franchise licenses are also sold to licensees to allow the development of the Cash Converters brand without the need for support from Cash Converters International Limited.

Dividends

The directors of the Company have declared a final dividend of 1.00 cent per share with the release of the half-year results and reporting date of 28 February 2024. The dividend will be 100% franked and will be paid on 12 April 2024 to those shareholders on the register at the close of business on 26 March 2024.

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Review of operations

The Company's operations are diverse, generating earnings from multiple revenue streams, with a significant portion of its profit derived from its lending operations (personal finance). The Company also generates earnings from franchising, consumer retail store operations and vehicle finance, and is supported by a corporate head office in Perth, Western Australia. Key corporate markets include Australia, New Zealand and the United Kingdom with large franchise operations spanning Europe, South Africa and parts of Asia. In total there are 680 stores operating across 15 countries.

This half year has seen the Company continue building on the operating momentum across the business and the Company remains committed to executing a strategic plan focussed on building scale in our core business, leveraging our proprietary underwriting technology and expanding our network reach, as we continue growing loan books and acquiring franchise stores.

A summary of consolidated revenues and results for the half-year by significant industry segments is set out below:

	Segment revenues		Operating basis [1] Segment EBITDA [2]		As reported basis Segment EBITDA [2]	
	31-Dec-23 $'000	31-Dec-22 $'000	31-Dec-23 $'000	31-Dec-22 $'000	31-Dec-23 $'000	31-Dec-22 $'000
Personal Finance	53,493	52,977	22,030	24,815	23,180	(65,747)
Vehicle Finance	9,134	7,038	3,655	2,941	3,655	2,941
Store Operations	75,967	72,136	11,183	11,456	11,183	(14,215)
New Zealand	12,779	2,188	35	212	35	212
United Kingdom	36,426	5,340	6,655	1,510	5,773	423
Total	187,799	139,679	43,558	40,934	43,826	(76,386)
Head Office & Elimination	3,675	3,019	(10,912)	(12,156)	(10,912)	(13,031)
Total	191,474	142,698	32,646	28,778	32,914	(89,417)
Depreciation and amortisation expense					(8,149)	(6,200)
Finance costs					(11,247)	(6,859)
Profit / (Loss) before tax					13,518	(102,476)
Income tax expense					(3,553)	(3,194)
Profit / (Loss) for the period					9,965	(105,670)

1 The 1H24 operating results are presented with nil impairment expense (31 December 2022: non-cash impairment expense after tax of $110.481 million against Goodwill, a non-cash impairment expense after tax of $4.670 million on the carrying value excluding goodwill of the assets of certain individual corporate stores) and before allowing for a net of $0.142 million (31 December 2022: $0.850 million) of non-recurring indirect tax recovery as well as merger and acquisition costs. The operating result is presented to aid the comparability and usefulness of the financial information reflecting the underlying performance of the business. This information should be considered in addition to, but not instead of or superior to, the Group's financial statements prepared in accordance with IFRS. The operating results presented may be determined or calculated differently by other companies, limiting the usefulness of those measures for external comparative purposes.

2 The Company reports EBIT calculated as earnings before interest expense and tax and EBITDA calculated as EBIT before depreciation and amortisation. EBIT and EBITDA are non-IFRS measures and are alternative performance measures reported in addition to but not as a substitute for the performance measures reported in accordance with IFRS. These measures focus directly on operating earnings and enhance comparability between periods. The non-IFRS measures calculated and disclosed have not been audited in accordance with Australian Accounting Standards although the calculation is compiled from financial information that has been reviewed.

Personal Finance – Small, Medium and new loan products

The Personal Finance segment comprises revenues from Small, Medium and Line of Credit unsecured loans offered online and through the Australian store network. Small loans include Small Amount Credit Contract ("SACC") loans and the newly introduced PayAdvance product. Medium loans comprise the Medium Amount Credit Contract ("MACC") product.

Demand for credit products remained consistently strong across the half. During the first half of 2024 we received over 390,000 applications for our Australian credit products.

Our advanced machine learning based credit risk models are well established, enabling profitable loan book growth. With loss rates steady on prior periods, despite challenging economic conditions, we can demonstrate not only the effectiveness of our credit models, but also the prudent and caring approach of our collections teams when working closely with our customers.

Our lending business complies with the Australian National Consumer Credit Protection Act and provides customers with essential protections under the responsible lending framework supervised by regulators.

Vehicle Finance

The business segment of secured vehicle loans achieved positive results in the first half of the year, with principal advanced increasing by 22.9% for the half year to $20.253 million and gross loan book growing by 18.2% to $74.340 million. Secured vehicle loans are provided through a network of partners ("B2B") that include brokers and dealers, as well as through our wholly owned subsidiary Green Light Auto Pty Limited ("GLA").

Store Operations

Our corporate store network continues to grow, as our network reach expands within Australia and the United Kingdom. A changing inventory mix and focus on luxury items (handbags, watches, jewellery, and technology) in certain geographies, sold from smaller footprint locations, is showing promising early signs of higher gross profit margins. The repurposing of goods, that the Cash Converters global network of stores facilitates, is central to growing the 'circular economy' required to reduce manufacturing and address the global issue of landfill.

International network expansion

United Kingdom

The acquisition of Capital Cash Limited ("Capital Cash") was settled during the half. Capital Cash is the largest franchise store network in the UK consisting of 42 Cash Converters branded stores. This acquisition is a key part of our strategy to expand via store network acquisitions and adds significant value to our European operations.

The UK store network is performing well, and the growing contribution from these strategic acquisitions is evident in the results of this half.

New Zealand

The New Zealand store business is performing well, however, the lending business is behind initial expectations. We have uplifted the credit risk management in this lending business, leveraging the Australian technology and expertise to address assessment and collections functions, aimed at improving performance in this business line.

We remain optimistic that New Zealand will become a profitable contributor to our consolidated business as a result.

Key financial position highlights

The Group closed the reporting period with a strong balance sheet. Net tangible asset per share is 27.60 cents per share (30 June 2023: 29.11 cents per share).

The net loan book has grown by 8.9% and inventory by 12.8% since 30 June 2023.

The Group's Cash and Cash Equivalent carrying value is $48.840 million (30 June 2023: $71.565 million) after funding loan book growth and the acquisition of Capital Cash Limited and Australian Franchises.

The undrawn securitisation facility funding line is $4.500 million (30 June 2023: $11.750 million) and the Group is in compliance with the requirements of the facility.

The Company remains well placed to fund organic growth and to continue to capitalise on inorganic growth opportunities as they present, with a focus predominantly on acquisition opportunities across our Franchise networks.

Strategy Update and Outlook

Across the first half it was pleasing to see the contribution of our core strategic initiatives, namely the release and growth of a new loan product and the acquisition of three franchise stores in Australia. The execution of these strategic objectives, in addition to the deliberate transition and diversification of our loan book, has now established the foundation of what will be a larger and more resilient business over time.

Management’s focus remains on executing the strategic plan, targeting earnings growth via growing loan books, particularly the Medium Loan segment and new Line of Credit product, and targeting risk-managed franchise store acquisitions in Australia and the United Kingdom.

Cyber Security

Cyber security is the practice of protecting systems, networks, programs, sensitive data and employees from digital attacks. Cash Converters utilises global third-party security providers to ensure an ongoing program of monitoring, testing and remediation. Working in conjunction with regulators and considering best practices globally, the Company is proactive in its approach to ensuring cyber security.

Subsequent events

On 30 January 2024, the Company announced that notification had been received from AUSTRAC that the Enforceable Undertaking (“EU”) entered into on 21 February 2023 concerning Cash Converter’s historical compliance with Australia’s anti-money laundering and counter-terrorism financing (“AML/CTF”) law is now complete and AUSTRAC considers the matter closed.

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

Rounding of amounts

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

Auditor’s independence declaration

The auditor’s independence declaration is included on page 8.

This directors’ report is signed in accordance with a resolution of directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the directors

Sam Budiselik
Managing Director

Perth, Western Australia
28 February 2024

Deloitte Touche Tohmatsu
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The Board of Directors
Cash Converters International Limited
Level 11, 141 St Georges Terrace
Perth WA 6000

28 February 2024

Dear Directors

Auditor's Independence Declaration to Cash Converters International Limited

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

As lead audit partner for the review of the half year financial report of Cash Converters International Limited for the half year ended 31 December 2023**,** I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants

Half-year Financial statements

This interim financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Cash Converters International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This interim report is presented in the Australian currency.

Cash Converters International Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

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

Consolidated statement of profit or loss and other comprehensive income

	Notes	31-Dec-23 $'000	31-Dec-22 $'000
Continuing operations			
Franchise fee revenue		8,045	7,569
Financial services interest revenue	3	100,138	85,783
Sale of goods	3	79,307	46,998
Other revenues	3	3,984	2,348
Total revenue		191,474	142,698
Financial services cost of sales	4	(28,901)	(23,118)
Cost of goods sold		(47,043)	(26,323)
Other cost of sales		(2,561)	(1,334)
Total cost of sales		(78,505)	(50,775)
Gross profit		112,969	91,923
Employee expenses	4	(59,172)	(45,671)
Administrative expenses	4	(6,608)	(5,244)
Advertising expenses		(5,771)	(6,764)
Occupancy expenses	4	(2,575)	(1,369)
Depreciation and amortisation expense	4	(8,149)	(6,200)
Other expenses	4	(5,929)	(5,390)
Finance costs	4	(11,247)	(6,859)
Impairment of goodwill	5	-	(110,481)
Impairment of other non-current assets	5	-	(6,672)
Share of net profit of equity accounted investments		-	251
Profit / (Loss) before income tax		13,518	(102,476)
Income tax expense		(3,553)	(3,194)
Profit /(Loss) for the period		9,965	(105,670)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(728)	644
Total comprehensive profit / (loss) for the period		9,237	(105,026)
Profit / (Loss) per share			
Basic (cents per share)		1.59	(16.90)
Diluted (cents per share)		1.53	(16.90)

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

Consolidated statement of financial position

	Notes	31-Dec-23 $'000	30-Jun-23 $'000
Current assets			
Cash and cash equivalents	6	48,840	71,565
Trade and other receivables	7	3,240	3,570
Loan receivables	8	186,966	182,069
Inventories		29,897	26,493
Prepayments		5,317	2,544
Total current assets		274,260	286,241
Non-current assets			
Trade and other receivables	7	8,810	6,649
Loan receivables	8	57,942	42,660
Plant and equipment		10,509	6,582
Right-of-use assets		58,793	47,046
Deferred tax assets		28,971	29,669
Goodwill	9	11,408	3,279
Other intangible assets		25,356	20,543
Total non-current assets		201,789	156,428
Total assets		476,049	442,669
Current liabilities			
Trade and other payables		23,705	18,984
Lease liabilities		8,374	7,276
Current tax payable		1,490	338
Borrowings	10	102,806	109,044
Provisions		12,237	11,780
Total current liabilities		148,612	147,422
Non-current liabilities			
Lease liabilities		64,682	56,466
Borrowings	10	45,171	27,947
Provisions		7,638	4,340
Total non-current liabilities		117,491	88,753
Total liabilities		266,103	236,175
Net assets		209,946	206,494
Equity			
Issued capital	13	251,213	249,860
Reserves		8,216	9,806
Retained earnings		(49,483)	(53,172)
Total equity		209,946	206,494

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

Consolidated statement of changes in equity

	Notes	Issued capital	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022		249,663	5,938	2,495	57,256	315,352
Loss for the period		-	-	-	(105,670)	(105,670)
Exchange differences arising on translation of foreign operations		-	644	-	-	644
Total comprehensive profit / (loss) for the period		-	644	-	(105,670)	(105,026)
Share-based payments		-	-	547	-	547
Treasury shares issued		1,550	-	(1,550)	-	-
Transfers of modified awards to provisions		-	-	(225)	-	(225)
Dividends paid	12	-	-	-	(6,276)	(6,276)
Balance at 31 December 2022		251,213	6,582	1,267	(54,690)	204,372
Balance at 1 July 2023		249,860	7,529	2,277	(53,172)	206,494
Profit for the period		-	-	-	9,965	9,965
Exchange differences arising on translation of foreign operations		-	(728)	-	-	(728)
Total comprehensive (loss) / profit for the period		-	(728)	-	9,965	9,237
Share-based payments		-	-	491	-	491
Treasury shares issued		1,353	-	(1,353)	-	-
Dividends paid	12	-	-	-	(6,276)	(6,276)
Balance at 31 December 2023		251,213	6,801	1,415	(49,483)	209,946

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

Consolidated statement of cash flows

	Notes	31-Dec-23 $'000	31-Dec-22 $'000
Cash flows from operating activities			
Receipts from customers		142,262	91,821
Payments to suppliers and employees		(126,252)	(91,282)
Interest received		729	320
Interest received from personal loans		41,310	43,398
Net increase in personal loans advanced		(33,061)	(46,240)
Interest and costs of finance paid		(10,876)	(6,762)
Income tax paid		(4,732)	(7,097)
Net cash from / (used in) operating activities		9,380	(15,842)
Cash flows from investing activities			
Cashflow on business combinations, net of cash acquired	11.b)	(22,883)	(13,798)
Acquisition of intangible assets		(889)	(1,539)
Purchase of plant and equipment		(2,887)	(1,479)
Instalment credit loans repaid by franchisees		29	281
Loan funding to external parties		(1,787)	-
Net cash used in investing activities		(28,417)	(16,535)
Cash flows from financing activities			
Proceeds from borrowings		90,250	112,000
Repayment of borrowings		(83,000)	(61,500)
Repayment of lease liabilities		(4,563)	(3,381)
Dividends paid	12	(6,276)	(6,276)
Net cash (used in) / from financing activities		(3,589)	40,843
Net (decrease) / increase in cash and cash equivalents		(22,626)	8,466
Cash and cash equivalents at the beginning of the half-year		71,565	58,085
Effects of exchange rate changes on the balance of cash held in foreign currencies		(99)	101
Cash and cash equivalents at the end of the half-year	6	48,840	66,652

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

Notes to the financial statements

Contents

1. Basis of preparation

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

The interim financial report of the Company for the half-year period ended 31 December 2023 was authorised for issue in accordance with a resolution of directors dated 28 February 2024. The financial report comprises the consolidated financial report of Cash Converters International Limited and its subsidiaries.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Cash Converters International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The condensed interim consolidated financial statements have been prepared on the basis of historical cost, except where noted otherwise and all amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s annual financial report for the financial year ended 30 June 2023, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative period values may have changed for adjustments to provisional amounts recognised. On finalisation of the New Zealand business combination in June 2023, provisional amounts were adjusted as if the accounting for the business combination had been completed at the date of acquisition.

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

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

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023. The application of these amendments has not resulted in any significant changes to the Group’s accounting policies nor any material effect on the measurement or disclosure of the amounts reported for the current or prior periods.

New and amended Accounting Standards that are effective for the current period and are relevant to the Group include:

Pronouncement	Impact
AASB 2021-2 Amendments to Australian Accounting Standards Disclosure of Accounting Policies and Definition of Accounting Estimates	Requires the disclosure of material accounting policy information and clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates. The application of the amendments did not have a material impact on the Group’s consolidated financial statements but has changed the disclosure of accounting policy information in the financial statements.

1.b) Rounding of amounts

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

2. Segment information

2.a) Description of segments and principal activities

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

Australia

Personal Finance
This segment comprises the Cash Converters Personal Finance personal loans business.

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

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

Head Office & Eliminations
This segment comprises the sale of franchise licenses within Australia. It also involves the sale of master licenses for the development of franchises in countries around the world. Included within this segment are certain group consolidation eliminations, central administration costs, director remuneration, interest income and expenses in relation to corporate head office operations.

International

New Zealand
This segment comprises the operations of the New Zealand Cash Converters network, including the retail sale of new and second-hand goods, and personal lending including personal loan and pawnbroking operations at corporate-owned stores in New Zealand as well as the collection of franchise income from the New Zealand franchisee network.

United Kingdom
This segment comprises all operations within the United Kingdom, including the acquisition of the Capital Cash network in July 2023. The operations in the United Kingdom include the retail sale of new and second-hand goods, pawnbroking operations at corporate-owned stores as well as the collection of franchise income from the United Kingdom franchisee network.

The accounting policies of the reportable segments are the same as the Group's accounting policies except where otherwise stated in the notes to the accounts.

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

Segment profit represents the profit earned by each segment without the allocation of central administration costs and directors' remuneration, interest income and expenses in relation to corporate facilities and tax expenses.

Period ended 31 December 2023	Personal finance $'000	Vehicle finance $'000	Store operations $'000	New Zealand $'000	UK $'000	Head office & eliminations $'000	Total $'000
Interest from external customers[1]	59,377	9,134	17,127	6,237	8,394	597	100,866
Other revenue	-	-	52,634	6,542	28,032	3,400	90,608
Transactions with other segments	(5,884)	-	6,206	-	-	(322)	-
Segment revenue	53,493	9,134	75,967	12,779	36,426	3,675	191,474
EBITDA operating[2]	22,030	3,655	11,183	35	6,655	(10,912)	32,646
Other non-operating costs[4]	1,150	-	-	-	(882)	-	268
EBITDA [5]	23,180	3,655	11,183	35	5,773	(10,912)	32,914
Depreciation and amortisation	(517)	(243)	(3,889)	(735)	(2,057)	(708)	(8,149)
EBIT [6]	22,663	3,412	7,294	(700)	3,716	(11,620)	24,765
Interest expense	(6,340)	(1,806)	(2,065)	(783)	(1,152)	899	(11,247)
Profit / (Loss) before tax	16,323	1,606	5,229	(1,483)	2,564	(10,721)	13,518
Income tax expense							(3,553)
Profit for the period							9,965

Period ended 31 December 2022	Personal finance $’000	Vehicle finance $’000	Store operations $’000	New Zealand $'000	UK $'000	Head office & eliminations $'000	Total $'000
Interest from external customers[1]	59,174	7,038	18,730	802	49	311	86,104
Other revenue	-	-	46,613	1,386	5,291	3,304	56,594
Transaction with other segments	(6,197)	-	6,793	-	-	(596)	-
Segment revenue	52,977	7,038	72,136	2,188	5,340	3,019	142,698
EBITDA operating[2]	24,815	2,941	11,456	212	1,510	(12,156)	28,778
Impairment of non-current assets[3]	(90,562)	-	(26,591)	-	-	-	(117,153)
Other non-operating costs[4]	-	-	920	-	(1,087)	(875)	(1,042)
EBITDA [5]	(65,747)	2,941	(14,215)	212	423	(13,031)	(89,417)
Depreciation and amortisation	(714)	(318)	(4,081)	(123)	(104)	(860)	(6,200)
EBIT [6]	(66,461)	2,623	(18,296)	89	319	(13,891)	(95,617)
Interest expense	(3,172)	(1,176)	(2,180)	(100)	(9)	(222)	(6,859)
(Loss) / Profit before tax	(69,633)	1,447	(20,476)	(11)	310	(14,113)	(102,476)
Income tax expense							(3,194)
Loss for the period							(105,670)

1 Interest from external customers is revenue comprising personal loan interest, cash advance fee income, pawnbroking interest from customers, interest from motor vehicle loans and commercial loan interest from third parties
2 EBITDA operating is EBITDA before the impairment of non-current assets and other non-operating costs.
3 Impairment of non-current assets relates to the impairment of goodwill and other non-current assets.
4 Other non-operating costs relate to indirect tax recoveries and M&A costs.
5 EBITDA is earnings before interest, tax, depreciation and amortisation.
6 EBIT is earnings before interest expense and tax

2.b) Segment assets

	31-Dec 2023 $'000	30-Jun 2023 $'000
Group assets by reportable segment		
Personal Finance	176,354	182,247
Vehicle Finance	63,968	53,745
Store Operations	89,597	91,186
New Zealand	43,703	27,204
United Kingdom	55,647	15,997
Franchise Operations	998	1,053
Total of all segments	430,267	371,432
Head Office & Eliminations	45,782	71,237
Consolidated total assets	476,049	442,669

2.c) Segment liabilities

	31-Dec 2023 $'000	30-Jun 2023 $'000
Group liabilities by reportable segment		
Personal Finance	118,256	114,878
Vehicle Finance	35,413	29,726
Store Operations	66,603	63,482
New Zealand	8,887	7,528
United Kingdom	21,735	4,835
Franchise Operations	830	496
Total of all segments	251,724	220,945
Head Office & Eliminations	14,379	15,230
Consolidated total liabilities	266,103	236,175

3. Revenue

	31-Dec 2023 $'000	31-Dec 2022 $'000
Financial services interest revenue		
Personal loan interest and establishment fees	62,900	58,930
Pawnbroking fees	26,281	16,670
Cash advance fee income	1,431	3,096
Vehicle loan interest and establishment fees	9,134	7,038
Other financial services revenue	392	49
	100,138	85,783
Sale of goods		
Retail sales	79,307	46,998
Other revenue		
Bank interest	729	320
Webshop revenue	2,063	1,403
Other revenue	1,192	625
	3,984	2,348

4. Expense items

	31-Dec 2023 $'000	31-Dec 2022 $'000
Financial services cost of sales		
Bad debts written off	28,737	23,647
Recovery of bad debts written off	(3,392)	(3,445)
Net bad debt expense	25,345	20,202
Movement in expected credit loss allowance	2,126	1,675
Total loan-related bad debts and allowances	27,471	21,877
Other financial services' cost of sales	1,430	1,241
	28,901	23,118
Employee expenses		
Employee benefits	54,336	41,526
M&A costs	284	-
Share-based payments	491	547
Superannuation expense	4,061	3,598
	59,172	45,671
Administrative expenses		
General administrative expenses	2,567	2,183
Communications expenses	816	579
IT expenses	2,695	1,920
Travel costs	530	562
	6,608	5,244
Occupancy expenses		
Rent	337	160
Outgoings	1,830	1,065
Lease modifications	(1,406)	(1,022)
Other - cleaning, repairs, security, electricity	1,814	1,166
	2,575	1,369
Depreciation and amortisation expense		
Depreciation	1,296	881
Depreciation of right-of-use assets	4,907	3,583
Amortisation of other intangible assets	1,935	1,745
Gain / (Loss) on write-down of assets	11	(9)
	8,149	6,200

	31-Dec 2023 $'000	31-Dec 2022 $'000
Other expenses		
Legal fees	53	226
Professional and registry costs	2,959	1,214
Auditing and accounting services	679	579
Bank charges	741	579
Other expenses from ordinary activities	2,049	1,750
	6,481	4,348
Indirect tax recovery (net)	(1,150)	(920)
M&A costs	598	1,962
	5,929	5,390
Finance costs		
Interest	8,227	4,255
Interest expense on lease liabilities	3,020	2,604
	11,247	6,859

5. Impairment of non-current assets

The Group conducts regular impairment tests on its non-current assets, including property, plant and equipment, goodwill, intangibles and right-of-use assets.

1. Annual Testing: Indefinite life intangibles and goodwill are tested at least annually.
2. Indication of Impairment: If there is any indication that an asset may be impaired, it is assessed at each reporting date.
3. Changes in previously recognised impairment: If there is an indication that previously recognised impairment (excluding goodwill) may have changed, it is assessed at each reporting date.

Impairment testing performed during the period

For the period ended 31 December 2023, the Group identified the following indicators of impairment:

1. Market Capitalisation versus Net Assets: The Group's market capitalisation remained lower than its net assets.
2. Operational Changes in New Zealand Business: Operational changes within the Cash Converters New Zealand ("CCNZ") business aimed at enhancing credit risk assessment and collections functions have been implemented to improve performance in the lending business which is behind initial expectations.
3. Cash Rate Increase Impact: A cash rate increase led to higher discount rates applied when assessing recoverable value.

Regarding the CCNZ segment, which includes goodwill of $3.315 million and indefinite life intangible assets of $2.266 million acquired in November 2022, several factors contributed to impairment considerations:

- Regulatory Changes: The New Zealand Credit Contracts and Consumer Finance Act (NZ CCCF Act) introduced regulatory changes in December 2021, resulting in reduced lending volumes for CCNZ.
- Underperformance: Despite partial repeal of the NZ CCCF Act changes in May 2023, lending volumes have not returned to levels from forecasts set in FY2023.
- Operational Adjustments: Operational changes within CCNZ aimed at improving credit risk assessment and collections functions.

Given these factors, the goodwill and indefinite life intangible assets were tested for impairment as of 31 December 2023 using a value in use model, consistent with 30 June 2023.

No impairment was identified during this testing.

Significant accounting estimates and assumptions

Significant management judgment is required with respect to estimating the timing and amount of forecast cash flows in the New Zealand segment including:

- projecting loan origination volumes which drive revenue;
- forecasting bad debt rates which are a key driver of expenses;
- determining an appropriate discount rate in discounting forecast cash flows to determine the net present value ("recoverable value") of CGUs; and
- determining appropriate long-term growth rates.

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

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

Key Assumptions

The key assumptions used in the impairment testing for the period ending 31 December 2023 are included in the table below.

Assumption	New Zealand
Forecast revenue 5 year compound annual growth rate	10.9%
Forecast expense 5 year compound annual growth rate	3.8%
Terminal growth rate > 5 years	2.5%
Post-tax discount rate applied to cash flows	11.7%

The key assumptions used in the impairment testing in the year ending 30 June 2023 are included in the table below.

Assumption	New Zealand
Forecast revenue 5 year compound annual growth rate	6.4%
Forecast expense 5 year compound annual growth rate	2.0%
Terminal growth rate > 5 years	2.5%
Post-tax discount rate applied to cash flows	11.5%

The Group faces the challenge of making significant estimates and applying significant judgments in determining whether the carrying amount of assets and / or CGUs indicates any impairment. Key assumptions in the cash flow projections include growth rates which are based on corporate plans that take into consideration historic performance, forecast macroeconomic conditions and the estimated effect of operational changes. These estimates and judgments are subject to change due to shifting economic and operational conditions. Actual cash flows may differ from forecasts, potentially leading to changes in the recognition of impairment charges in future periods.

Impairment sensitivity

The recoverable value of the CCNZ segment, to which goodwill and indefinite life intangible assets are allocated and monitored for internal management purposes, is sensitive to changes in the discount rate and forecast revenue and expense growth rates. Specifically, variations in the discount rate and annual revenue growth can significantly impact the segment's recoverable value.

The following changes to key assumptions individually would result in the recoverable value of the segment decreasing to an amount equal to its carrying value:

- a reduction in the compound annual revenue growth over the 5-year forecast period from 10.9% to 10.0%;
- an increase in the compound annual expense growth over the 5-year forecast period from 3.8% to 4.3%; or
- a 160 basis point increase in the discount rate.

Impairment losses recognised in FY2023

In FY2023, the Personal Finance and Store Operations segments, as well as individual store cash-generating units (CGUs), were tested for impairment as of 31 December 2022. Specifically:

- The Australian Personal Finance and Store Operations reportable segments were impaired to their recoverable amounts of $67.745 million and $25.061 million, respectively.
- Goodwill impairment expenses of $90.561 million and $19.920 million were recognised for the Personal Finance and Store Operations segments.
- These impairments were based on the value in use of the CGUs to which the assets relate.

The impairment at the Personal Finance and Store Operations segment CGU level goodwill cannot be reversed in future accounting periods. Several individual store CGUs were impaired to their recoverable amounts as of 31 December 2022, resulting in an impairment expense of $6.672 million. Unlike goodwill impairments, these individual store impairments may reverse in future accounting periods if the recoverable amount increases above the carrying value of the asset.

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

6. Cash and cash equivalents

	31-Dec 2023 $'000	30-Jun 2023 $'000
Cash on hand	3,271	3,153
Cash at bank	45,569	68,412
	48,840	71,565

Cash at bank includes restricted cash of $8.092 million (30 June 2023: $6.081 million) that is held in accounts controlled by the CCPF Receivables Trust No 1 that was established to operate the Company’s securitisation facility with Fortress Investment Group (“Fortress”). The facility prescribes that cash deposited in this account can only be used to repay, among other things, interest and principal on amounts borrowed or to fund the purchase of new loans securitised. Surplus funds at the end of the period are redistributed in keeping with the terms of the securitisation facility. Cash at bank includes a further $6.220 million (30 June 2023: $6.220 million) on deposit as security for banking facilities.

7. Trade and other receivables

	31-Dec 2023 $'000	30-Jun 2023 $'000
Current		
Trade receivables	1,319	1,245
Allowance for expected credit losses	(936)	(485)
Total trade receivables (net)	383	760
Vendor finance loans	93	122
Other receivables	2,764	2,688
Total trade receivables	3,240	3,570
Non-current		
Loan to external parties (net of allowance)	6,784	4,823
Other receivables	2,026	1,826
Total trade and other receivables	8,810	6,649

Loan to external parties includes a commercial loan advance to Cash Converters Espana, S.L (Spain master franchisor).

8. Loan receivables at amortised cost

31-December-2023	Personal Finance $'000	Vehicle Finance $'000	Store Operations $'000	New Zealand $'000	United Kingdom $'000	Total $'000
Current						
Outstanding balance	157,974	26,457	17,504	12,130	9,977	224,042
Allowance for expected credit losses	(26,737)	(4,614)	(1,757)	(3,496)	(472)	(37,076)
Net	131,237	21,843	15,747	8,634	9,505	186,966
Non-current						
Outstanding balance	21,079	47,883	-	1,400	-	70,362
Allowance for expected credit losses	(3,529)	(8,409)	-	(482)	-	(12,420)
Net	17,550	39,474	-	918	-	57,942

30-June-2023	Personal Finance $'000	Vehicle Finance $'000	Store Operations $'000	New Zealand $'000	United Kingdom $'000	Total $'000
Current						
Outstanding balance	159,093	31,877	17,628	10,497	-	219,095
Allowance for expected credit losses	(25,965)	(6,094)	(1,839)	(3,128)	-	(37,026)
Net	133,128	25,783	15,789	7,369	-	182,069
Non-current						
Outstanding balance	19,235	31,037	-	1,988	-	52,260
Allowance for expected credit losses	(2,985)	(5,928)	-	(687)	-	(9,600)
Net	16,250	25,109	-	1,301	-	42,660

The credit period provided in relation to personal short-term unsecured loans varies from 7 days to 36 months. Interest is charged on these loans at a fixed rate which, for pawnbroking loans, varies dependent on the state of origin. An expected credit loss allowance has been recognised for estimated unrecoverable amounts arising from loans already issued. Before accepting any new customers, the Group uses an internally developed scoring system, which uses available credit data, to assess the potential customers' credit quality and define credit limits by customer. There is no concentration of credit risk within the personal loan book.

Vehicle finance loans are secured loans advanced for financing the purchase of vehicles.

Allowance for expected credit losses

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

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

9. Goodwill

Net carrying amount

	31-Dec 2023 $'000	30-Jun 2023 $'000
Balance at the beginning of period	3,279	110,481
Recognition on business combinations	8,249	3,315
Impairment of goodwill	-	(110,481)
Foreign currency exchange differences	(120)	(36)
Balance at end of the period	11,408	3,279

Goodwill related to the acquisition of Capital Cash Limited (United Kingdom) completed during the period as disclosed in note 11 has been provisionally allocated to the United Kingdom Cash Generating unit ("CGU"). The allocation of Goodwill will be finalised within the measurement period of 12 months from the acquisition date and disclosed in subsequent reporting.

Goodwill related to the acquisition of Cash Converters New Zealand completed during the period ended 30 June 2023 as disclosed in note 11 has been allocated to the New Zealand CGU.

See note 5 relating to the impairment of non-current assets.

Allocation of goodwill to cash generating units

Goodwill has been allocated for impairment testing purposes to the following cash generating units (CGUs) or groups of CGUs:

	31-Dec 2023 $'000	30-Jun 2023 $'000
Personal Finance	-	-
Store Operations	1,136	-
New Zealand	3,314	3,279
United Kingdom	6,958	-
	11,408	3,279

10. Borrowings

	31-Dec 2023 $'000	30-Jun 2023 $'000
Current		
Securitisation facility	101,093	109,044
Other borrowings	1,713	-
Non-current		
Securitisation facility	43,461	27,947
Other borrowings	1,710	-
Total	147,977	136,991

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

The Group renewed the loan securitisation facility with Fortress in June 2022. The facility has a three-year availability period, with a four-year maturity term ending in June 2026.

The Group closed the half-year with undrawn securitisation facility funding lines of $4.500 million (30 June 2023: $11.750 million). The Group is in compliance with the requirements of the facility.

11. Business combination – provisional accounting applied

The business combinations have been provisionally determined at the end of the reporting period.

During the period the Group acquired Capital Cash, previously the largest franchise group in the United Kingdom, which includes a network of 42 stores, for a total consideration of $23.072 million ($20.355 million net of cash acquired) as well as the trade and other assets of three Cash Converters franchised stores in Australia (listed below) for total consideration of $2.586 million ($2.528 million, net of cash acquired).

Store	State	Acquisition date
Penrith	NSW	2 November 2023
Ipswich	QLD	8 November 2023
Belmont	WA	12 December 2023

These acquisitions support the ongoing Group objective to acquire earnings accretive store networks, based on sensible valuation metrics, which will accelerate Group earnings.

The New Zealand Cash Converters (“CCNZ”) network, consisting of 11 Corporate stores and the rights to franchise fees of 11 franchise stores was acquired in the comparative half year ended 31 December 2022.

11.a) Summary of acquisitions

The provisionally determined fair values of the assets and liabilities acquired during the half-year periods as at date of acquisition are as follows:

	Australian Franchises 1H24 $'000	Capital Cash 6-Jul-2023 $'000	New Zealand 30-Nov-2022 $'000
Net assets acquired			
Cash and cash equivalents	58	2,717	1,593
Trade and other receivables	10	1,197	556
Prepayments	-	973	217
Loan receivables	1,035	9,294	12,000
Expected loss allowance on loan receivables	(268)	(445)	(3,298)
Inventories	595	8,175	1,456
Plant and equipment	350	1,996	1,681
Other intangible assets	-	5,740	6,016
Right-of-use assets	2,185	7,947	5,602
Deferred tax liability	-	(1,778)	(301)
Borrowings	-	(4,159)	-
Trade and other payables	(9)	(5,536)	(1,282)
Provisions	(486)	(2,637)	(1,138)
Lease liabilities	(2,020)	(7,525)	(5,896)
	1,450	15,959	17,206
Consideration satisfied in cash	2,586	23,072	15,391
Previously recognised equity interest	-	-	5,130
Goodwill arising on the acquisition	1,136	7,113	3,315

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

No amount of the Goodwill recognised is expected to be deductible for tax purposes. Goodwill is tested annually for impairment.

11.b) Purchase consideration – cash outflow

	31-Dec 2023 $'000	31-Dec 2022 $'000
Cash outflow to acquire business combinations		
Cash consideration	25,658	15,391
Less Cash balances acquired	(2,775)	(1,593)
Net outflow of cash - investing activities	22,883	13,798

11.c) Revenue and profit or loss contribution

Capital Cash Limited (United Kingdom)

Capital Cash business contributed revenues of $29.737 million and net profit before income tax of $2.020 million to the Group for the period from 1 July 2023 to 31 December 2023.

Australian franchise store acquisitions

The acquired Australian franchise stores contributed revenues of $0.697 million and net loss before income tax of $0.085 million to the Group for the periods from their respective dates of acquisition to 31 December 2023.

New Zealand

The acquired business contributed revenues of $2.188 million and net loss before income tax of $0.261 million to the Group for the period from 30 November 2022 to 31 December 2022.

If the acquisition had occurred on 1 July 2022, the half-year ended 31 December 2022 consolidated pro-forma revenue for the Group would include an additional $9.177 million and the consolidated pro-forma net profit before income tax would include an additional profit of $0.783 million. These amounts have been calculated using the monthly financials provided under the previously recorded equity accounting method.

11.d) Acquisition-related costs

Capital Cash Limited (United Kingdom)

Acquisition-related costs of $0.240 million are included in other expenses and $0.284 million are included in employee expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

Australian franchise store acquisitions

Acquisition-related costs of $0.147 million are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

11.e) Prior period

The business combinations completed in the half-year ended 31 December 2022 were all finalised as of 30 June 2023 and as such there are no further changes to the initial accounting for those business combinations.

11.f) Significant accounting judgements, estimates and assumptions

The Group has applied judgement in determining what constitutes a business combination. This business combination is structured in a way that the acquired business becomes a 100% owned subsidiary of Cash Converters UK Holdings Ltd, which itself is a 100% owned subsidiary of Cash Converters International Limited.

The Group has applied judgement to classify the individual Australian franchise businesses acquired as individually immaterial and as such has disclosed the business acquisitions in aggregate. This is consistent with past acquisitions of Australian franchise stores.

The business combinations have been provisionally accounted for as the allocation of fair value across the separately identifiable intangible assets and the recognition of any deferred tax balances arising on acquisition has yet to be completed and the harmonisation of accounting policies of Capital Cash with those of the holding company is still in progress.

12. Dividends

			Half-year ended 31-Dec-2023		Half-year ended 31-Dec-2022	
			Cents per share	**$'000**	**Cents per share**	**$'000**
Recognised amounts on fully paid ordinary shares						
2022 Final dividend	Paid	14-Oct-22			1.0	6,276
2023 Final dividend	Paid	13-Oct-23	1.0	6,276		
Unrecognised amounts on fully paid ordinary shares						
2023 Interim dividend	Paid	14-Apr-23			1.0	6,276
2024 Interim dividend	To be paid	12-Apr-24	1.0	6,276		

13. Issued Capital

	31-Dec 2023 Number	30-Jun 2023 Number	31-Dec 2023 $'000	30-Jun 2023 $'000
Balance at the beginning of the period	622,019,969	621,285,981	249,860	249,663
Treasury shares acquired by employee share trust	-	(5,525,046)	-	(1,353)
Treasury shares issued by employee share trust	5,525,046	6,259,034	1,353	1,550
Balance at end of the period	627,545,015	622,019,969	251,213	249,860

14. Contingent liabilities

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

The directors are not aware of any other material contingent liabilities in existence as at 31 December 2023 requiring disclosure in the financial statements.

15. Events occurring after the reporting period

On 30 January 2024, the Company announced that notification had been received from AUSTRAC that the Enforceable Undertaking ("EU") entered into on 21 February 2023 concerning Cash Converter's historical compliance with Australia's anti-money laundering and counter-terrorism financing ("AML/CTF") law is now complete and AUSTRAC considers the matter closed.

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

Directors' declaration

In the directors' opinion:

a) the financial statements and notes set out within the attached financial statements are in accordance with the Corporations Act 2001, including:
   i) complying with accounting standards, as stated in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the directors

Sam Budiselik
Managing Director

Perth, Western Australia
28 February 2024

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cash Converters International Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of material accounting policies information and other explanatory information, and the directors' declaration as set out on pages 10 to 31.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

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

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 28 February 2024