moneyme

2020 Annual Report

for the year ended 30 June 2020

MoneyMe Limited and its controlled entities

ACN: 636 747 414

OUR MISSION

To be the favourite credit partner for Generation Now

We are a digital consumer credit business leveraging our technology platform (the Horizon Technology Platform) and big data analytics to deliver an innovative loan offering to tech-savvy consumers. Founded in 2013, we have originated over $500 million in loans through our risk-based lending platform and are well positioned to take advantage of the sector developments and trends.

We operate in the consumer lending sector in Australia, in which lenders provide finance solutions to consumers to fulfil a variety of personal funding requirements. Our target customers seek fast, convenient and simple access to credit direct from their mobile devices and at the point of sale.

Our technology platform allows applications to be completed within approximately five minutes and funds to be disbursed or credit facilities to be available for use shortly after an applicant is approved. Algorithms allow us to provide personalised, risk-based pricing, which balances risk and return in our loan book.

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Chairman's Letter

On behalf of the Board of Directors, it is a pleasure to present the MoneyMe Annual Report for the financial year to 30 June 2020 (FY20), our first as a listed company.

FY20 was a successful and transformative year for the company which included the significant milestone of listing on the Australian Securities Exchange (ASX).

Our ability to successfully transition to operating as a publicly listed company, against the challenging and uncertain backdrop of the COVID-19 pandemic, is a testament to the resilience of our operating model and the quality and capability of our management team and employees.

FY20 was a year of strong growth and solid financial performance for MoneyMe. I am pleased to report that the company has outperformed our Prospectus forecasts for both revenue and loan originations and has delivered strong results across all Key Operating Metrics. Revenue increased by 49% on the prior year to $47.7 million, 4% ahead of Prospectus forecast. Pro forma[1] Profit Before Tax (PBT) was $2.0 million, up 227% year-on-year growth on the prior year and 7% ahead of Prospectus forecasts. Statutory Net Profit Before Tax (NPAT) was $1.3 million. The Board has resolved not to pay a final dividend for the year ended 30 June 2020 to support ongoing investment and business growth.

Despite the challenging business environment created by COVID-19, we continued to deliver on our growth strategy to increase our market share, successfully launched two new products, formed a strategic alliance to drive customer acquisition, delivered strong financial performance, and maintained our high levels of customer satisfaction that continue to exceed industry standards.

Our digital approach, combined with our proprietary technology platform, ensured that while all employees and management transitioned to working off-site as a result of COVID-19, we were able to continue to seamlessly deliver great customer engagement, effectively manage the customer origination process, proactively refine credit decision making, and manage the increased operational risk.

This strong performance is testament to the resilience of our company, our competitiveness within the market, and our ability as a disrupter to gain market share despite the contraction in demand for consumer credit. We anticipate the year ahead will present challenges for our industry and our company, with increased risks of unemployment. Growth will be challenged, but we remain confident that our digital operating model and proprietary technology platform have positioned us strongly and the combination of our newly launched products, lower cost of funds and proactive credit risk management will enable the business to continue to achieve strong financial performance.

While our core focus remains on direct to consumer products, in September 2020 we plan to launch a new product in the 'buy now, pay later' space, MoneyMe+. We expect this product will be very appealing and competitive within this established market and will allow the company to capitalise on the strong growth opportunities we have identified. Our plans to enter new international markets continue to progress with opportunities emerging for MoneyMe.

I am very confident that the platforms we have, combined with our innovative product offerings and our strong and resilient leadership team, will position us for strong and profitable growth as market conditions recover.

On behalf of the Board, I would like to thank all our employees for their outstanding customer service, hard work and dedication during what has been a transformative year for our business, while operating within the uncertain and challenging environment created by the COVID-19 pandemic. We would also like to thank our customers and shareholders for your trust and ongoing support.

We look forward to pursuing the opportunities we see for the business as outlined in our Prospectus and delivering strong shareholder returns.

Yours sincerely

Peter Coad
Chairman
Sydney, 25 August 2020

[1] The pro forma result is derived from the statutory result, and is adjusted to reflect the following: the impact of one-off events due to the IPO Offer ("Offer"), including costs directly attributable to the Offer, the impact of AASB 16, repaid corporate interest, public company costs, and new executive remuneration arrangements.

FY20 was a successful and transformative year for the company which included the significant milestone of listing on the Australian Securities Exchange (ASX).

A key part of our value proposition is our strong focus and commitment to delivering innovative and tech-driven experiences to customers throughout their credit life-cycle.

CEO's Letter

The MoneyMe brand has gone from strength to strength, delivering innovation and highly automated credit experiences to tech savvy customers, and is on plan to become the favourite credit partner for generation now. The year had many highlights and the results for FY20 are a strong indication of the commitment to growth and significant leverage in our operating model that is delivering accelerated profit and incremental diversification for future growth.

Our agile and highly automated proprietary technology platform and team have been phenomenal, launching new products and services to fast track our growth ambitions, and adapt to changing market conditions.

The financial year ended 30 June 2020 was a significant year in the history of MoneyMe and another year of strong growth for the Group. We successfully completed our initial public offering, enabled Freestyle with a virtual Mastercard, launched ListReady and RentReady, and entered new verticals, achieved accelerated growth, further diversified our customer base, outperformed our Prospectus forecasts, while outperforming credit risk expectations.

Financial performance

I am very pleased to report that 2020 was a strong year of financial performance for MoneyMe.

- Pro forma[1] Profit Before Tax (PBT) of $2.0 million, up 227% on the prior corresponding period, driven by growth outpacing operating expense growth in the forecast period, outperforming Prospectus forecast by 7%.
- Statutory Net Profit After Tax (NPAT) of $1.3 million, up 300% on the previous year, that includes a $1.4 million income tax benefit which reflects a resetting of the tax cost base on listing.
- Loan originations of $178.5[2] million, an increase of 53% on prior corresponding period, underpinned by continued growth in the Group's Personal Loan product and the introduction of the Freestyle Virtual Credit Account product, outperforming Prospectus forecast by 6%.
- Total revenue of $47.7 million, up 49% on the previous year, outperforming Prospectus forecast by 4%.
- Gross loan book value of $133.6 million, up 53% on the prior year, lower than Prospectus forecasted by 6%, driven by increased repayments from customers.
- MoneyMe has originated over $485 million of loans since our inception to 30 June 2020.

Operational performance

Throughout the year, our team continued to deliver an outstanding set of results, while meeting the operational challenges created by COVID-19 and successfully transitioning to operating as an ASX-listed company.

We operate in an agile development environment and have created a diversified customer base with a targeted and low cost origination growth strategy, enabling us to minimise our credit risk and move quickly and adapt to changing market conditions.

Although temporarily delayed due to the pandemic, our plans to establish a bank warehouse funding facility is on course and will substantially decrease our capital costs and will underpin our future growth and profitability. To provide funding certainty, we also secured continued access to our existing funding facilities.

[1] The pro forma result is derived from the statutory result, and is adjusted to reflect the following: the impact of one-off events due to the IPO Offer ("Offer"), including costs directly attributable to the Offer, the impact of AASB 16, repaid corporate interest, public company costs, and new executive remuneration arrangements.
[2] This number relates to principal originations.

New product innovation and partnerships

Our commitment to innovation continued to drive growth through creating new products for the tech-savvy generation. During the year, our innovation lab was a hive of activity, with our team creating and successfully launching three new and exciting products in market.

In December 2019, we enabled Freestyle with a virtual Mastercard, allowing instant transaction capability on Android and iOS devices at point of sale and online, positioned to replace traditional credit cards.

ListReady, our payment solution to homeowners for the capital requirements involved in selling a property. This is a strong disruptor for the sector and to date, we have had more than 350 agencies and 2,000 agents sign up to the platform.

RentReady, a first to market product, is a pay later solution for property managers and landlords, designed to better manage the capital requirements for their investment property.

Customer satisfaction and awards

A key part of our value proposition is our strong focus and commitment to delivering innovative and tech-driven experiences to customers throughout their credit life-cycle.

During COVID-19, we experienced unprecedented increased levels of customer communications. Due to the scalability of our platform and the high level of automation of our service, we were able to effectively and efficiently manage customer communications, and reduce our core response time to under nine seconds for almost 90% of calls, while recording an exceptionally high Net Promoter Score of 84.

During 2019, MoneyMe was recognised for several awards. In the Finnies Awards in the Excellence in Customer Lending, in the Fintech Business Awards in both the Leading Innovator of the Year and Leading Platform Innovator of the Year categories. We also won Innovator of the Year at the My Business Awards and MoneyMe was included in the Australian Financial Review BOSS Most Innovative Companies list, in the top 5 most innovative companies within the Banking, Superannuation and Finance.

FY21 and beyond

The changing macro-environment is creating opportunities as it is creating challenges and our highly driven and capable team remain focused on achieving growth opportunities in the year ahead.

Our specific strategic priorities include:

- Expanding our offer in more verticals, with pricing that offers customers market-leading value, supported by a new wholesale bank facility.
- Expanding our reach into the buy now, pay later segment, with our new MoneyMe+ product that has a higher credit offer for customers in new verticals.
- Increasing our use of automation to support scale and drive cost and servicing efficiency through our artificial intelligence module, Alden®.
- Scaling up newly launched innovative products in highly attractive verticals, and launching new products in new verticals to increase our addressable market and grow revenues.
- Pursuing exciting partnership opportunities to drive customer acquisition and support potential expansion into new markets.

We have the right strategy in place, and the foundations we have laid will position us strongly to take advantage of the shift in consumer preferences for the innovative types of products offered by MoneyMe, which provide customers with financial control.

Closing

Our dynamic and digital operating model, strong cash position, diversified loan book and online distribution, means we are well prepared to respond to ongoing economic impacts and be well positioned in a post COVID-19 environment.

Thank you to our shareholders for your support, both during and following our IPO, and Team MoneyMe for your hard work and ongoing commitment. I am incredibly excited about the year ahead.

As always, we will continue to offer a compelling value proposition and exceptional customer service to grow our business and deliver shareholder value.

Yours sincerely

Clayton Howes
Managing Director
and Chief Executive Officer
Sydney, 25 August 2020

FY20 Performance highlights[1]

Revenue up 49% YoY

Revenue of $47.7m exceeds Prospectus forecast by 4%

Record EBITDA

Pro forma EBITDA of $3.2m beats Prospectus forecast by over 10%[2]

Product innovation

Launching new products and channels across ListReady, RentReady and MoneyMe+

$178.5m originations[3]

Up 53% YoY and 6% higher than Prospectus forecast

Closing loan book balance

$133.6m up 53% YoY and 94% to Prospectus forecast

Improving loan quality

Average Equifax score of 635 compared to 620 in prior year

1 Forecast refers to full-year 2020 forecast as provided in MoneyMe's Prospectus (2020F)
2 The pro forma result is derived from the statutory result, and is adjusted to reflect the following: the impact of one-off events due to the IPO Offer ("Offer"), including costs directly attributable to the Offer, the impact of AASB 16, repaid corporate interest, public company costs, and new executive remuneration arrangements.
3 This number relates to principal originations.

The MoneyMe difference

Strong unit economics

Attractive loan unit economics benefitting from repeat customers and low CAC[1]

Technology first

An intelligent modular platform that is scalable and has processed over $400m in originations

Large addressable market

Consumer credit originated by non-bank lenders like MoneyMe expected to grow from **$30b in 2020 to $40b by 2024**[2]

High customer satisfaction

Strong brand advocacy and customer satisfaction with **NPS of 75+**

1 Customer acquisition cost (CAC)
2 Euromonitor International Limited: Consumer Lending in Australia, 2020 edition, 'Consumer Credit by Type'

Strong unit economics

Strong track record of revenue growth and significant demand for future growth

Credit product innovation

Innovation is driving growth with new products for the tech-savvy generation

Diversified loan portfolio

Diverse range of customers across Australia in terms of location, age, and employment. Robust risk management

Founder led team

Passionate and experienced team dedicated to the Group's ongoing growth and profitability

The future of credit is here

Successful listing on the ASX

With MoneyMe entering the ASX / S&P ALL ORDS in just six months of Listing.

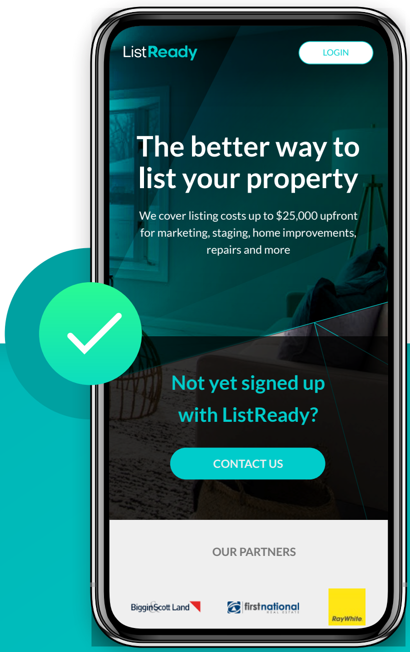
Enhancing core products

Freestyle moneyme

Successful launch of two products in FY2020

ListReady and RentReady aiming to revolutionise the PropTech world.

ListReady



RentReady

Leading customer experience

75+ NPS[1]

4.8
out of 5

Google Reviews[1]

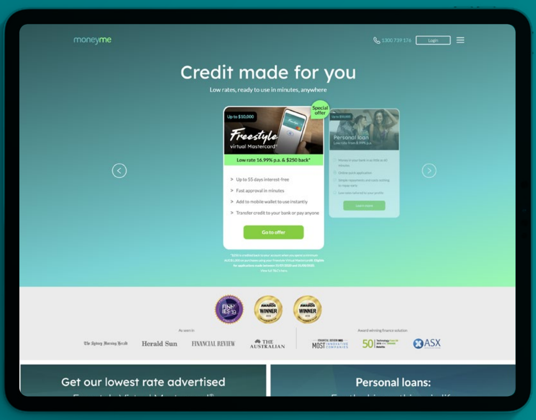
4.7
out of 5

PRODUCT REVIEW .COM.AU[1]

1 Customer satisfaction data as at 31 December 2019

#1 Google Ranking

Page 1 ranking for key search terms



1,100,000+ website users

$6,100

Average funded value

Artificial intelligence driving automated decisioning

>80%

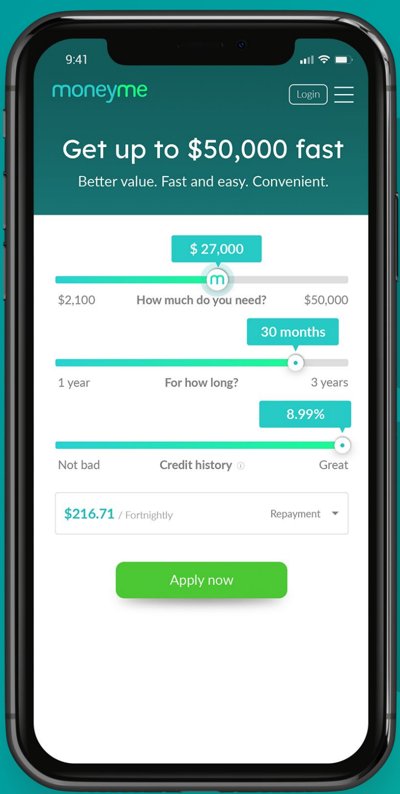
Applications are auto-decisioned

93%
Payment automation

35%
Customer repeat rate

>90%
Calls answered within 9 seconds

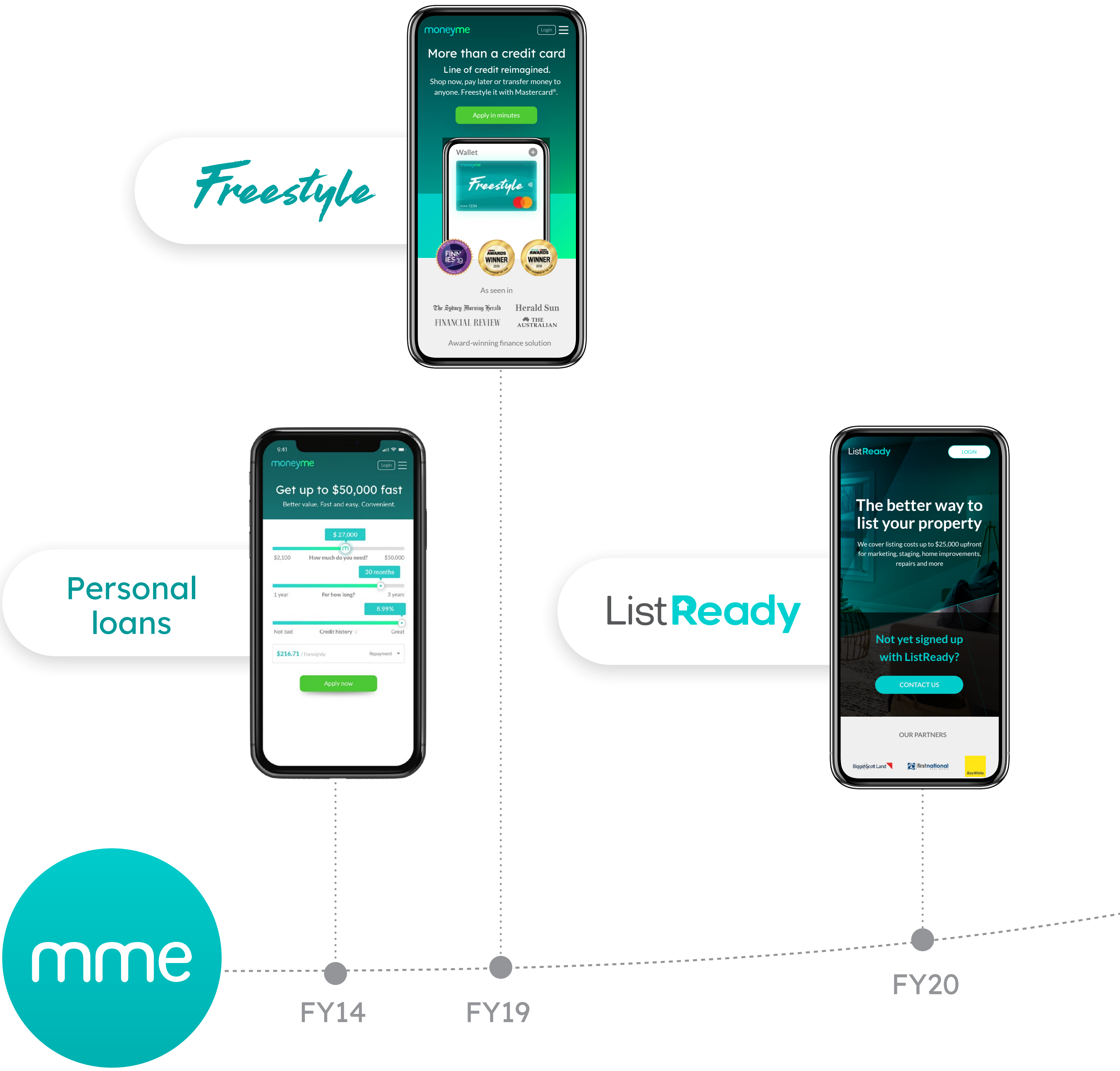
240,000+
Products distributed since inception

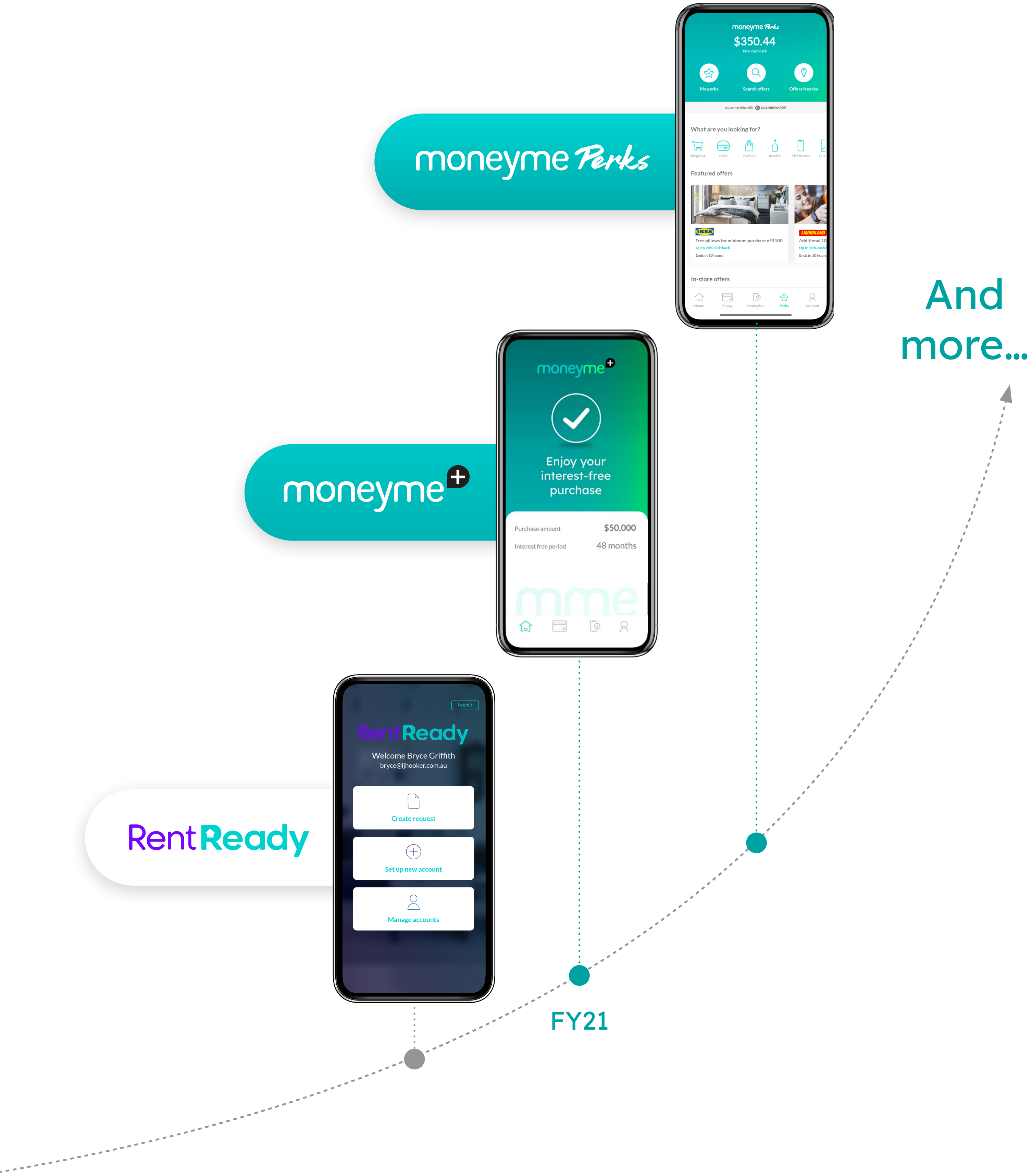


Mobile app available for iOS and Android

870,000+
mobile app user sessions in FY20

Unlocking the path to accelerated growth




$350.44
Total cash back
My perks
Search offers
Offers Nearby
What are you looking for?
Featured offers
Free pillows for minimum purchase of $100
In-store offers
Enjoy your interest-free purchase
Purchase amount $50,000
Interest free period 48 months
Log out
Welcome Bryce Griffith
bryce@ljhooker.com.au
Create request
Set up new account
Manage accounts
And more...
FY21

02

Directors' Report

Directors' Report

The Directors present their report together with the consolidated Financial Statements and accompanying Notes of MoneyMe Limited (the Company) and its controlled entities (the Group) for the period ended 30 June 2020 (FY20).

Information about The Directors

The Directors of the Company at the date of this report and of MoneyMe Financial Group Pty Limited were:

MoneyMe Limited[1]	MoneyMe Financial Group Pty Limited[2]
Clayton Howes	Clayton Howes
Scott Emery	–
Peter Coad	–
Jonathan Lechte	–
Susan Wynne	–

[1] All MoneyMe Limited Directors held office from 11 October 2019.

[2] All MoneyMe Financial Group Pty Limited Directors held office during the 2019 Financial Year. Scott Emery and Steven Bannigan were also Directors in the 2019 Financial Year and in the 2020 Financial Year until 6 December 2019 when they both resigned.

Meetings of Directors	Full Board			Audit and Risk Committee		Remuneration and Nomination Committee	
	Held	Eligible To Attend	Attended	Held	Attended	Held	Attended
Clayton Howes	11	11	11	3	3	2	1
Scott Emery	11	11	11	3	2*	2	2*
Peter Coad	11	7	7	3	3*	2	2*
Jonathan Lechte	11	7	7	3	3*	2	–
Susan Wynne	11	7	7	3	–	2	2*
Steven Bannigan	11	4	4	3	–	2	–

*Committee Member

KMP Shareholdings, Options and Rights	Shareholdings No.	Options No.	Rights No.
Clayton Howes	50,294,716	–	252,000
Scott Emery	47,821,802	–	–
Peter Coad	662,126	–	–
Jonathan Lechte	662,126	–	–
Susan Wynne	–	–	60,000
Steven Bannigan	26,189,405	–	–

Profiles of each member of the Board are set out below.

PETER COAD

Independent Non-Executive Chairman

Peter joined MoneyMe as the independent Non-Executive Chairman in October 2019. Peter is also the Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.

Peter has more than 30 years' experience in domestic and international banking and is a specialist in financial services and risk management with broad experience across financial and capital markets, fund management and consumer finance. Prior to his current role, Peter served in senior executive roles at National Australia Bank from 2005 to 2017 where his leadership experience included roles as Head of Global Markets and Asset Servicing, Wholesale Banking; Chief Risk Officer, Business Banking; and Executive General Manager of International Branches and Transformation. Peter previously worked for Commonwealth Bank of Australia and Chase Manhattan Bank in Australia, Asia, and the US where he held global and regional leadership roles in institutional banking and financial/capital markets. Peter is a member of the Australian Institute of Company Directors.

CLAYTON HOWES

Managing Director and Chief Executive Officer

Clayton is a co-founder and has been the Chief Executive Officer of MoneyMe and a Board Director since its inception.

Clayton brings more than 15 years' experience in the development of brands, business strategy and innovation. He has a strong background of executing capital strategies, building new technologies to replace legacy processes, and fostering highly engaged and rewarding team cultures. Prior to establishing MoneyMe, Clayton spent eight years at Vodafone and Vodafone Hutchinson Australia where his roles included Head of Retail Channels & Head of Retail Transformation, Head of Sales Strategy & Distribution Management, Head of Sales Investments & Planning and Commercial Finance Manager. During this time, Clayton was responsible for strategy, finance, sales, and business transformation. Clayton previously worked for Glaxo Smith Kline in United Kingdom within Strategic Mergers Management and Planning.

Clayton has a Bachelor of Commerce degree (Statistics, Economics and Finance) from Oxford Brookes University. He also has a Certificate in Business Accounting from the Chartered Institute of Management Accountants.

JONATHAN LECHTE

Independent Non-Executive Director

Jonathan joined MoneyMe as a Non-Executive Director in October 2019 and is the Chair of the Audit and Risk Management Committee. Prior to his appointment as a Director, Jonathan had been a member of the MoneyMe's Advisory Board from 2015.

Jonathan has more than 20 years' experience in banking and corporate finance. Jonathan served in senior executive roles in investment banking, fixed income markets and risk management, including as Head of Fixed Income and Managing Director at UBS Australia, Japan, and Asia from 1993 to 2007. He then served as Non-Executive Director of FIIG Securities Australia from 2008 to 2015, responsible for investment strategy and risk governance. Most recently he has joined Cashwerkz (ASX:CWZ) as Chief Executive Officer.

Jonathan holds a Graduate Diploma in Banking and Finance from Monash University. He is also a graduate of the Australian Institute of Company Directors.

SCOTT EMERY

Non-Executive Director

Scott Emery is a co-founder and has been a Non-Executive Director of MoneyMe from its inception. He is a member of the Audit and Risk Management Committee and Remuneration and Nomination Committee.

Scott has over 30 years' experience in establishing and running property development companies across Australia. Scott is the founder and managing director of a commercial building company, Yarra Valley Commercial, established in 1986, where under his guidance, the business has grown to be a national shopfitting and building company.

SUSAN WYNNE

Independent Non-Executive Director

Susan joined MoneyMe as a Non-Executive Director in October 2019. She is a member of the Remuneration and Nomination Committee.

Susan has more than 20 years' corporate and government experience, specialising in brand and business development, stakeholder management, corporate affairs, and public relations. Susan has served in local government on the Woollahra Council since 2008 including terms as both Deputy Mayor and Mayor. Susan was re-elected as the Mayor of Woollahra in September 2019. Susan is a graduate of the Australian Institute of Company Directors.

Information about The Company Secretary

The Group's Company Secretary is Justin Clyne who joined the business in October 2019. Justin Clyne is a qualified Chartered Company Secretary and a member of the Australian Institute of Company Directors. He was admitted as a Solicitor of the Supreme Court of New South Wales and High Court of Australia in 1996 before gaining admission as a Barrister in 1998. Justin has 15 years of experience in the legal profession, acting for a number of the country's largest corporations, initially in the areas of corporate and commercial law before dedicating himself full-time to the provision of corporate advisory and company secretarial services.

Justin is a director and/or secretary of a number of publicly listed and unlisted companies. Justin has significant experience and knowledge in international law, the *Corporations Act 2001* (Cth), the ASX Listing Rules and corporate regulatory requirements generally. Justin holds a Master of Laws in International Law from the University of New South Wales and is a qualified Chartered Company Secretary.

Principal Activities

The Group's principal activity in the course of the financial year was to provide retail consumer finance.

Operational and Financial Review

Operational Highlights

The business has experienced high growth and expansion in the current year. Key operational highlights include:

- Year-on-year growth of 53% on the gross loan book and 49% growth in revenue.
- The successful launch of two new products: ListReady (August 2019) and RentReady (June 2020).
- Expansion and further diversification of our customer base through increased loan offerings and new distribution channels.
- High levels of customer satisfaction, with high NPS and recognition by the Finnies Awards in Excellence in Customer Lending.
- Greater operating efficiencies being delivered through low fixed costs and high automation through the Horizon technology platform, whilst increasing revenue.
- Capabilities have been built to expand the business model through innovation, in new solutions for at Point of Sale distribution and advances in AIden, MoneyMe's artificial intelligence decisioning platform.
- Recognised in Fintech Business Awards in both the Leading Innovator of the Year and Leading Platform Innovator of the Year, and the AFR's most innovative companies list.

On 12 December 2019, MoneyMe Limited listed on the Australian Stock Exchange (ASX) via an Initial Public Offering (IPO). The IPO has provided the business further capital to support its high balance sheet growth strategy.

The COVID-19 pandemic has brought about many challenges for the industry. From the Group's perspective, COVID-19 has impacted on a number of areas including a reduction in general demand for consumer credit during lockdown periods, some of the Group's credit approved borrowers having higher credit risk and a short term delay in executing wholesale debt capital strategies. However, the Group's online, low fixed cost, recurring revenue business model mean that all these challenges are manageable.

The Group's digital approach, combined with a proprietary technology platform, has ensured that while all employees and management transitioned to working off-site as a result of COVID-19, it was able to continue to deliver great customer engagement, effectively manage the customer origination process, proactively refine credit decision making, and manage risk and operational processes. The Group implemented a COVID-19 hardship program to support borrowers with loan payment deferrals or payment plans. The Group secured its Velocity warehouse facility to November 2021 to ensure availability of it's debt capital.

The new funding facility remains on plan for completion in Q1 FY21, with a revised expected settlement by 30 September 2020.

Financial Highlights

Key Financial Measures with comparatives are provided below.

	30 June 2020 $'000	30 June 2019 $'000
Total Revenue	47,671	31,894
Profit / (Loss) Before Tax (PBT)	(119)	125
Net Profit After Tax (NPAT)	1,299	324
Net increase in cash and cash equivalents	29,317	2,559

	30 June 2020 $'000	30 June 2019 $'000
Total Assets	166,601	86,590
Total Equity	46,852	3,698

Revenue growth in FY20 materially reflects growth in the gross loan receivables. PBT in FY20 materially reflects an increase in expenses incurred to support loan book growth and the impact of the Group's IPO in December 2019. NPAT reflects PBT plus an income tax benefit that materially reflects the effect of setting up the new tax consolidated group.

The period-on-period asset increase reflects gross loan receivable growth and recognition of a right-of-use asset following adoption of the new AASB 16 *Leases*. Period-on-period equity and cash/cash equivalent increases reflect the completion of the IPO in December.

COVID-19 has resulted in the Group increasing financial macro-economic overlays in a number of areas including loan asset provisioning and the on balance sheet recognition of deferred tax assets. The Group's COVID-19 hardship program has reduced loan repayment cash flows. The Group also experienced an increase in loan asset run-off in the later part of the 2020 financial year that appears to reflect borrower access to government and other financial institution related COVID-19 programs. The Group also received a $0.6m benefit from access to government COVID-19 related stimulus programs in the last quarter of the 2020 financial year. The Group expects to be able to continue to access available government stimulus measures until 31 March 2021.

Strategy & Business Plan Highlights

The business plans to continue its high balance sheet growth strategy through a focus on increasing automation to support scale and drive efficiency, expanding and gaining market share through the existing product suite, entering new consumer lending verticals through product innovation and developing new partnerships to drive customer acquisition while maintaining the focus to provide digital direct to consumer lending products. The Group's new funding warehouse facility is expected to deliver significant lower funding costs and new business origination capacity.

While MoneyMe experienced a year of strong growth in 2020, the Group anticipates that COVID-19 will continue to present challenges for both our business and our industry in the year ahead.

The Group expects the market environment and system credit growth will be impacted by weakened consumer confidence resulting from the increased risks of both unemployment and underemployment caused by the COVID-19 pandemic. The Group's lending portfolio growth will continue to adapt to credit risk policies appropriately calibrated to the environment.

The Group continues to work towards expansion into international markets in line with emerging opportunities. The COVID-19 operating environment is expected to remain challenging but it is expected that execution of its current strategies by an effective and resilient leadership team, will position the Group for continued growth and expansion.

Risk Management and Governance Highlights

The Group's Risk Appetite Statement identifies seven key risks: Credit, Liquidity, Regulatory Compliance, Operational, People, Customer & Brand Reputation and Financial Performance. Governance related to these risks is delegated by the Board via two Board level committees, the Audit & Risk Management Committee and Remuneration & Nominations Committee and via the CEO to the Management Committee, Credit Risk Committee, Asset & Liability Committee and Operational Risk and Compliance Committee. The current governance framework reflects changes implemented to support the Group's December 2019 ASX listing.

The Group's Board and management committees have been effective in helping ensure the Group has effectively responded and managed COVID-19 related risks and impacts. The Group's diversified loan book, digital operating model, positive cash position, and pro-active leadership team has also positioned the Group to withstand the current economic conditions and continue to capitalise on providing low-touch online delivery to meet the rapidly evolving requirements of the target customer.

Further Information

Refer to the Annual Report, which includes the Financial Statements and accompanying Notes for further information.

Changes in State of Affairs

During the financial year, the Group underwent an IPO restructure. Refer to the Group's IPO-related Prospectus, and the Annual Financial Report for further details relating to the IPO and restructure.

In addition, as noted above, the Group adopted AASB 16 *Leases* in 2020. The adoption of AASB 16 resulted in a net reduction to the Group's opening retained earnings as at 1 July 2019 of $0.1m.

The Group established two new legal entities during the year to support business expansion. The Group continues to explore and progress business expansion opportunities in Australia and overseas.

Other than the above, there were no significant changes in the state of affairs of the Group during the financial year.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 24 of the Financial Report.

The Directors are satisfied that the provision of non-audit services during the year, by the auditor is compliant with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services disclosed in Note 24 of the Financial Report do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditors; and
- None of the services undermine the general principles as set out in APES *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Subsequent Events

The COVID-19 environment has continued to evolve and develop during the period post 30 June 2020. In particular, the state of Victoria began to experience a higher number of COVID-19 infections and related deaths in more recent weeks. The government response at the federal and state level has continued to evolve, including the announcement of further people movement restrictions within Victoria and between states, and the announcement of further stimulus measures such as an extension to JobKeeper. The Group is continuing to monitor the changing environment and considers that no adjustments are required as a result of changes after 30 June 2020 in relation to the critical estimates and judgements in particular as set out in Note 4. Customers that were classified as COVID hardship have been monitored through regular reporting as well as tracking of those customers who are no longer in COVID hardship. 80% of COVID hardship have now started to repay. This analysis as well as the regular monitoring of portfolio level credit risk has not identified any events that would lead the Group to require adjustment of the expected credit loss allowance.

Future Developments

The Group will continue to pursue long-term growth to support sound returns to shareholders. This includes growing its loan book, investing in its core operating platform capabilities, and diversifying and expanding access to debt and capital to support these initiatives.

Environmental Regulations

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Dividends

In respect of the financial year ended 30 June 2020, no dividend was declared to the holders of fully paid ordinary shares.

Movements in options

The table below outlines the movement in all options issued by the Group for each financial year.

No.	Opening	Granted	Lapsed	Buyback	Cancelled	Exercised	Closing
2019	5,225	2,059	(504)	–	(2,500)	–	4,280
2020	4,280	2,274,095	(336,710)	–	(4,280)	–	1,937,385

The Group cancelled employee share options issued in December 2017 and December 2018 on listing in December 2019, replacing them with new options that reflect the same terms of the cancelled options.

Movements in performance rights

The table below outlines the movement in all performance rights issued by the Group for each financial year.

No.	Opening	Granted	Lapsed	Buyback	Cancelled	Exercised	Closing
2019	–	–	–	–	–	–	–
2020	–	2,074,000	(490,000)	–	–	(240,000)	1,344,000

The Group issued employee performance rights (EPRs) and board performance rights (BPRs) as part of the IPO process. The 2020 Series 1 EPRs were exercised on listing. All BPRs lapsed due to the performance condition to *establish a new warehouse facility with a major bank or financial institution in the FY20 period* not being met. Timing for the execution of a new facility is estimated to be in Q1 FY21 due to circumstances relating to the COVID-19 pandemic.

Remuneration Report

The Remuneration Report forms part of this Directors' Report and includes information in relation to Director and Key Management Personnel (**KMP**) Remuneration, including any share options and performance rights. Further details in relation to share-based payments are outlined in Note 20 of the Annual Report.

Indemnification of Officers and Auditors

The Group has not indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor, during or since the financial year, except to the extent permitted by law.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor

Deloitte continues in office in accordance with section 327 of the *Corporations Act 2001*.

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out as part of the Annual Report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors.

Peter Coad
Chairman
Sydney, 25 August 2020

Clayton Howes
Managing Director and Chief Executive Officer
Sydney, 25 August 2020

Remuneration Report

1. Introduction and Remuneration Philosophy

The Directors of MoneyMe Limited (**MoneyMe** or **Group**) present the inaugural Remuneration Report for MoneyMe, which outlines its FY20 remuneration strategy, framework and outcomes, for Non-Executive Directors, Executive Directors and other KMP, prepared in accordance with the requirements of the *Corporations Act 2001*.

The MoneyMe Group includes, among other entities as particularised in the Group's accounts, MoneyMe Financial Group Pty Limited, which was the Group's ultimate holding company, until 11 October 2019 when MoneyMe Limited was incorporated for the purposes of undertaking the Initial Public Offer (**IPO**).

The performance of MoneyMe depends upon the Group's ability to attract and retain high-quality KMP. In order to succeed at the highest level, the Group must attract, motivate, and retain highly skilled talent. KMP are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, which includes the Board of Directors.

To this end, the remuneration strategy outlined in section 3 and the remuneration framework outlined in section 4.1, is designed to deliver:

- competitive remuneration aimed at attracting a high-calibre executive team;
- a clear alignment between remuneration and the overall strategic objectives;
- a focus on creating sustainable value for all of our stakeholders;
- merit-based remuneration across a diverse workforce; and
- a level of total remuneration that is competitive by market standards.

The MoneyMe Remuneration and Nomination Committee (**RNC**) is responsible for determining and reviewing compensation arrangements for the KMP. The RNC assesses the appropriateness of the nature and amount of remuneration for KMP on a periodic basis by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-calibre board and executive team.

The Board of the Group believes the remuneration framework in this Remuneration Report to be appropriate given the stage and complexity of the Group's operations and effective to attract and retain the best KMP to operate and manage the Group.

The KMP remuneration framework is designed to support the Group's reward philosophies and to underpin the Group's growth strategy. The framework comprises the following components:

- Fixed Annual Remuneration (**FAR**) appropriate to position and experience and which is competitive in the market;
- Short-Term Incentives (**STI**); and
- Long-Term Incentives (**LTI**) aligned to short- and long-term performance and delivery of returns to stakeholders.

All Executive KMP were provided STI and LTI incentives in FY20. Three Non-Executive KMP were provided LTI incentives in FY20.

The Board will continue to review KMP packages annually by reference to the Group's performance, KMP performance and comparable information from industry sectors and other listed companies in similar industries.

2. Key Management Personnel (KMP)

The table below details the KMP covered in the FY20 Remuneration Report.

NEDs[1]	Positions Held	Term
Peter Coad	Independent Non-Executive Chairman Remuneration and Nomination Committee – Chair Audit and Risk Committee – Member	Part year – appointed 11 October 2019
Scott Emery	Non-Executive Director Remuneration & Nomination Committee – Member Audit and Risk Committee – Member	Full year
Jonathan Lechte	Independent Non-Executive Director Audit and Risk Committee – Chair	Part year – appointed 11 October 2019
Susan Wynne	Independent Non-Executive Director Remuneration and Nomination Committee – Member	Part year – appointed 11 October 2019
Steven Bannigan	Former Non-Executive Director (MoneyMe Financial Group Pty Limited)	Part year – until 12 December 2019[2]

[1] Refer to the earlier section of the Directors' Report (specifically around the information about the Directors) for further information. In addition, refer to Note 5 of the Annual Financial Report that details the Group's IPO and business reorganisation.

[2] Steve Bannigan was a Director of MoneyMe Limited's wholly owned subsidiary, MoneyMe Financial Group Pty Limited,, up to the Group's reorganisation ceasing on 12 December 2019. Mr. Bannigan has not been a Director of MoneyMe Limited at any time.

Executive KMP	Positions Held	Term
Clayton Howes	Managing Director (**MD**) & Chief Executive Officer (**CEO**)	Full year
Neal Hawkins	Chief Financial Officer (**CFO**)	Part year – appointed as CFO on 26 August 2019

3. Remuneration Strategy

In December 2019, MoneyMe successfully listed on the ASX following its IPO and continues in its mission "*to be the favourite credit partner for Generation Now*".

To enable the Group to remain on track to achieve its mission in the future, the Group has implemented a remuneration framework for its Executive KMP, which balances rewarding individuals for their efforts in the period prior to IPO and incentivises individuals to deliver on the Group's long-term goals, in the post-IPO journey. MoneyMe also appreciates that as a publicly listed business, there is an obligation to shareholders to ensure alignment between executive remuneration arrangements and shareholder returns, and to disclose such arrangements in a transparent manner.

The Group's Remuneration Philosophy is outlined in section 1. In addition, a summary of MoneyMe's remuneration strategy and principles, and how they relate to the Group's mission and the Group's FY20 remuneration framework, are outlined on the following page.

OUR MISSION
To be the favourite credit partner for Generation Now.

REMUNERATION PRINCIPLES

To ensure our remuneration framework enables MoneyMe to reward, retain and motivate key employees.

To link the remuneration of key employees to the creation of long-term sustainable shareholder value and align their interests to shareholders through the grant of equity.

To enable executives to share in the future growth of the Group's value and incentivise executives to focus on the achievement of the Group's long-term goals.

EXECUTIVE KMP REMUNERATION FRAMEWORK

FIXED ANNUAL REMUNERATION (FAR)

FAR is set at a competitive level to our peers, enabling us to attract and retain key employees, to achieve our Mission.

SHORT-TERM INCENTIVE (STI)

By setting STI performance conditions that align to the achievement of the Group's growth strategy, the aim is to reward employees when the Group's objectives are attained.

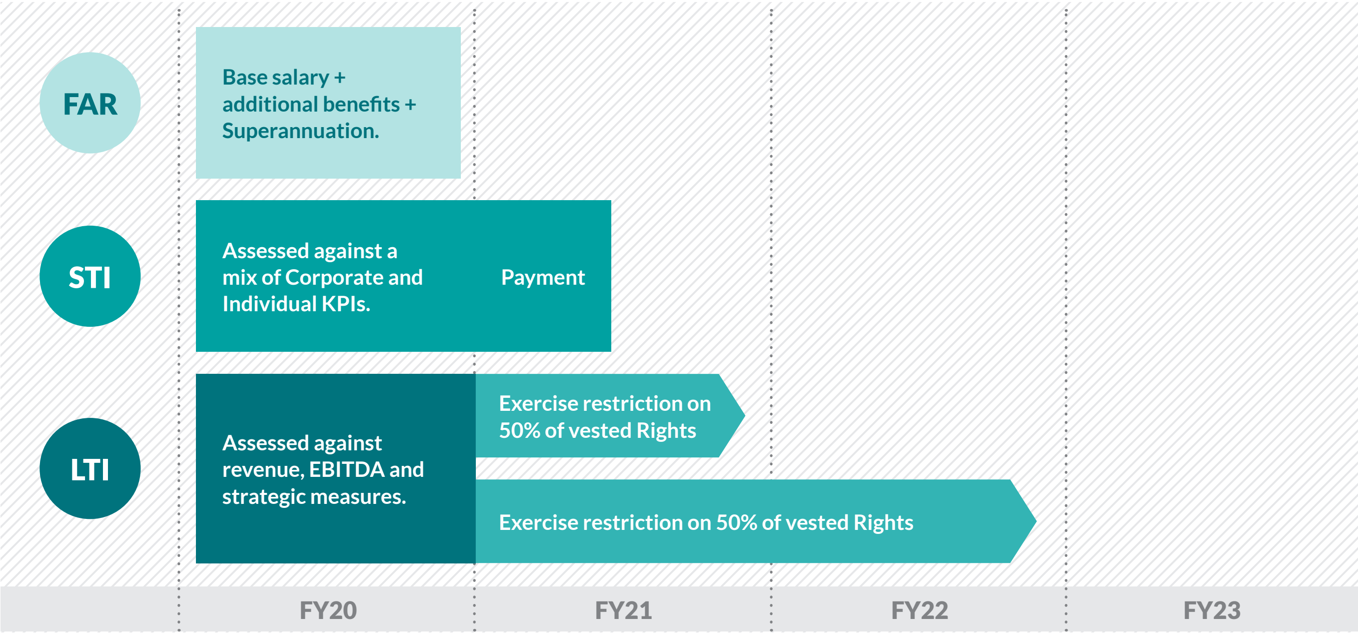
LONG-TERM INCENTIVE (LTI)

The grant of equity awards (subject to performance conditions) aims to align Executive KMP with shareholders and motivate executives towards the achievement of the Group's long-term goals.

4. FY20 Executive KMP Remuneration

4.1 FY20 Executive KMP Remuneration Framework

For Executive KMP, the remuneration package comprises of FAR and a variable mix of STI and LTI remuneration (or *'at risk' remuneration*) as summarised for FY20 in the diagram below.

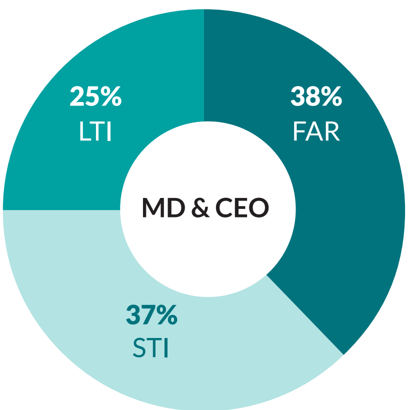


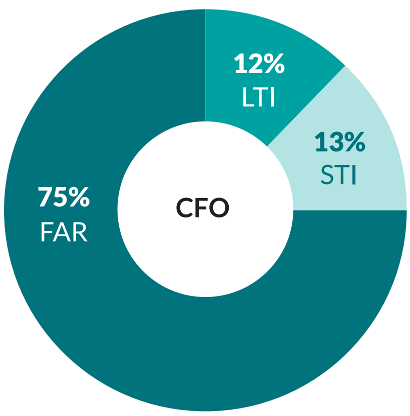
It is noted that FY20 is the performance assessment period, while FY21-FY22 is the payment / vesting period.

MoneyMe is committed to complying with its regulatory remuneration requirements, which the Group will continue to monitor, make changes to its remuneration framework in future years as required from both a statutory perspective and also to take into account the Group's growth trajectory and positioning in the market as the Group seeks to grow.

(a) Executive KMP remuneration mix

The FY20 remuneration mix for MoneyMe's CEO and CFO is displayed below, at maximum opportunity levels.





(b) Executive KMP remuneration elements

FAR

Description	FAR is set at a competitive level to attract and retain high-quality and experienced Executive KMP to MoneyMe. FAR comprises of base salary, additional benefits, and superannuation contributions at a rate of 9.5% (up to the concessional contributions cap). Where KMP are only appointed for part of the financial year, their FAR will be pro-rated.
Market positioning	FAR levels are reviewed regularly to ensure that it remains at a competitive level. In assessing the appropriateness of FAR levels provided to Executive KMP, MoneyMe will consider its positioning relative to the following comparator groups: – peer financial services and technology companies; and/or – companies with a comparable market capitalisation to MoneyMe.

STI

Description	Executive KMP are eligible to participate in the annual STI plan, which comprised a portion of their variable remuneration in FY20 and is subject to performance conditions. The STI performance measures reflect operational, business development and financial outcomes, which are assessed at a Group and individual level. In the current year they include those noted below as part of the LTI. For each financial year, the STI outcome will be subject to achieving a set of Corporate and Individual KPIs which align to the achievement of the Group's growth strategy. These will be determined on an annual basis going forward.
Performance period	1 year (1 July 2019 to 30 June 2020).
Maximum annual opportunity	CEO: $450,000 CFO: $50,000
Delivery	The STI award is wholly delivered as cash, following the end of the performance period. Should the recipients have fulfilled either a portion or none of their KPIs the STI will be paid at an equally proportionate rate.
Performance conditions	For each financial year, the STI outcome is subject to achieving a set of Corporate and Individual KPIs, which align to the achievement of the Group's growth strategy. The performance measures reflect operational, business development and financial outcomes.
Employment conditions	The Board retains absolute discretion with respect to the treatment of STI payments for individuals ceasing employment with the Group. Typically however, where employment ceases or notice to cease employment has been given by the individual or Group, prior to the payment date, no STI payment will be made.
Malus/Clawback	The Group has malus (downwards adjustment of unvested or unpaid remuneration) and clawback (repayment of vested or paid remuneration) provisions in place for its KMP. The Board retains absolute discretion with respect to the application of malus and clawback to any KMP's remuneration arrangements. Typically, in circumstances of any serious misconduct by the individual, and/or any material misstatement in the Financial Statements of the Group or any of its Related Bodies Corporate during any of the preceding 3 financial years, the Board may: – reduce current year STI outcomes yet to be paid ('malus'); or – request the repayment of some or all of their previous STI payments or adjust current year remuneration arrangements (FAR and incentive arrangements) to match the amount due to be repaid ('clawback').
Board discretion	The Board retains absolute discretion regarding the operation of the STI plan subject to compliance with the ASX Listing Rules.

LTI

Description	Executive KMP are eligible to participate in the annual LTI plan, which comprised a portion of their variable remuneration in FY20 and is subject to performance conditions. For FY20, the LTI was delivered via an Employee Performance Rights (**EPR – Series 2**) Grant and performance conditions are linked to key financial and non-financial measures primarily related to the Group's performance following IPO. The purpose of the EPR Grant was to reward and retain key employees following the successful listing of the Group and to incentivise these individuals to meet critical financial and strategic goals for the remainder of the financial year following listing. While the EPR Grant was provided in part to reward individuals for their efforts prior to IPO, performance conditions continued to apply to the Grant post-IPO, to ensure Executive KMP are only rewarded where Group targets continue to be achieved.
Performance period	1 year (1 July 2019 to 30 June 2020). Following the performance period, there is an additional 1- and 2-year exercise restriction. This operates as follows: – 50% of vested Performance Rights can be exercised on the day following the release of the Group's annual financial results for the financial year ended 30 June 2021; and – 50% of the vested Performance Rights can be exercised on the day following the release of the Group's annual financial results for the financial year ending 30 June 2022.
Exercise period	Following the end of any applicable exercise restriction on any vested Performance Rights, Executive KMP will have 2 years to exercise their Performance Rights before they lapse.
Maximum opportunity	CEO: $315,000 CFO: $50,000 The maximum opportunity is the opportunity available to KMPs if they meet all performance hurdles.
Delivery	The EPR Grant is wholly delivered via Performance Rights, granted to the individual for nil consideration.
Allocation methodology	The EPR Grant is granted on a face value basis. This is calculated as the number of Performance Rights granted divided by MoneyMe's IPO offer price ($1.25).
Performance conditions	The EPR Grant is subject to 3 performance conditions over the performance period. These performance conditions have been linked to the achievement of key financial and strategic goals, to enable MoneyMe to achieve its Mission. The performance conditions are as follows: – **Revenue target (Corporate measure)** The Group must achieve its FY20 revenue forecast and target of $45.8m. – **EBITDA target (Corporate measure)** The Group must achieve its FY20 pro forma Earnings Before Interest, Taxes, Depreciation and Amortisation (**EBITDA**) forecast and target of $2.9m. – **Strategic target (Individual measure)** This relates to individual strategic targets determined by the Group for Executive KMPs, relating to a successful IPO capital raise of greater than $40m. The Board assesses performance against the three measures at the end of the performance period.

Employment vesting conditions	The Board retains absolute discretion with respect to the treatment of Performance Rights for individuals ceasing employment with the Group. Typically: – Where the individual ceases employment as a 'bad leaver' (i.e. due to resignation, dismissal for cause or poor performance, or any other circumstances determined by the Board to constitute 'bad leaver'), any vested or unvested Performance Rights will lapse; and – Where the individual ceases employment as a 'good leaver' (i.e. due to disablement, mental illness, redundancy, death, terminal illness or for reasons other than those of a 'bad leaver'), any unvested Performance Rights will lapse and any vested Performance Rights will remain exercisable until the end of the exercise period.
Malus/clawback	The Board retains absolute discretion with respect to the application of malus and clawback to any KMP's remuneration arrangement subject to compliance with the ASX Listing Rules. The Group has malus (downwards adjustment of unvested or unpaid remuneration) and clawback (repayment of vested or paid remuneration) provisions in place for its KMP. In circumstances of any serious misconduct by the individual, and/or any material misstatement in the Financial Statements of the Group or any of its Related Bodies Corporate during any of the preceding 3 financial years, the Board may: – Lapse all/a portion of unexercised Performance Rights (commonly known as 'malus'); and/or – Request the repayment of the after-tax value of exercised Performance Rights or adjust current year remuneration arrangements (FAR and incentive arrangements) to match the after-tax value of the amount due to be repaid (commonly known as 'clawback').
Board discretion	The Board retains absolute discretion regarding the operation of the EPR Grant subject to compliance with the ASX Listing Rules.

Refer to section 6.4 of the MoneyMe Prospectus for further information.

4.2 FY20 Executive KMP Performance and Remuneration Outcomes

(a) Group performance

To ensure shareholder value is delivered, MoneyMe maintains a strong link between Group performance and remuneration outcomes. Since its founding in 2013, MoneyMe has delivered significant growth in revenue, with revenue of $47.7m achieved for the twelve months to 30 June 2020.

Since listing, MoneyMe has continued to deliver strong growth in the value of its loan book as it moves towards generating further sustainable and profitable growth, which will ensure shareholder value is delivered in the long-term.

The key highlights of FY20 include:

- additional equity capital raised through a successful IPO in December 2019;
- above Prospectus forecast full year revenue of $47.7m;
- above Prospectus forecast full year pro forma EBITDA of $3.2m;
- successful launching of two new products - ListReady and RentReady; and
- progression to set-up a new funding facility.

The table below sets out a summary of the Group's performance for the 2020 Financial Year (including pre-IPO performance). This details the key financial measures used to assess Executive KMP's STI and LTI outcomes (i.e. revenue and EBITDA).

Table 1: Group performance
Group performance is shown from 1 July 2019 to 30 June 2020.

$ million	Pro forma FY20 Forecast ($m)	Pro forma FY20 Actual ($m)	Statutory FY20 Forecast ($m)	Statutory FY20 Actual ($m)
Revenue	45.8	**47.7**	45.8	**47.7**
EBITDA	2.9	**3.2**	0.9	**1.1**
PBT	1.9	**2.0**	(0.3)	**(0.1)**
NPAT	1.8	**2.8**	(0.2)	**1.3**
Issue price of IPO	**$1.25**			
Share price at 30 June 2020	**$1.14**			
Dividends paid	**$nil**			

(b) FY20 STI outcomes

Table 2: FY20 actual STI outcomes for the CEO and CFO

Executive KMP	Maximum STI $	% of maximum STI vested	% of maximum STI forfeited	STI payment $
Clayton Howes (CEO)	$450,000	**100%**	**0%**	**$450,000**
Neal Hawkins (CFO)	$50,000	**100%**	**0%**	**$50,000**

(c) FY20 LTI outcomes

Under the LTI, the EPR Grant provided to the CEO and CFO were due to be assessed at the end of the performance period ending on 30 June 2020. Based on the performance vesting conditions, a vesting outcome of 100% was achieved. The employment vesting conditions for the participants will be met if they are employed on the day of vesting. 50% of these vested Performance Rights will be exercisable on the day following the release of the Group's annual financial results for the financial year ending 30 June 2021 and the remaining 50% of these vested Performance Rights will be exercisable on the day following the release of the Group's annual financial results for the financial year ending 30 June 2022.

The table below outlines Executive KMP's performance against the LTI's performance conditions. It is noted that all three performance hurdles are to be met for the LTI to fully vest.

Table 3: FY20 LTI outcomes for the CEO and CFO

Performance condition	Outcome	Further detail
Revenue target	Achieved	Revenue of $47.7m was achieved against a target of $45.8m.
Pro forma EBITDA target	Achieved	Pro forma EBITDA of $3.2m was achieved against a target of $2.9m.
Strategic target	Achieved	Successful completion of IPO capital raise greater than $40m.
FINAL VESTING OUTCOME	**100%**	

Employment related vesting conditions are to be met.

(d) Statutory disclosure of FY20 Executive KMP remuneration

Table 4: FY20 Executive KMP remuneration

MoneyMe Remuneration for the years ending 30 June 2020 and 30 June 2019	Financial Year	FAR			STI	LTI	
		Salary	Additional benefits[1]	Superannuation	Cash payment	Performance rights[4]	Total
		$	$	$	$	$	$
Clayton Howes[2]	**2020**	**401,179**	**87,186**	**25,000**	**450,000**	**85,909**	**1,049,274**
	2019	325,321	6,250	25,000	–	–	356,571
Neal Hawkins[3]	**2020**	**231,596**	**–**	**22,002**	**50,000**	**13,636**	**317,234**
	2019	–	–	–	–	–	–
Total	**2020**	**632,775**	**87,186**	**47,002**	**500,000**	**99,545**	**1,366,508**
	2019	325,321	6,250	25,000	–	–	356,571

[1] Additional benefits include a monthly car allowance and leave entitlements. Leave is included on a net movement basis.
[2] The FAR for Clayton Howes was $400,000 from 1 July 2019 to 31 October 2019. The current FAR was effective from 1 November 2019.
[3] Neal Hawkins commenced employment as the Group's CFO in August 2019.
[4] Performance rights are subject to meeting the vesting criteria. The amount disclosed is representative of the accounting remuneration.

4.3 Contractual Arrangements with Executive KMP

The terms of employment (including remuneration) for Executive KMP is outlined as per their executive service agreements with the Group. Refer to section 6.4(a) of the Group's Prospectus for a summary of the employment agreement with Clayton Howes (MD and CEO) and section 6.4(b) for a summary of Neal Hawkins' (CFO) employment agreement.

Table 5: Details on executive service agreements

Name	FAR	Duration of service agreement	Notice period		Severance payment entitlement	Restraint period
			By executive	By Group		
Clayton Howes (MD and CEO)	$475,000[5]	Ongoing	6 months	6 months	No entitlement	6 months
Neal Hawkins (CFO)	$295,000	Ongoing	3 months	3 months	No entitlement	12 months

[5] The FAR for Clayton Howes was $400,000 from 1 July 2019 to 31 October 2019. The current FAR was effective from 1 November 2019.

5. FY20 Non-Executive KMP Remuneration

(a) NED contractual arrangements

NEDs are appointed on a 3-year term and must not hold office without re-election for 3 or more years or for 3 or more Annual General Meetings since they were last elected to office. The terms of appointment for each of the Non-Executive Directors including their remuneration is summarised in section 6.3(b) of the Prospectus.

(b) NED fees

Directors are provided with fees to compensate them for the time commitments required in their role. These fees are set at a level, which allows the Group to attract and retain experienced and skilled Directors who are collectively responsible for the success of the Group by directing the strategy and supervising of the Group's business operations. The total remuneration paid to Directors is not to exceed the fee pool, which is currently set at $650,000.

The FY20 fee levels were as follows:

Position	FY20 fees
Board Chair	$125,000
Board Members	$70,000
Committee Chair	$10,000

Directors who sit as Committee members receive no additional fees. The fees outlined above are inclusive of statutory superannuation contributions and pro-rated for part-year Directors.

(c) NED equity plan

Equity Plan for NEDs	
Description	As disclosed in the Prospectus, upon the successful listing of MoneyMe Limited on the ASX on 12 December 2019, the Group made a 'once-off' grant of equity incentives to some Directors (known as the Board Performance Rights (**BPR**) Grant). The purpose of the BPR Grant was to reward and retain key Directors following the successful listing of the Group to ensure continuity and to build the shareholdings of those Directors. This aims to enhance alignment between the interests of NEDs and the long-term interests of MoneyMe.
Performance period	1 year (1 July 2019 to 30 June 2020). Following the performance period, there is an additional exercise restriction on a portion of the Performance Rights as follows: – 50% of vested Performance Rights can be exercised on the day following the release of the Group's annual financial results for the financial year ended 30 June 2020; and – 50% of the vested Performance Rights can be exercised on the day following the release of the Group's annual financial results for the financial year ending 30 June 2021. This is to ensure the alignment of these NEDs with the long-term interests of MoneyMe.
Exercise period	Following the end of any applicable exercise restriction on any vested Performance Rights, Directors will have 2 years to exercise their Performance Rights before they lapse.
Maximum opportunity	**Peter Coad:** $250,000
	Jonathan Lechte: $250,000
	Susan Wynne: participates in the EPR Grant instead as the performance conditions under the BPR Grant are not applicable to her skillset. The maximum opportunity for Susan Wynne under the EPR is $75,000. See section 4.1(b) for more detail on the EPR Grant.
	Scott Emery: does not participate in the BPR Grant as the Group deems his substantial shareholding in MoneyMe, as one of its Founders, sufficiently aligns his interest to that of shareholders.

Delivery	The BPR Grant is wholly delivered via Performance Rights, granted to the individual for nil consideration.
Allocation methodology	The BPR Grant is granted on a face value basis. This is calculated as the number of Performance Rights granted multiplied by MoneyMe's IPO offer price ($1.25).
Performance vesting conditions	The BPR Grant is subject to the successful completion of establishment and financial closing of a facility with a major bank or financial institution in FY20. The Board retains absolute discretion with respect to the targets and outcomes assessed under the BPR Grant, subject to compliance with the ASX Listing Rules.
Employment vesting conditions	The Board retains absolute discretion with respect to the treatment of Performance Rights for individuals ceasing employment with the Group subject to compliance with the ASX Listing rules. Typically: – where the individual ceases employment as a 'bad leaver' (i.e. due to resignation, dismissal for cause or poor performance or any other circumstances determined by the Board to constitute 'bad leaver'), any vested or unvested Performance Rights will lapse; and – where the individual ceases employment as a 'good leaver' (i.e. due to disablement, mental illness, redundancy, death, terminal illness or for reasons other than those of a 'bad leaver'), any unvested Performance Rights will lapse and any vested Performance Rights will remain exercisable until the end of the exercise period.
Malus/clawback	The Board retains absolute discretion with respect to the application of malus and clawback to any KMP's remuneration arrangements. The Group has malus (downwards adjustment of unvested or unpaid remuneration) and clawback (repayment of vested or paid remuneration) provisions in place for its KMP. In circumstances of any serious misconduct by the individual, and/or any material misstatement in the Financial Statements of the Group or any of its Related Bodies Corporate during any of the preceding 3 financial years, the Board may: – lapse all/a portion of unexercised Performance Rights (commonly known as 'malus'); – request the repayment of the after tax value of exercised Performance Rights or adjust current year remuneration arrangements (Director fees and BPR Grant participation) to match the after tax value of the amount due to be repaid (commonly known as 'clawback'.
Board discretion	The Board retains absolute discretion in regard to the operation of the BPR Grant subject to compliance with the ASX Listing Rules.

Refer to section 6.5(d) of the MoneyMe Prospectus for further information.

(d) NED equity plan outcomes

Under the BPR Grant, 0% vested due to the unsuccessful completion of establishment and financial closing of a facility with a major bank or financial institution in FY20. As these performance rights have lapsed none of the 400,000 rights under the BPR Grant plan will be available for exercise.

Under the EPR Grant, 100% of the performance vesting conditions for Susan Wynne have been met in accordance with the table below. The employment vesting conditions for the participant will be met given the individual is still a Director on the day of vesting. 50% of these vested Performance Rights will be exercisable on the day following the release of the Group's annual financial results for the financial year ending 30 June 2021 and the remaining 50% of these vested Performance Rights will be exercisable on the day following the release of the Group's annual financial results for the financial year ending 30 June 2022. The table below outlines the EPR Grant outcome for Susan Wynne.

Table 6: FY20 outcomes for NED Susan Wynne

Performance condition	Outcome	Further detail
Revenue target	Achieved	Revenue of $47.7m was achieved against a target of $45.8m.
EBITDA target	Achieved	EBITDA of $3.2m was achieved against a target of $2.9m.
Strategic target	Achieved	Successful completion of IPO capital raise greater than $40m.
FINAL VESTING OUTCOME	**100%**	

Employment related vesting conditions are to be met.

(e) Statutory disclosure of FY20 non-executive director remuneration

Table 7: FY20 non-executive director remuneration

MoneyMe Remuneration for the years ending 30 June 2020 and 30 June 2019	Financial Year	FAR			STI	LTI	
		Salary	Additional benefits	Superannuation	Cash payment	Performance rights[3]	Total
		$	$	$	$	$	$
Peter Coad[1]	**2020**	**74,659**	**–**	**7,093**	**–**	**–**	**81,752**
	2019	–	–	–	–	–	–
Jonathan Lechte[1]	**2020**	**44,242**	**–**	**4,203**	**–**	**–**	**48,445**
	2019	–	–	–	–	–	–
Scott Emery	**2020**	**24,887**	**–**	**17,503**	**–**	**–**	**42,390**
	2019	–	–	–	–	–	–
Susan Wynne[1]	**2020**	**38,712**	**–**	**3,678**	**–**	**44,296**	**86,686**
	2019	–	–	–	–	–	–
Steven Bannigan[2]	**2020**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	–	–	–	–	–	–
Total	**2020**	**182,500**	**–**	**32,477**	**–**	**44,296**	**259,273**
	2019	–	–	–	–	–	–

[1] Peter Coad, Jonathan Lechte and Susan Wynne all held office from 11 October 2019.
[2] Steven Bannigan was a NED of MoneyMe Limited's wholly owned subsidiary, MoneyMe Financial Group Pty Limited, up to the Group's reorganisation ceasing on 12 December 2019. Mr. Bannigan has not been a Director of MoneyMe Limited at any time.
[3] Performance rights are subject to meeting the vesting criteria. The amount disclosed is representative of the accounting remuneration.

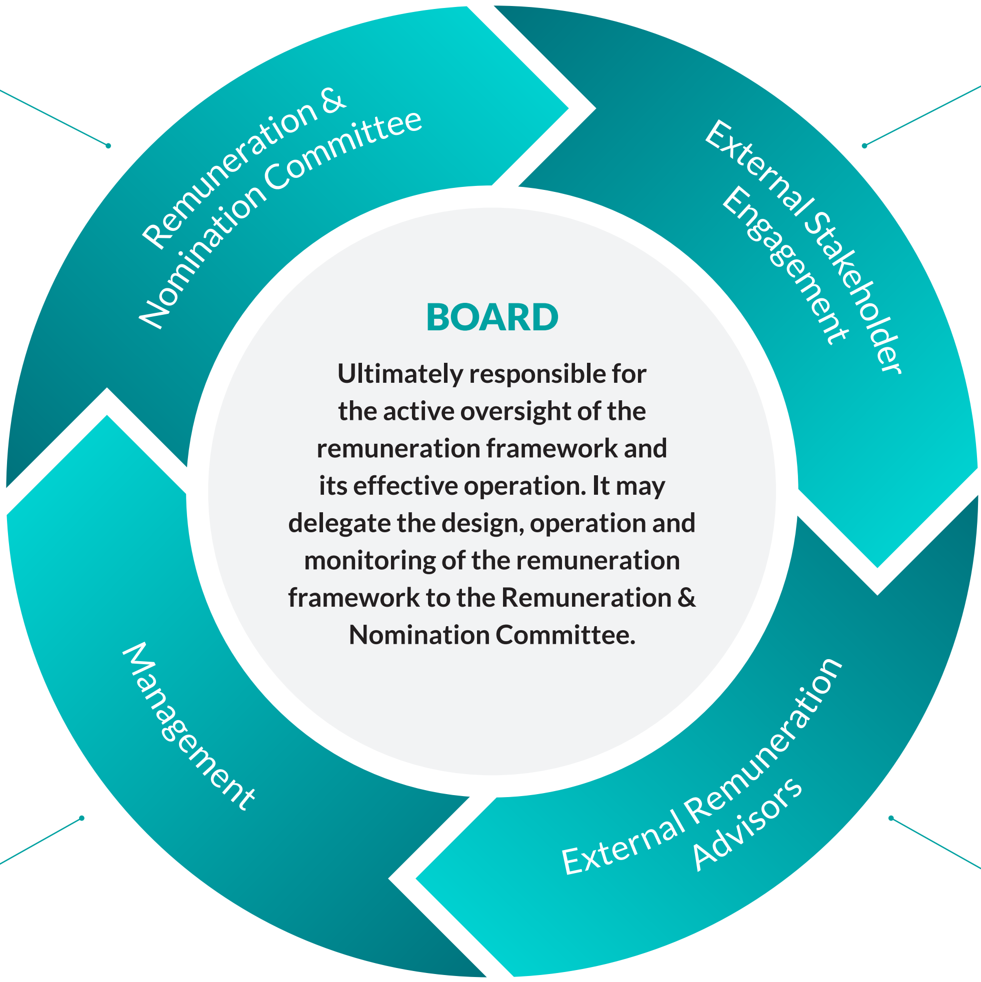
6. Remuneration Governance

The Board of MoneyMe Limited is responsible for evaluating and approving the remuneration arrangements of KMP at the Group. The Board will seek the advice and guidance of the Remuneration & Nomination Committee from time-to-time, as appropriate.

The diagram below outlines how the Board interacts with internal and external stakeholders of the Group.

Responsible for assisting the Board to discharge its responsibilities relating to the Executive KMP remuneration framework and outcomes, and Non-Executive Director remuneration.

Institutional investors and proxy advisors to be consulted on the Group's remuneration arrangements, to ensure their feedback is received.



Responsible for providing the required information to the Committee to support their decision-making. Management may engage external remuneration advisors from time-to-time to provide advice.

Remuneration advisors may be appointed by the Remuneration & Nomination Committee or management to provide external advice. No 'remuneration recommendations' were provided in FY20.

7. Additional Statutory Disclosures

This section provides any additional statutory disclosures not already included in the previous sections of the Remuneration Report.

(a) Performance Rights held by KMP

The table below outlines the movements in Performance Rights for KMP, including those granted, vested, and lapsed during the financial year.

Table 8: Movement in Performance Rights of KMP

KMP	Financial Year	Opening balance	Share rights granted		Share rights vested		Share rights lapsed	Closing balance
		No.	No.	$	No.	$	No.	No.
Clayton Howes	**2020**	**–**	**252,000**	**315,000**	**–**	**–**	**–**	**252,000**
	2019	–	–	–	–	–	–	–
Neal Hawkins	**2020**	**–**	**40,000**	**50,000**	**–**	**–**	**–**	**40,000**
	2019	–	–	–	–	–	–	–
Peter Coad	**2020**	**–**	**200,000**	**250,000**	**–**	**–**	**200,000**	**–**
	2019	–	–	–	–	–	–	–
Jonathan Lechte	**2020**	**–**	**200,000**	**250,000**	**–**	**–**	**200,000**	**–**
	2019	–	–	–	–	–	–	–
Scott Emery	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	–	–	–	–	–	–	–
Susan Wynne	**2020**	**–**	**60,000**	**75,000**	**–**	**–**	**–**	**60,000**
	2019	–	–	–	–	–	–	–
Steven Bannigan	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	–	–	–	–	–	–	–
Total	**2020**	**–**	**752,000**	**940,000**	**–**	**–**	**400,000**	**352,000**
	2019	–	–	–	–	–	–	–

The table below outlines the Performance Rights held by KMP under the EPR and BPR Grants.

Table 9: Performance Rights granted to KMP

KMP	Award	Grant date	Performance period start date	No. of rights at 30 June 2020	Exercise date
Clayton Howes	EPR	16 December 2019	1 July 2019	252,000	Day after release of annual reports for 2021/2022
Neal Hawkins	EPR	16 December 2019	1 July 2019	40,000	Day after release of annual reports for 2021/2022
Peter Coad	BPR	14 November 2019	1 July 2019	–	Day after release of annual reports for 2020/2021
Jonathan Lechte	BPR	14 November 2019	1 July 2019	–	Day after release of annual reports for 2020/2021
Scott Emery	N/A	N/A	N/A	N/A	N/A
Susan Wynne	EPR	16 December 2019	1 July 2019	60,000	Day after release of annual reports for 2021/2022
Steven Bannigan	N/A	N/A	N/A	N/A	N/A

(b) Shareholdings of KMP

The table below outlines the shareholdings of KMP and their related parties. This includes MoneyMe shares received from the Group's variable remuneration arrangements and shares acquired outside of these arrangements.

Table 10: Shareholdings of KMP

KMP	Opening balance[1]	Cancellation of shares[2]	Received on IPO[3]	Received on exercise of rights or options	Purchased / acquired	Disposed	Closing balance
	No.	No.	No.	No.	No.	No.	No.
Clayton Howes	95,737	(95,737)	51,494,716	–	–	(1,200,000)	**50,294,716**
Neal Hawkins	–	–	–	–	20,000	–	**20,000**
Peter Coad	1,231	(1,231)	662,126	–	–	–	**662,126**
Jonathan Lechte	1,231	(1,231)	662,126	–	–	–	**662,126**
Scott Emery	88,479	(88,479)	47,590,802	–	231,000	–	**47,821,802**
Susan Wynne	–	–	–	–	–	–	**-**
Steven Bannigan	51,665	(51,665)	27,789,405	–	–	(1,600,000)	**26,189,405**
Total	**238,343**	**(238,343)**	**128,199,175**	**–**	**251,000**	**(2,800,000)**	**125,650,475**

[1] Opening balance as at 1 July 2019 for shares in MoneyMe Financial Group Pty Limited.

[2] Cancellation of MoneyMe Financial Group Pty Limited shares.

[3] Issuance of MoneyMe Limited shares on IPO. Note that the cancelled MoneyMe Financial Group Pty Limited shares, and the subsequent issuance of the MoneyMe Limited shares on IPO were for the same fair value. Refer to the 2020 Annual Financial Report – Note 5 on the Group's business reorganisation and Note 19 on the Group's share capital for further information.

(c) Prohibition on hedging of shares of unvested equity awards

Under the Group's 'Securities Trading Policy', there are clear restrictions on the trading of MoneyMe shares where a person is in possession of price sensitive information that is not generally available. This Policy applies to all KMP and also prohibits individuals from entering into 'protection arrangements', which includes hedging the risk of their MoneyMe shareholding (including unvested equity awards).

A copy of our Securities Trading Policy is available on the Group website.

(d) KMP transactions

Refer to Note 22 of the 2020 Annual Report for all related party disclosures. All related party transactions as disclosed in Note 22 are KMP transactions.

03

Financial Report

Directors' Declaration

In the opinion of the Directors of MoneyMe Limited:

1. the Financial Statements and Notes are in accordance with the *Corporations Act 2001*, and give a true and fair view of the financial position of the Group as at 30 June 2020, and of its performance for the financial year ended at that date;
2. the Financial Statements are in compliance with International and Australian Financial Reporting Standards; and
3. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors.

Peter Coad
Chairman
Sydney, 25 August 2020

Clayton Howes
Managing Director and Chief Executive Officer
Sydney, 25 August 2020

Independent Auditor's Report

Deloitte.

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Australia

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Independent Auditor's Report to the Members of MoneyMe Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MoneyMe Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020 the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 & 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Expected credit loss provisioning

As at 30 June 2020, the Group has recognised $12.8m of expected credit loss (ECL) provisions in accordance with AASB 9 Financial Instruments as disclosed in Note 4.2, 4.3, 13 and 21.2.

The models developed by management to determine expected credit losses require judgement and assumptions to be made by management, including:

• Selection of criteria for identifying significant increase in credit risk,
• Selection of parameters input into the ECL models in relation to probability of default, loss given default and exposure at default,

Significant management judgement is also required in regard to the:

• Assessment on a forward looking basis using multiple economic scenarios of the impact on expected credit losses of potential macro-economic events, including the impact of COVID-19, and

• Assessment of expected credit loss provisioning model risk, being the risk that the model fails to perform adequately, and quantification of that risk.</td><td>Our procedures included, but were not limited to:

• Obtaining an understanding of the judgements made within the ECL models;
• Testing the design and implementation of relevant controls relating to loan approvals and identification of overdue amounts;
• Testing the data inputs in calculating the probability of default and loss given default, such as loan outstanding days past due status, origination date and loan duration, hardship or default dates, loan credit limit and interest rate, as well as agreeing a sample of loan information to source documentation;
• Assessing the provisioning methodology with reference to relevant accounting standards and market practices;
• Evaluating the reasonability of management's assumptions and judgments in relation to the selection of parameters and criteria input into the models in relation to the calculation of probability of default, loss given default, exposure at default, significant increase in credit risk, macroeconomic forecasts and scenarios and model risk overlays;
• Engaging our internal credit risk modelling experts to test the application of management's assumptions and the mathematical accuracy of the models through reperformance; and
• Challenging management's judgements on the macroeconomic factors and judgemental overlays in response to the current macroeconomic environment.

We have also assessed the appropriateness of the disclosures in Note 4.2, 4.3, 13 and 21.2 to the consolidated financial statements.</td></tr>
<tr><td>Effective Interest Rate

The Group reported interest income amounting to $43.0m in the year to 30 June 2020 and net loans receivable of $120.8m. Interest income received from loan receivables is determined using the effective interest rate (EIR) method in accordance with AASB 9 Financial Instruments. The loan receivable balance is measured and presented at amortised cost using the EIR method. The Group's disclosure over the effective interest rate is disclosed in Note 4.5 and 7.

Management judgement is required in calculating the EIR, including:

• Identifying the fees received between parties to the loan</td><td>Our procedures included, but were not limited to:

• Assessing the Group's accounting policy for revenue recognition with reference to the relevant accounting standards including the appropriateness of the inclusion of fees received between parties to the loan contract in the determination of the EIR;
• Evaluating the design and implementation of relevant controls relating to the calculation of the EIR;
• Challenging management's assumptions used in the EIR model, including estimated future cash flows, historical repayment patterns and the behavioural life of each lending product;</td></tr>
</table>

Independent Auditor's Report

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contract which need to be included in the determination of the EIR. • Determining the period over which expected cash flows are estimated to be received; Significant management judgement is required in calculating the EIR, including: • Considering the impact of loans which have been repaid early in the current environment to those estimates. In addition, the EIR model is both manual and complex and therefore may be subject to arithmetical and modelling errors.	• Assessing the impacts of changes in estimated cash flows due to early repayment of loans; • Agreeing a sample of key inputs to the EIR model to underlying source data such as signed loan agreements and bank statements; and • Testing on a sample basis the appropriateness of EIR calculation and recalculating interest income under the EIR method. We have also assessed the appropriateness of the disclosures in Note 4.5 and 7 to the consolidated financial statements.
Recoverability of deferred tax assets As at 30 June 2020 the Group has recognised $4.3m of deferred tax assets as disclosed in Note 9.4. Deferred tax assets include timing differences as well as those related to the reset of the tax base of the Group's intangible assets following the Initial Public Offering of the Group in December 2019. In accordance with AASB 112 *Income Taxes*, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference would be utilised. Significant management judgement is required to: • Determine the assumptions and estimates used in the preparation of the discounted cash flow model to value the tax base of the intangible asset such as: - Revenue and loan receivable growth rates; - Discount rates; and - Terminal value growth rates. • Determine the assumptions and estimates used to forecast future taxable profits including those that are affected by current economic conditions such as: - Timing of the receipt of funding; and - Growth rates of revenue, loan receivables and expected credit losses over the next 2 to 5 years.	Our procedures included, but were not limited to: • In conjunction with our internal tax specialists we assessed: a. the appropriateness of the revaluation of the intangible assets for tax purposes; and b. the deferred tax asset calculation prepared by management under Australian tax legislation and relevant accounting standards; • We engaged our internal valuation specialists to: a. challenge the appropriateness of management's growth rate and discount rate assumptions within the discounted cash flow model used to value the tax base of the intangible asset as calculated by management's expert; and b. test through reperformance the mathematical integrity of the model. • Assessing of the scope, competence, and objectivity of management's valuation expert; • Challenging the appropriateness of management's forecasts of available future taxable profit and assessing the reasonableness of the assumptions underlying the preparation of these forecasts, including the appropriateness of these in the current economic environment; and • Recalculating the mathematical accuracy of the deferred tax calculation. We have also assessed the appropriateness of the disclosures in Note 9.4 to the consolidated financial statements.

Independent Auditor's Report

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 41 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of MoneyMe Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R. Jones

Rebecca Jones
Partner
Chartered Accountants
Sydney, 25 August 2020

Independent Auditor's Statement of Independence

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The Board of Directors
MoneyMe Limited
Level 3
131 Macquarie St,
Sydney, NSW, 2000

25 August 2020

Dear Board Members

Auditor's Independence Declaration to MoneyMe Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Board Members of MoneyMe Limited.

As lead audit partner for the audit of the financial report of MoneyMe Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R. Jones

Rebecca Jones
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Loan interest income	7	43,011	27,548
Other income	7	4,660	4,346
Total Revenue		**47,671**	**31,894**
Interest expense	8.2	(12,751)	(8,544)
Sales and marketing expense	8.1	(5,049)	(3,388)
Product design and development expense	8.1	(2,710)	(1,557)
General and administrative expense	8.1	(10,322)	(6,199)
Depreciation and amortisation expense		(985)	(231)
Loan impairment expense	13.3	(15,973)	(11,850)
Total Operating Expenses		**(47,790)**	**(31,769)**
Profit / (Loss) Before Tax		**(119)**	**125**
Income tax benefit	9	1,418	199
Net Profit / (Loss) After Tax		**1,299**	**324**
Other comprehensive income		-	–
Total Comprehensive Income		**1,299**	**324**
		cents	**cents**
Basic profit per share	10	1	132
Diluted profit per share	10	1	131

The Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 $'000	2019 $'000
Cash and cash equivalents	11	35,379	6,062
Other receivables	12	999	506
Net loan receivables	13	120,751	78,332
Current tax asset	9	–	4
Deferred tax asset	9	4,296	760
Right of use assets	14	1,905	–
Property, plant and equipment	15	1,105	145
Intangible asset	16	2,166	781
Total assets		**166,601**	**86,590**
Other payables	12	1,913	1,099
Lease liabilities	14	2,120	–
Borrowings	17	113,126	81,564
Current tax payable	9	1,580	–
Employee related provisions	18	1,010	229
Total liabilities		**119,749**	**82,892**
Net assets		**46,852**	**3,698**
Share capital	19	211,800	2,794
Reserves	20	(166,933)	118
Retained earnings	2	1,985	786
Total equity		**46,852**	**3,698**

The Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Share Capital $'000	Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 30 June 2018		**2,794**	**90**	**1,634**	**4,518**
Adjustment on adoption of AASB 9		–	–	(1,172)	(1,172)
Balance as at 1 July 2018		**2,794**	**90**	**462**	**3,346**
Profit for the period		–	–	324	324
Other comprehensive income		–	–	–	–
Shares issued		–	–	–	–
Share based payment expense	**20**	–	28	–	28
Balance as at 30 June 2019		**2,794**	**118**	**786**	**3,698**
Adjustment on adoption of AASB 16	**2**	–	–	(100)	(100)
Balance as at 1 July 2019		**2,794**	**118**	**686**	**3,598**
Profit for the period		–	–	1,299	1,299
Other comprehensive income		–	–	–	–
Shares issued	**19**	208,706	–	–	208,706
Business reorganisation	**20**	–	(167,692)	–	(167,692)
Share based payment expense	**20**	300	641	–	941
Balance as at 30 June 2020		**211,800**	**(166,933)**	**1,985**	**46,852**

The Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Income from customers		46,928	31,770
Payments to suppliers and employees	ii	(15,992)	(10,753)
Net funding interest paid	i	(11,336)	(7,315)
Income tax (paid) / received		(7)	(32)
Net cash inflows from operating activities		**19,593**	**13,670**
Payments for property, plant and equipment	15	(1,087)	(158)
Payments for intangible asset development	16	(1,704)	(466)
Net loan disbursements		(58,393)	(46,684)
Net cash outflows from investing activities		**(61,184)**	**(47,308)**
Proceeds from borrowings	iii	31,562	37,172
Transaction costs related to borrowings		(1,356)	(975)
Principal repayment of leases	14, ii	(612)	–
Proceeds from issued share capital		41,314	–
Net cash inflows from financing activities		**70,908**	**36,197**
Net increase (decrease) in cash and cash equivalents		**29,317**	**2,559**
Cash and cash equivalents at the beginning of the period		6,062	3,503
Cash and cash equivalents	11	**35,379**	**6,062**

i: Includes interest related to cash receipts (see Note 11), interest in relation to leases (see Note 14) and interest related to borrowings (see Note 17).

ii: These Financial Statements reflect the adoption of AASB 16 *Leases*. Under the transition method chosen, comparative information has not been restated. The FY20 period results are therefore not directly comparable to the prior period. The adoption of AASB 16 has resulted in an increase in operating cash flows reported above, which is fully offset by a reduction in financing cash flows due to the principle repayment of leases. Refer to Note 2 for further information.

iii: Proceeds from borrowings is inclusive of the following amounts (in thousands): drawdowns from warehouse facilities of $32,525 (see Note 17), movement in borrowing costs associated with the facilities of $2,312 and repayment of shareholder loans before the Group listed of $3,275.

The Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2020

1. Group Information

1.1 Company Information

MoneyMe Limited (the Company) is a listed public company limited by shares, incorporated and domiciled in Australia. The Company was incorporated on 17 October 2019. The Company is also the parent and ultimate holding entity of the MoneyMe Group. The address of its registered office and principal place of business is:

Level 3
131 Macquarie Street
Sydney NSW 2000

The principal activity of the Company and its Controlled Entities (the Group) is to provide retail consumer finance. The Group reflects a business re-organisation that was completed in December 2019. Refer to Note 4 for further information.

1.2 Controlled Entities Information

Name	Country of Incorporation	Establishment date	Proportion of ownership held by Group	
			2020	**2019**
MoneyMe Financial Group Pty Limited[1]	Australia	9 May 2013	100%	100%
MoneyMe Finance Pty Limited[2]	Australia	7 November 2019	100%	–
MoneyMe Technology Pty Limited	Australia	7 November 2019	100%	–
MoneyMe Partnership Pty Limited[3]	Australia	7 November 2019	100%	–
MoneyMe Velocity Warehouse Trust[4]	Australia	17 December 2017	100%	100%
MoneyMe Horizon Warehouse Trust[4]	Australia	19 December 2018	100%	100%
ListReady Pty Limited	Australia	29 May 2019	100%	100%
ListReady (NZ) Pty Limited	New Zealand	14 April 2020	100%	–
RentReady Pty Limited	Australia	7 May 2020	100%	–

[1] Owns 100% of the shares of ListReady Pty Limited and RentReady Pty Limited.

[2] Owns the residual income units relating to MoneyMe Velocity Warehouse Trust and MoneyMe Horizon Warehouse Trust. Ownership changed in the financial year from MoneyMe Financial Group Pty Limited to MoneyMe Finance Pty Limited.

[3] Owns 100% of the shares of ListReady (NZ) Pty Limited.

[4] Ownership reflects capital and residual income unit ownership.

2. New and Amended Accounting Standards

2.1 AASB 16 *Leases*

AASB 16 *Leases* is applicable to reporting periods beginning on or after 1 January 2019 and was adopted by the Group from 1 July 2019. The standard replaces the previous standard, AASB 117 *Leases*. The Group has applied the requirements of AASB 16 to the existing leases as at 1 July 2019.

AASB 16 adopts a balance sheet approach, which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. This replaces the accounting treatment for a lessee under AASB 117 which was based on categorising the lease either as a finance lease (recognised on balance sheet) or an operating lease (not recognised on balance sheet). The Group has recognised a 'lease liability' and corresponding 'right of use' (ROU) asset upon adoption.

The Group chose to adopt the 'modified retrospective approach' under AASB 16 and therefore the impact of AASB 16 prior to the adoption date was adjusted to opening retained earnings at 1 July 2019, with no impact to comparatives.

Two lease agreements existed as at 30 June 2020 relating to 131 Macquarie Street ("Sydney") and 317 Hunter Street ("Newcastle"). The Group's Sydney lease agreement does not stipulate an option to renew and therefore it is assumed by management that the only available option is termination. Under AASB 16, if only a lessor has the right to terminate a lease, the non-cancellable period of the lease includes the period covered by the option to terminate the lease. Conversely, the Group's Newcastle lease has an option to renew for a further two years, subject to new commercial terms. The option period is included in the lease liability disclosed in Note 14.

Further, the Group considered and determined that no embedded leases were in effect during the financial year ended 30 June 2020.

The table below highlights the impact of different accounting treatment between AASB 117 and AASB 16 on the Group's Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position to at 1 July 2019 from adopting AASB 16 under the 'modified retrospective' approach.

	AASB 117	AASB 16	Impact of adoption of AASB 16
Statement of Profit or Loss and Other Comprehensive Income			
Interest expense:	n/a	Recognition of interest expense on lease liabilities	Higher interest expense
General and administrative expense:	Recognition of operating lease expense	n/a	Lower general and administration expense
Depreciation and amortisation expense:	n/a	Recognition of ROU asset depreciation expense	Higher depreciation expense
Operating expenses:	Recognition of operating lease expense	Interest expense less depreciation expense	Higher operating expenses on initial recognition but lower over time
Statement of Financial Position			
ROU asset:	n/a	Recognition of ROU asset	Higher assets
Lease liability:	n/a	Recognition of lease liability	Higher liabilities

In addition, it is noted that the adoption of AASB 16 has resulted in an increase in operating cash flows reported within the Consolidated Statement of Cash Flows, which is fully offset by a reduction in financing cash flows.

The table below sets out the movement from the operating lease commitment as at 30 June 2019 as disclosed in Note 19 of the 2019 Annual Financial Report and the opening lease liability as accounted for under AASB 16.

	$'000
Operating Lease Commitment as at 1 July 2019	**2,223**
Discount	(305)
Lease Liability as at 1 July 2019	**1,918**

The table below quantifies the impact from adopting AASB 16 relating to the prior year reflected in an adjustment to 1 July 2019 retained earnings.

	AASB 117 carrying amount	AASB 16 carrying amount	Retained earnings impact
	$ '000	**$ '000**	**$ '000**
Right of use asset	–	1,781	1,781
Lease liability	–	(1,918)	(1,918)
Net impact as at 1 July 2019	–	**(137)**	**(137)**
Opening balance deferred tax effect of lease remeasurement	–	37	37
Total impact on opening retained earnings (1 July 2019)			**(100)**

Refer to Note 14 for further information.

2.2 AASB 17 *Insurance Contracts*

AASB 17 *Insurance Contracts* is effective for annual reporting periods beginning on or after 1 January 2023. AASB 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes AASB 4 *Insurance Contracts*.

The Group expects to adopt AASB 17 for its 2021 Annual Financial Report. It is to be applied retrospectively unless impracticable, in which the modified retrospective approach, or the fair value approach is applied. The Group expects the standard's application to the MoneyMe 2021 Annual Financial Report will be limited or de minimis given AASB 17's focus on insurance policy issuers rather than policy recipients.

2.3 Interpretation 23 *Uncertainty over Income Tax Treatments*

Interpretation 23 clarifies the recognition and measurement requirements in AASB 112 *Income Taxes* when there is uncertainty over whether the relevant tax authorities will accept the proposed income tax treatments. As such, current and deferred taxes are to be recognised based on taxable profits or losses, tax bases, unused tax losses, and tax rates where they are expected to be accepted by the Tax Commissioner.

The Group has adopted this interpretation whereby accounting for tax treatments have been completed on the premise that current taxes and deferred taxes are recognised to the extent that they are probable.

3. Significant Accounting Policies

3.1 Basis of Preparation

3.1.1 Statement of Compliance

The Group is a for-profit, private sector business. The Financial Report is a general-purpose financial report, which has been prepared in accordance with the *Corporations Act 2001* and authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS).

The Group has adopted all the new and revised standards and interpretations issued by the AASB that are relevant to their operations and effective for the current financial year.

The Consolidated Financial Statements were authorised for issue in accordance with a resolution of the Directors on the date as set out on the Directors' Declaration.

3.1.2 Basis of Accounting

The Financial Statements have been prepared on the historical cost basis, except for certain assets which, as noted, are measured at fair value.

3.1.3 Basis of Consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Consolidation of an entity begins when the Company obtains control over the entity and ceases when the Company loses control of the entity. Specifically, income and expenses of an entity acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the entity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of entities is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the Financial Statements of entities to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. This includes elimination of Trust entity residual income units held by the Company that have been classified as financial liabilities at the Trust entity level.

3.1.4 Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. Refer to Note 4.4 for further details.

3.1.5 Segment Information

Management has determined that the Group has one reporting segment being the provision of retail consumer finance. The internal reporting framework is based on the principal activity. The assets as presented relate to the reporting segment, as identified above. No one customer represents greater than 10% of the Group's revenue. The Group operates predominately in Australia.

3.1.6 Functional and Presentation Currency

The Financial Statements are presented in Australian dollars, which is the Group's functional currency.

3.1.7 Rounding

The Group is of a kind referred to in the Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission. Amounts in this report have been rounded off to the nearest thousand dollars in accordance with the Corporations Instrument 2016/191.

3.2 Financial Instruments

3.2.1 Net Loan Receivables

3.2.1.1 Recognition, Classification and Measurement

The Group initially recognises Gross Loan Receivables at fair value, net of any transaction costs and subsequently measures them at amortised cost as:

- MoneyMe's business model is to collect contractual cash flows for its products until the account with the customer is closed. There have been no historic sales and there are no current plans to sell the accounts for fair value gains; and
- The Group's contractual cash flows are solely payments of principal and interest (SPPI) on the principal outstanding (the SPPI test).

Transferred loan receivables into the trust are still recognised in the Consolidated Financial Statements as the Group:

a) is exposed to, or has rights to, variable equity returns in its capacity as the residual unit holder (or beneficiary as the case may be) of these trusts;
b) has the ability to impact the variable equity returns in its capacity as the originator of loan receivables and the servicer of these loans on behalf of the trusts; and
c) is the sole subscriber to the Seller Notes issued by the trusts.

The Seller Notes go towards maintaining the minimum equity contribution/subordination buffer. In addition to the Seller Notes, the Group's asset-backed securitisation program includes multiple classes of Notes, which carry a floating interest rate.

The effective interest rate method is applied to loan receivable balances to include related fee income. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Loan receivables are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

3.2.1.2 Impairment

In accordance with AASB 9 *Financial Instruments*, the Group recognises a loss provision in the Statement of Financial Position for Expected Credit Losses (ECLs) relating to its financial assets. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Net receivable related provisioning includes an assessment in relation to the credit risk of undrawn commitments.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). It consists of three components:

a) Probability of default (PD): PD is an estimate of the likelihood that a loan will default within a set period.
b) Loss given default (LGD): LGD is an estimate of the loss arising on default. The LGD model has been generated using the method of averages in a two-step process, which includes judgements and estimates based on industry statistics and historical performance of the Group's portfolio.
c) Exposure at default (EAD): EAD is the total value the business is exposed to when a loan defaults. The default date is the day when a contractually due payment was not received. Management has set the balance owing on the loan to be the EAD if it is an estimate of the value or value at the end of the period. This balance excludes fees, as well as repayment amounts that have been allocated to fees. The EAD is discounted back monthly by the effective interest rate and amortised using the latest contracted principal repayment amount.

The Group's provisioning takes into account general hardship ("hardship") and COVID-19 hardship. Consumer loans are assessed to be in hardship in line with the Group's Responsible Lending policy. This reflects the completion of an information gathering, verification and assessment that concludes that the borrower will be unable to continue to make contractual loan repayments without experiencing substantial hardship. A borrower maybe in substantial hardship if they can only repay by reducing non-discretionary expenses. Consumers are assumed to be in COVID-19 hardship if they request deferrals or reductions to their contractual loan repayments because of the COVID-19 environment, have not been assessed under formal hardship and are not in arrears greater than 29 days past due at the time of assessment.

The Group applies the three-stage AASB 9 model to determine the loss allowance of its financial assets as follows.

Stage 1: At initial recognition, an ECL is collectively assessed and measured by classes of financial assets with the same level of credit risk. Recognition is a product of the PD over the next 12 months, LGD and EAD. The assessment that there has been no increase in credit risk since initial recognition is made in reference to a loan asset being less than 30 days in arrears and not in hardship.

Loan assets identified as being under COVID-19 related hardship arrangements with arrears greater than 30 days past due are reflected as stage 1 assets. The credit risk of these assets has been assessed overall to have not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. This reflects consideration of a number of factors, including a pro-active and supportive decision to offer all borrowers impacted by COVID-19 to alter their scheduled repayments to accommodate the COVID-19 environment, the availability of support arrangements being offered by other financial institutions to support businesses and individuals in the COVID-19 environment, market macro-economic forecasts and the availability of government COVID-19 stimulus measures such as access to the JobKeeper and early access to superannuation to allow customers to meet their commitments.

All COVID-19 hardship loans are monitored, including those with arrears greater than 30 days past due to ensure that the credit risk has not increased significantly.

The approach to reflect loan assets identified as being under COVID-19 related hardship arrangements with arrears greater than 30 days past due are reflected as stage 1 assets also reflects consideration of guidance from APRA and an understanding of market practice in regard to repayments under COVID-19 support arrangements as not being treated as in arrears.

Loan assets identified as being subject to general hardship arrangements that are not subject to COVID-19 specific related hardship arrangements are identified as having a significant increase in credit risk and are moved to stage 3 accordingly.

Stage 1 assets exclude any loans classified in stage 2 or 3.

Stage 2: The Group determines that there has been a significant increase in credit risk since initial recognition when a loan exposure is greater than 30 days past due unless they are subject to COVID-19 hardship arrangements. The Group recognises a loss provision for stage 2 assets as a product of the PD for the lifetime of the financial asset, LGD and EAD for a stage 2 asset.

Refer to stage 1 commentary regarding classification of loan assets identified as being under COVID-19 related hardship arrangements with arrears greater than 30 days past due.

Stage 2 assets exclude any loans classified as being in hardship or any loan classified in stage 1 or 3.

Stage 3: A financial asset is in 'default' when one or more contractual payments are missed or in reference to loan payments that are more than 90 consecutive days past payment. The Group recognises a loss provision as a product of the PD for the lifetime of the financial asset, LGD and EAD for a stage 3 asset. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Refer to stage 1 commentary regarding classification of loan assets identified as being under COVID-19 related hardship arrangements with arrears greater than 30 days past due.

Loan assets identified as being subject to general hardship arrangements that are not subject to COVID-19 specific related hardship arrangements are included in the assessment as stage 3 assets.

Stage 3 assets exclude any loans classified in stage 1 or 2.

Stage 3 asset related interest income is recognised net of loan losses.

Refer to Notes 4.2 and 13 for further information.

3.2.2 Cash, Other Receivables and Payables

3.2.2.1 Recognition, Classification and Measurement

The Group recognises and measures cash, cash equivalents, other receivables and payables at amortised cost.

3.2.2.2 Impairment

The Group assesses cash and other receivables for impairment. Management have assessed under the simplified approach this to be not material, and therefore no provisioning has been recognised in the financial year.

Refer to Note 11 for cash and cash equivalents and Note 12 for other receivables and payables.

3.2.3 Borrowings

3.2.3.1 Recognition, Classification and Measurement

The Group recognises and measures financial liabilities when it enters into the obligation at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Transaction costs are defined as incremental costs that are directly attributable to the issue of the financial liability that would not have been incurred if the Group had not acquired the financial instrument. The effective interest rate method is used on borrowings to calculate the amortised cost of a financial liability and to allocate fee expenses over the relevant period.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Refer to Note 17 for further information.

3.3 Revenue

The Group recognises revenue in accordance with AASB 9 or AASB 15 depending on its nature and classification.

Loan Interest income, which includes all loan contractual and non-contingent interest and fees charged, related to loan receivables is measured and presented on an effective interest rate basis. Under AASB 9, the effective interest rate method is used on loan receivables, based on estimated future cash receipts over the expected life of the financial asset. In making their judgement of estimated future cash flows and expected life of the loan receivables balance, management have considered the contractual and historical repayment pattern of the loan receivables.

The Group's referral commission income has been classified as revenue from contracts with customers and is recognised under AASB 15 at a point in time when the performance obligation has been satisfied. The performance obligation is deemed satisfied once the lead has been provided to the respective party and is generally payable a month or within a month after the lead has been provided.

Income from previously written off loan balances and contingent loan fee income (such as late fees) not classified under the effective interest rate method is reflected as Other Income and recognised as received at a point in time.

Refer to Notes 4.5, 7 and 8 for further information.

3.4 Intangible Assets

3.4.1 Recognition, Classification and Measurement

Software development costs are capitalised only when:

- the technical feasibility and commercial viability of the project is demonstrated;
- the Group has an intention and ability to complete the project and use it or sell it; and
- the cost can be measured reliably.

Such costs include payments to external contractors to develop the software, systems and personnel costs of employees directly involved in the project.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

The applicable estimated useful life of the Group's intangible asset is 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Refer to Note 16 for further information.

3.4.2 Impairment of Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets, including non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.5 Taxation

3.5.1 Income Tax Benefit / Expense

The income tax expense or benefit represents the sum of the tax currently payable and the application of any deferred tax in the period.

3.5.2 Current Tax

The tax currently payable or receivable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Current tax is recognised in profit or loss, except where it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

3.5.3 Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except where it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.5.4 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Refer to Notes 4.6 and 9 for further information.

4. Critical Accounting Estimates and Judgements

4.1 Overview

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant estimates and judgements made have been described below.

4.2 Loan Provisioning

4.2.1 Significant Increases in Credit Risk and Default

As explained in Note 3.2, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. AASB 9 does not define what constitutes a significant increase in credit risk. The Group judges that the credit risk of an asset has significantly increased when a loan exposure is greater than 30 days past due, is more than 90 consecutive days past payment or in hardship. The Group judges that a financial asset is in 'default' when one or more contractual payments have been missed or in reference to loan payments that are more than 90 consecutive days past payment and when loans are written-off. As explained in Note 3, COVID-19 hardship loans are classified as stage 1 assets unless another trigger is identified during the monitoring of these loans that would result in a significant increase in credit risk.

4.3 Calculation of Loss Allowance

4.3.1 Base Loss Allowance Calculation

When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historic customer loan repayment data, the macro-economic environment and modelling risks. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Management use data based modelling to support judgements in this area with separate models used in relation to the Personal Loan, Freestyle and ListReady products. Model data inputs and reference points include loan receivable level historic data, APRA historic loss data and forward looking external economic factors, sourced from credible third parties.

The 2020 base loss calculation allowance reflects further model refinements and development as compared to the 2019 base loss allowance calculation. This includes the use of additional historical data, in particular in relation to the Freestyle product, further modelling in relation to undrawn balances that applies a Credit Conversion Factor (CCF) rate to undrawn balances, provisioning in relation to the ListReady product that was launched during the 2020 financial year and updates in relation to more recent loan book characteristics.

Personal loan and Freestyle modelling applies up to 2 years of the most recent historic data. The Expected Credit Loss (ECL) amortisation period was extended to 60 months for the current year, 36 months was applied for the prior year. This extension was made to account for longer dated receivables now originated by the Group.

Probability of default (PD) for Personal loans has been segmented into two groups for borrowers with employment length greater than 1 year and less than 1 year. Personal loan PD segmentation has not changed from prior year. Freestyle PD has also been segmented into two groups, for borrowers with a credit limit amount greater than $3,015 and less than $3,015. Freestyle PD segmentation has changed from prior year as it was previously prepared in accordance with the same Personal loan segmentation.

Loss given default (LGD) has also been segmented into groups to account for different risk profiles of the Groups borrowers. The LGD for Personal loan and Freestyle has been segmented based on borrower's employment with a specific industry sector. There has been no change in LGD segmentation from prior year.

Exposure at default (EAD) maximum input for Personal loan has increased to $50,000 in 2020 from $15,000 in the prior period in line with the Group's current loan offering. Similarly, EAD maximum input for Freestyle increased to $10,000 in 2020 from $5,590 in the prior period.

The Group applies a 25% CCF in relation to undrawn commitments on Freestyle for customers who are not in arrears. For customers who are in arrears the CCF is reduced to 2%. The Group did not apply a CCF in prior years.

ListReady has a lower LGD than the Personal Loan and Freestyle products given the Group has the right to place a caveat over the borrower's property. ListReady related modelling also uses more general conservative assumptions as inputs that reflect the product's relatively recent launch, during the 2020 financial year, and materiality.

An overlay to staging was applied for loans under COVID-19 hardship arrangements; where days in arrears was more than 30 these loans were modified to be stage 1. This is a new adjustment to reflect the COVID-19 environment and arrangements in 2020 that did not exist in the prior year.

As at 30 June 2020, $4.6m (3%) of gross loans were reclassified as stage 1 loans due to COVID-19 hardship. $3.7m (80%) were subject to revised payment arrangements and $0.9m (20%) were subject to deferred payment arrangements. $0.4m of the stage 1 provision balance as at 30 June 2020 relates to COVID-19 hardship loans.

As at 30 June 2020, $1.0m (1%) of gross loans were classified as general hardship loans all of which are subject to revised payment arrangements. The general hardship loans account for $0.2m of the stage 3 provision balance as at 30 June 2020.

4.3.2 Loss allowance overlay calculations

Management have also applied model risk and further macro-economic overlays to address the risk of data modelling errors and the uncertainty from the broader economic environment. Macro-economic overlays have been increased significantly when compared to the Group's Interim reporting in particular to reflect the COVID-19 environment. Management's judgement in this area also reflects reference to operational credit risk reporting and available market benchmarking.

The principal macroeconomic indicators referenced in the economic scenarios considered for the positions on 1 July 2019 and 30 June 2020 are Gross Domestic Product (GDP), GDP index, GDP index change and unemployment. GDP has been determined to have economic correlations to inflation and unemployment, which can have a corresponding impact on loan performance. The model also references information from the Australian Prudential Regulation Authority (APRA) Authorised Deposit-Taking Institution (ADI) quarterly performance statistics for losses data, with a set of variables obtained from the Australian Bureau of Statistics (ABS) including GDP, GDP growth rates, headline Consumer Price Index (CPI) growth rates, trimmed CPI and unemployment. Economic forecast reports from the market are used to support and validate this data further.

Macro-economic overlays have been determined based on statistical modelling. This modelling involved regression analysis using historical macroeconomic data sourced from the Australian Bureau of Statistics (ABS) to support the determination of key macro-economic predictors to be used for scenario modelling. Scenario modelling reflects reference to a Base Case forecast provided by a credible third party that is adjusted to determine upside and downside scenarios. The scenarios were weighted to determine an appropriate macro-economic overlay, with a significantly higher weighting applied for the downside scenario as compared to the upside scenario given the uncertainties that relate to the COVID-19 environment. The ECL related to the macro-economic overlay has been calculated so that it includes the maximum loan tenor offered across the portfolio.

The 2020 loss allowance overlay calculations and approach also reflect further model refinements and development as compared to the 2019 base loss allowance calculation. This includes a reduction in the model risk overlay that reflects model back testing, the availability of additional historical data and further modelling in relation to undrawn balances. It also reflects changes in assumptions and inputs used to calculate the macro-economic overlay that has resulted in an increase in the macro-economic overlay to reflects the COVID-19 environment.

Refer to Notes 3.2.1.2 and 13 for further information.

4.4 Going Concern

A Going Concern assessment has been made in reference to accounting standard and *Corporations Act 2001* requirements to confirm that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This assessment has included completion of the base case, upside and downside financial projection scenarios that take into the account the COVID-19 environment and completion of a formal funding plan that includes stress testing and a contingency funding plan. This business expects to continue to operate within its set liquidity risk appetite and continue its normal business activities.

4.5 Fee Income Recognition

The Group interest and fees on customer receivables using the effective interest rate method that reflects the expected useful life of the underlying financial asset and the rate that discounts cash flows back to the present value. In making their judgements around the expected life of the underlying customer receivables balance and the discount rate applicable, management have considered the contractual and historical repayment patterns and contracted repayments of the customer receivables.

Refer to Notes 3.3 and 7 for further information.

4.6 Taxation

The Group's current tax balances reflect management's assessment of the amount of tax payable or receivable in the current period, supported by the judgement specialist independent tax advice where deemed appropriate.

The Group's deferred tax balances reflect an expectation to recover or settle temporary differences that relate to tax. These assessments and expectations reflect an interpretation of tax legislation regarding arrangements entered into by the Group and the application of tax rates that are expected to apply in the period when tax liabilities are expected to settle or tax assets are expected to be realised.

Deferred tax asset recognition reflects an assessment that it is probable that there will be enough taxable profits against which to utilise the benefits of the temporary differences and that they are expected to reverse in the foreseeable future. Management have applied overlay adjustments to all deferred tax asset balances to reflect uncertainties relating to model risk, business uncertainties and uncertainties that reflect the macro-environment. The macro-economic overlay applied to the 2020 deferred tax asset balances reflects consideration of the COVID-19 environment in particular.

Refer to Notes 3.5 and 9 for further information.

5. Public Listing and Business Reorganisation

During the period, the Group undertook an Initial Public Offering (IPO) and reorganisation. This included establishing a listed entity, MoneyMe Limited, which became the parent entity of MoneyMe Financial Group Pty Limited and its controlled entities. The Company and the existing shareholders in MoneyMe Financial Group Pty Limited acquired the holdings of the previous shareholders in consideration for cash and shares in the Company immediately upon IPO completion.

The IPO related restructuring is considered to be a form of capital restructuring and group reorganisation in reference to AASB 3 *Business Combinations* that is being accounted for at book value as follows:

— the assets and liabilities of MoneyMe Limited include the carrying values of the assets and liabilities of MoneyMe Financial Group Pty Limited;
— the retained earnings and other equity balances recognised in the Consolidated Financial Statements include the existing retained earnings and other equity balances of MoneyMe Financial Group Pty Limited; and
— the amounts recognised as issued capital in the Consolidated Financial Statements of the MoneyMe Limited reflects the impact of the restructure, and the market capitalisation of the Company at the date of the IPO completion. An offsetting entry to a reorganisation reserve has been recognised to align total equity with the net asset position of the Group.

During the period, the Group incurred IPO-related expenses. IPO-related expenses related to the equity raising were allocated against equity ($4.0m) (gross of tax), with the remaining IPO-related expenses allocated against general and administrative expenses ($2.4m).

6. Coronavirus 2019 (COVID-19)

The current global COVID-19 pandemic has emerged as key challenge for businesses, governments and individuals to manage in the first half of the 2020 calendar year. An assessment of its impact on the Group's key risks, as identified in its Risk Appetite is provided below.

6.1 Credit Risk

COVID-19 can affect the ability of borrowers to meet their obligations under their loan contracts. Borrowers exposed to particular sectors, such as certain geographic and employment sectors, may be directly impacted by government-enforced regulation and lockdowns, causing income or job loss. More broadly, reductions in forecasts in economic growth due to COVID-19 have increased the probability of default across loan portfolios as the impact of the deterioration in the macroeconomic environment is an increase in the rate of unemployment, causing strain on borrower's ability to repay their loans due to the resultant income or job loss.

The business has continued to originate loans with credit decision rules calibrated through its Horizon Technology Platform, suitable for the COVID-19 environment. The business also implemented further new business underwriting validations to support robust credit risk management. Hardship arrangements were put in place from March 2020 to allow borrowers who identified themselves as experiencing hardship due to the COVID-19 environment to either defer payments to 30 June 2020 or agree a revised scheduled repayment plan.

Ongoing, regular and enhanced reporting and analysis of loan book performance and new originations have been completed as the COVID-19 environment has progressed to inform and guide timely and appropriate decision making.

The Group is aware that some borrowers benefited from government stimulus-related measures, such as JobKeeper or early access to superannuation funds. It is also likely that some borrowers may have benefited from hardship arrangements put in place by other financial institutions. As a result of such arrangements, some borrowers may present a lower credit risk to the Group in the current environment than otherwise might have been the case.

The Group adopted a robust approach in accounting for the potential impacts of COVID-19 on credit risk and provisioning with a significant increase made to the macro-economic overlay above the base provision amount. Despite the inherent uncertainties from the COVID-19 environment, the Group's diversified customer base and targeted origination growth strategy continue to minimise COVID-19 related credit risk.

Refer to Notes 3.2, 4.2, 13 and 21.2 for further information.

6.2 Liquidity Risk

COVID-19 has impacted business operational cash flows and the availability of debt and equity capital to support business activities and growth. Management has completed additional reporting and analysis of liquidity risk and actual and projected cash flows as the COVID-19 environment has progressed to inform and guide timely and appropriate decision making.

The Group's plans to execute a new funding facility has been delayed due to circumstances relating to the COVID-19 pandemic. This also resulted in all Board Performance Rights lapsing as at 30 June 2020 due to the related performance condition not being met. The new facility will allow the Group to accelerate growth and improve revenue margins. The Group expects to access funding from the Structured Finance Support Fund (SFSF) via the Australian Office of Financial Management (AOFM) to support settlement of the new warehouse facility.

The Group secured continued access to its existing trust funding facilities to provide funding certainty to November 2021. It is anticipated that a significant balance of current trust assets will be transferred to the new warehouse on set-up in the 2021 financial year.

The Group has accessed a number of government COVID-19 stimulus measures that have supported operational cashflows in the immediate term and applied AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* to account for stimulus packages the Group has been party to. The Group continues to elect to present government related support arrangements as deductions against related expenses, rather than as "Other Income" as AASB 120 also allows. As at 30 June 2020, $0.6m has been offset against the Group's total expenses (including tax expense).

The Group's liquidity is assessed to be sound, despite the uncertainties of the COVID-19 environment.

Refer to Notes 11 and 21.4 for further information.

6.3 Regulatory Compliance

MoneyMe is subject to a range of laws, regulations and industry standards including (but not limited to) the National Consumer Credit Protection Act 2009 (Cth) (NCCP Act), the Financial Sector (Collection of Data) Act 2001 (Cth) (FSCODA) and the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CFT) (Cth), each of which creates conduct and disclosure obligations applicable to MoneyMe, and are liable to change with developments in political, regulator and consumer expectations.

Failure to comply with these laws, regulations and industry compliance standards could adversely impact MoneyMe's business through civil penalty proceedings, loss or suspension of licence, increased compliance costs, the cessation of certain business activities, restrictions on product and service expansion, litigation and disputes, regulatory enquiry or investigation and reputational damage.

The Group implemented additional controls to help ensure that new lending approvals consider any impacts from the COVID-19 environment.

6.4 Operational Risk

Key specific operational risks that relate to MoneyMe include an exposure to human error and fraud relating to employees not carrying out their duties responsibly and in line with agreed policy and process, the risk of technology-related processing failures, continuing technology relevance, data security and the reliance on third-party systems suppliers.

The business continuity plan was successfully implemented in response to the COVID-19 environment with all staff transitioned to working from home when required. Employee working arrangements have evolved in response to the environment and advice received with some staff returning to office-based work arrangements that reflect implementation of the appropriate the safety and wellbeing protocols.

The Group maintained 100% uptime availability throughout the financial year with development ongoing to further enhance and develop the core Horizon Technology Platform in particular. There has not been any material impacts from the use third party suppliers as a result of COVID-19.

6.5 People

The successful operation of MoneyMe depends on the performance and expertise of its key management personnel and high-performing employees with specialist skills. The loss of certain key personnel, and the inability to attract and retain replacements or new key personnel, may have a materially adverse impact on MoneyMe's business, operating and financial performance, and/or growth.

Staff morale and engagement has remained high during the COVID-19 environment and while adopting the new working arrangements. No staff COVID-19 cases have been identified with no loss of any personnel due to COVID-19. The business has continued to attract and retain high-performing talent to support current and future business performance with a key focus maintained throughout the period to maintain regular communication and updates and implement the latest government health and safety requirements.

6.6 Customer and Brand Reputation

The strength of MoneyMe's brand and reputation is an important part of retaining and growing its customer bases and, accordingly, an event that has a negative impact on MoneyMe's brand could have a material adverse impact on the demand for MoneyMe's products. This may adversely impact MoneyMe's business, financial condition, operating performance, and/or growth.

The Group's Net Promoter Score (NPS) increased to 80 for the month of March 2020 and was 75 as at 30 June 2020. This represents record high customer satisfaction level, driven by high levels of automation and no disruption to service levels during a period when customers may have expected long wait times and disruption to services. The strong performance across customer service operating metrics during the COVID-19 pandemic are reflective of a number of productivity focused initiatives including the use of specialised monitoring software.

6.7 Financial Performance

MoneyMe has developed a number of growth strategies which include increasing MoneyMe's market penetration, increasing MoneyMe's Total Addressable Market through product innovation and entering new geographies.

The Group is reporting record revenue of $47.7m for FY20, up 49% on the prior year and outperforming Prospectus forecast (FY20F: $45.8m). The record revenue for FY20 reflects stronger than forecast loan originations of $178.5m[1], up 53% on the prior year (FY19: $116.9m). Strong results were achieved across its Key Operating Metrics as set-out in the IPO Prospectus.

The strong 2020 financial result has been achieved despite impacts by the COVID-19 environment that have included a reduction in origination levels, higher than planned asset run-off that appears in part to reflect the ability for some borrowers to have early access to superannuation and higher than planned credit loss provisioning (as outlined above).

The Group has continued to innovate and implement growth strategies throughout the COVID-19 pandemic, including the launch of the new RentReady product, the signing of a strategic alliance with Cashrewards that will allow Freestyle customers to earn cash back on purchases made online or in store using their Mastercard and the launch of new merchant channels to sign-up customers at point of sale.

[1] This number relates to principal originations.

7. Revenue

The Group has further updated its estimates relating to the effective life of the underlying financial assets that is used to calculate effective yield income since the half-year reporting period. The updates reflect review of further historic data and the expected effective life of loan assets. The Group plans to continue to review and update its estimates in this area for future reporting periods on the same basis.

Further details relating to Other Income is disclosed below.

	2020 $'000	2019 $'000
Referral income	920	1,373
Recoveries	1,800	1,354
Other	1,940	1,619
Total other income	**4,660**	**4,346**

Recoveries represent income from loans previously written off. Recoveries amounting to $0.4m in the 2020 financial year relate to receivables originated in the same financial year. Other income includes fees and charges related to loans that have not been recognised as interest income under the effective interest rate methodology. It also includes bank interest income.

Refer to Note 3.3 for further information.

8. Operating Expenses

8.1 Operating expenses

Operating expenses include employee expenses of $5,458,000 in 2020 (2019: $3,844,000). These are attributed across the sales and marketing expense, product design and development expense, and general and administrative expense categories.

The Group has deducted $0.4m across the sales & marketing, product design & development and general & administrative expense categories in line with its access to the government COVID-19 related stimulus program in the last quarter of the 2020 financial year. The Group expects to be able to continue to access the same government stimulus measures until 31 March 2021.

The comparatives within the Consolidated Statement of Profit or Loss and Other Comprehensive Income have been restated to ensure consistency with the current year's classification which is by function rather than by nature as was previously disclosed. This better reflects the Group's current and future operations and resulted in costs being allocated from their previous accounts to sales and marketing expense, product design and development expense and general and administrative expense.

8.2 Interest expense

	2020 $'000	2019 $'000
Loan financing expense	12,477	8,430
Corporate interest on debt	117	114
Interest of lease liability	157	–
Interest expense	**12,751**	**8,544**

Loan financing expense reflects the cost of debt financing held within the Group's Warehouse Trust entities. Corporate interest on debt reflects the cost of debt held outside of the Group's Warehouse Trust entities.

Refer to Note 17 for further information.

9. Taxation

9.1 Overview

The restructure on listing resulted in a new tax consolidated group being created with MoneyMe Limited as its head entity. As a result, all tax values of the Group's assets and liabilities were reset and current and deferred tax amounts relating to transactions, events and balances of all entities in the Group were treated as if those transactions, events and balances were the head entity's own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Any adjustments to the tax bases of assets and liabilities were recognised through the Group's Statement of Profit or Loss and Other Comprehensive Income.

9.2 Income tax benefit

The components of tax expense comprise:	2020 $'000	2019 $'000
Current tax	2,242	890
Deferred tax	(3,007)	(230)
Research and Development (R&D) tax offset[1]	(653)	(859)
Income tax benefit	**(1,418)**	**(199)**

[1] The R&D tax offset is an offset available for active R&D entities on eligible R&D activities.

Numerical reconciliation between tax expense and pre-tax accounting profit:	2020 $'000	2019 $'000
Profit before income tax	**(119)**	**125**
Income tax using the domestic tax rate of 27.5% in 2020 (2019: 27.5%)	(33)	34
Effect of expenses that are not deductible	3	4
Effect of concessions (R&D and other allowances)	(36)	(265)
Deferred tax benefit / (expense)	(1,352)	28
Income tax benefit	**(1,418)**	**(199)**

Tax expenses reflect access to $0.2m in government COVID-19 related stimulus programs. The cashflow impact from accessing these arrangements has been reflected in line with the relevant cashflow expense.

9.3 Current tax payable

	2020 $'000	2019 $'000
Opening current tax asset / (payable) balance	**4**	**(188)**
Current tax expense for the period	(2,242)	(667)
R&D tax offset	653	859
Tax instalments paid	5	–
Closing current tax asset / (payable) balance	**(1,580)**	**4**

9.4 Net deferred tax

	Net deferred tax at 30 June 2020 $'000	AASB 16 adjustments $'000	Net balance at 1 July 2019 $'000	Tax cost base reset adjustment $'000	Recognised in P & L $'000	Recognised in equity $'000	Net deferred tax at 30 June 2020 $'000
Cash & cash equivalents	–	–	–	–	–	–	–
Other receivables	**31**	–	**31**	–	–	–	**31**
Net loan receivables	**617**	–	**617**	–	**1,303**	–	**1,920**
Property, plant & equipment	–	–	–	6	**(18)**	–	**(12)**
Right of use asset	–	37	**37**	–	**107**	–	**144**
Intangible asset	–	–	–	1,529	**53**	–	**1,582**
Other payables	**48**	–	**48**	–	**45**	–	**93**
Lease liabilities	–	–	–	–	**(91)**	–	**(91)**
Borrowings	**1**	–	**1**	–	**(1)**	–	**0**
Employee related provisions	**63**	–	**63**	–	**14**	–	**77**
IPO costs	–	–	–	–	**60**	492	**552**
Net deferred tax asset / (liability)	**760**	37	**797**	1,535	**1,472**	492	**4,296**

	Net deferred tax at 30 June 2018 $'000	AASB 9 adjustments $'000	Net balance at 1 July 2018 $'000	Tax cost base reset adjustment $'000	Recognised in P & L $'000	Recognised in equity $'000	Net deferred tax at 30 June 2019 $'000
Cash & cash equivalents	–	–	–	–	–	–	–
Other receivables	**31**	–	**31**	–	–	–	**31**
Net loan receivables	**52**	447	**499**	–	**118**	–	**617**
Property, plant & equipment	–	–	–	–	–	–	–
Right of use asset	–		–	–	–	–	–
Intangible asset	–	–	–	–	–	–	–
Other payables	–	–	–	–	**48**	–	**48**
Lease liabilities	–	–	–	–	–	–	–
Borrowings	–	–	–	–	**1**	–	**1**
Employee related provisions	–	–	–	–	**63**	–	**63**
IPO costs	–	–	–	–	–	–	–
Net deferred tax asset / (liability)	**83**	447	**530**	–	**230**	–	**760**

A deferred tax asset has been recognised in regard to intangible assets in the period. This reflects an estimate as to the tax recoverable on differences between the carrying amounts of the intangible assets in the Financial Statements and the corresponding tax bases used in the computation of taxable profit at this point in time. The change in the tax base is as a result of the business re-organisation as described in Note 3 and will be released against taxable profits over time.

The carrying amount of deferred tax assets has been reviewed as at 30 June 2020 in reference to the current COVID-19 environment in particular. It is assessed that there is appropriate certainty to support the reported deferred tax asset, with overlays applied, after considering tax regulations, business plans and probable projected taxable profits.

It is noted that the reported deferred tax asset excludes $7.4m that is being held off-balance sheet as part of set overlays that reflect consideration and uncertainties relating to the COVID-19 environment. The Group does not have any unused tax losses as at 30 June 2020.

10. Earnings Per Share

10.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Group by the weighted-average number of ordinary shares outstanding during the financial year, adjusted for ordinary shares issued during the financial year.

10.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2020 $'000	2019 $'000
Profit/(loss) after income tax	1,299	324
	No.	**No.**
Weighted average number of ordinary shares used in calculating basic EPS	154,306,113	246,134
Adjustments for calculation of diluted EPS:		
Options	–	2,345
Rights	–	–
Weighted average number of ordinary shares used in calculating diluted EPS	154,306,113	248,479
	cents	**cents**
Basic profit / (loss) / EPS	**1**	**132**
Diluted profit / (loss) / EPS	**1**	**131**

The diluted earnings per share calculation to 30 June 2019 and 30 June 2020 only includes those options that have met the performance hurdles including the service conditions as at the period end.

Refer to Note 19 for further information.

11. Cash and Cash Equivalents

11.1 Overview

	2020 $'000	2019 $'000
Cash at Bank	26,577	947
Restricted cash held in the Group's Warehouse Trusts[1]	8,802	5,115
Total cash and cash equivalents	**35,379**	**6,062**

[1] Refers to cash that is held by the Group that is not available for immediate ordinary business use.

11.2 Reconciliation of operating profit after income tax to net cash used in operating activities

	2020 $'000	2019 $'000
Operating profit after income tax	**1,299**	**324**
Adjustments for:		
Depreciation and amortisation	984	231
Share-based payment expense	641	93
Share-based payment buyback	–	(65)
Loan impairment expense	15,973	11,850
Interest accrued as part of borrowings	1,356	975
(Decrease) in trade receivables	(493)	(49)
(Decrease) in current tax	1,776	(192)
(Decrease) / Increase in deferred tax asset	(3,537)	(230)
Increase in trade payables	814	649
Increase in provisions	780	84
Net cash from operating activities	**19,593**	**13,670**

12. Other Receivables and Payables

12.1 Other receivables

	2020 $'000	2019 $'000
Rental bond[1]	354	390
Other	645	116
Total other receivables	**999**	**506**

For the purposes of impairment assessment, the other receivable balances are considered to have low credit risk following an assessment of the relevant counterparties. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

[1] The amount of the rental bond is held on deposit as a bank guarantee.

12.2 Other payables

	2020 $'000	2019 $'000
Accrued expenses	201	507
Warehouse trust related payables	–	240
Other	1,712	352
Total other payables	**1,913**	**1,099**

13. Net Loan Receivables

13.1 Overview

	2020 $'000	2019 $'000
Gross loan receivables	133,560	87,458
Loan provisions	(12,809)	(9,126)
Net loan receivables	**120,751**	**78,332**

13.2 Gross loan receivables

	2020 $'000	2019 $'000
Opening balance	**87,458**	**48,161**
Loans originated during the year	185,372	119,819
Principal payments received	(126,980)	(73,134)
Loans written off	(12,290)	(7,388)
Closing balance	**133,560**	**87,458**

The above disclosure includes effective interest rate related balances.

13.3 Summary of loan provisions movements

	2020 $'000	2019 $'000
Opening balance	**9,126**	**3,045**
AASB 9 adjustment on provisions	-	1,619
Additional provisioning	15,973	11,850
Loans written off	(12,290)	(7,388)
Closing balance	**12,809**	**9,126**

The Group's loan book increased significantly in FY20 driven by loan originations. FY20 originations reflect continued growth in the Group's personal loan product and the introduction of a new Virtual Credit Account product ("Freestyle") during 2019 and 2020. Loan book growth, alongside the booking of stage 1 provisioning, has materially driven the overall increase in the Expected Credit Loss (ECL) and loan provisions.

The provision as a percentage of the loan book has reduced slightly from 10.4% to 9.6%. This reflects an improvement in credit quality of the underlying loan book including customer and product mix and a reduction in provision model risk overlays due to continued improvements in the precision of the models in the year. This has been largely offset by a significant increase in the macroeconomic overlay that reflects the COVID-19 environment.

Refer to Note 7 for information relating to recoveries received from written-off loans.

13.4 Balances by impairment stage

The following tables show movements in gross carrying amounts of loan receivables subject to impairment requirements to net loan receivables for the prior and current period.

30 June 2020	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Gross loan receivables	**126,182**	**4,191**	**3,187**	**133,560**
Provision	(7,902)	(2,365)	(2,542)	(12,809)
Net loan receivables	**118,280**	**1,826**	**645**	**120,751**

30 June 2019	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Gross loan receivables	**72,648**	**13,382**	**1,428**	**87,458**
Provision	(4,201)	(3,534)	(1,391)	(9,126)
Net loan receivables	**68,447**	**9,848**	**37**	**78,332**

13.5 Loan provision staging movements

The following table shows movement in provisions for the prior and current period.

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Opening balance	**4,201**	**3,534**	**1,391**	**9,126**
Transfers between stages	(1,366)	(1,592)	9,599	6,641
Originations	4,911	1,082	3,804	9,797
Write-offs	–	–	(12,290)	(12,290)
Risk parameter changes	156	(659)	38	(465)
Closing balance	**7,902**	**2,365**	**2,542**	**12,809**

The provision associated with the Personal Loan product was 62%, with 37% relating to the Freestyle product and the remaining 1% relating to the ListReady product.

The above table reflects a $3.7m (41%) increase in the loan receivable provision from $9.1m in 2019 to $12.8m in 2020. $9.7m (59%) of the incremental increase in provisioning before write-offs and risk parameter changes relates to new assets that were originated during the year. This reflects the significant balance sheet growth and originations in 2020 (refer to Note 13.1 for further details). $15.7m (62%) of the closing loan provision before write-offs and risk parameter changes relate to assets originated in prior periods. As expected stage 1 closing loan provision before write-offs and risk parameter changes substantially relate to assets originated in the current period (63%) while assets originated in the prior period substantially represent stage 3 closing loan provisioning before write-offs and risk parameter changes (74%).

The table also reflects $7.9m (62%) of the closing 2020 provision balance in the stage 1 with $2.4m (19%) in stage 2 and $2.5m (19%) in stage 3. $6.6m of the year-on-year change in provisioning was due to a net transfer of assets between stages. Write-offs materially relate to assets originated in the prior year. Provision modelling risk parameter changes have marginally reduced the closing provision by $0.5m (4%).

The net parameter changes reflect a reduction in the model risk overlay that reflects model back testing, the availability of additional historical data and further modelling in relation to undrawn balances. It also reflects changes in assumptions and inputs used to calculate the macroeconomic overlay that has resulted in an increase in the macroeconomic overlay to reflect the COVID-19 environment.

13.6 Gross loan balance provision stage movements

The following table shows movements in gross carrying amounts of loan receivables subject to provisioning requirements for the current period.

Gross asset credit exposure staging movements	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Opening balance	72,648	13,382	1,428	87,458
Originations	185,372	–	–	185,372
Repayments, transfers between stages and parameter changes	(131,838)	(9,191)	14,049	(126,980)
Write-offs for current period loans	–	–	(12,290)	(12,290)
Closing gross loan receivables	**126,182**	**4,191**	**3,187**	**133,560**
Personal Loan	74,372	2,695	1,657	78,724
Freestyle	49,451	1,367	1,507	52,325
ListReady	2,359	129	23	2,511
Closing gross loan receivables	**126,182**	**4,191**	**3,187**	**133,560**

The above table reflects a $126.2m (95%) of 2020 closing gross loan receivables being in stage 1 provisioning.

13.7 Undrawn commitment loan balances by impairment stage

The following table shows movements in gross carrying amounts of loan receivables subject to impairment requirements to net loan receivables for the prior and current period. Undrawn balances are considered as Stage 1 only.

30 June 2020	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Gross undrawn loan receivables	13,604	–	–	13,604
Provision	(793)	–	–	(793)
Net undrawn loan receivables	**12,811**	**–**	**–**	**12,811**

Refer to Notes 3.2.1.2, 4.2 and 21 for further information.

14. Leases

The Group's lease commitments relate to leases in place for the office premises at 131 Macquarie Street, Sydney NSW 2000 and 317 Hunter Street, Newcastle NSW 2300. They have been recognised as follows in accordance with AASB 16 *Leases*:

14.1 Right of use asset

	$'000
Balance as at 1 July 2019	**1,781**
Additions	657
Depreciation expense for the period	(533)
Balance as at 30 June 2020	**1,905**

14.2 Lease liability

	$'000
Balance as at 1 July 2019	**1,918**
Additions	657
Interest accrual in the period	157
Payments in the period	(612)
Balance as at 30 June 2020	**2,120**
Net lease related asset / (liability)	**(215)**

A lease interest expense relating to the lease liability was recognised as part of interest expense during the period.

No explicit incremental borrowing rate has been outlined in the lease agreements. The Group has applied an incremental borrowing rate of 7.25%

The maturity of the unwinding of the lease liability is 2 to 3 years.

Refer to Note 2 for further information.

15. Property, Plant and Equipment

	2020 $'000	2019 $'000
Opening balance	**145**	**51**
Additions	1,087	158
Movements in accumulated depreciation	(127)	(64)
Closing balance	**1,105**	**145**

	2020 $'000	2019 $'000
Property, plant and equipment – at cost	1,404	317
Accumulated depreciation	(299)	(172)
Total property, plant and equipment	**1,105**	**145**

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition. The Group's policy is to provide for any "make-good" property lease-related requirements. These are estimated to be immaterial in the 2020 and 2019 financial years.

The depreciable amount of all fixed assets is depreciated on straight-line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The estimated useful life, residual values and depreciation method are reviewed at the end of each annual reporting period.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated useful lives used in calculation of depreciation ranges from 1 to 8 years in relation to the underlying asset being depreciated.

16. Intangible Asset

	2020 $'000	2019 $'000
Opening balance	**781**	**482**
Additions at cost	1,704	466
Movements in accumulated amortisation	(319)	(167)
Closing balance	**2,166**	**781**

	2020 $'000	2019 $'000
Intangible asset – at cost	2,795	1,090
Accumulated amortisation	(629)	(309)
Total intangible asset	**2,166**	**781**

17. Borrowings

17.1 Overview

	2020 $'000	2019 $'000
Warehouse trust related borrowings	113,126	78,289
Related party borrowings	–	3,275
Total borrowings	**113,126**	**81,564**

17.2 Warehouse trust related borrowings

The Group sells customer receivables to special purpose vehicle securitisation warehouses (the MME Velocity Warehouse Trust and the MME Horizon Warehouse Trust) through its asset-backed securitisation program. The special purpose vehicles are consolidated as the Group owns all units of the two trusts, entitling it to 100% of the net income distribution.

	2020 $000	2019 $000
Opening balance	**78,289**	**40,363**
Drawdowns	32,525	37,525
Repayments	–	–
Other	2,312	401
Closing balance	**113,126**	**78,289**

The table below reconciles the gross carrying amounts of securitised loan receivables.

	2020 $000	2019 $000
MME Velocity Warehouse Trust[1]	68,895	65,652
MME Horizon Warehouse Trust[1]	52,948	20,069
MoneyMe Financial Group Pty Limited	11,717	1,737
Gross loan receivables	**133,560**	**87,458**

The figures above reflect an allocation of effective yield between loan funding sources for the current and prior year.

[1] Includes Class C Note investments by MoneyMe Finance Pty Limited

17.3 Related party borrowings

The table below shows the movements in the year within the Group's related party borrowings.

	2020 $000	2019 $000
Opening balance	**3,275**	**4,029**
Drawdowns	–	2,525
Repayments	(3,275)	(3,279)
Other	–	–
Closing balance	**–**	**3,275**

All corporate debt-related party borrowings reported at 30 June 2019 were repaid in December 2019 as part of the IPO.

18. Employee Related Provisions and KMP Remuneration

18.1 Employee related provisions

	2020 $'000	2019 $'000
Opening provisions	**229**	**145**
Additional provisions	969	96
Provision reductions	(188)	(12)
Closing provisions	**1,010**	**229**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and long service leave.

18.2 KMP remuneration

	2020 $'000	2019 $'000
Short-term employee benefits	902	325
Post-employment benefits	79	31
Share-based payments	144	–
Short-term incentives	500	–
Total KMP remuneration	**1,625**	**356**

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Refer to the Remuneration Report for further information.

19. Share Capital

	Date	Shares (No.)	Issue price	$'000
Balance	**30 June 2018**	**246,134**		**2,794**
Issuance of shares	–	–		–
Balance	**30 June 2019**	**246,134**		**2,794**
Issuance of shares[1]	July 2019	6,712	446.96	3,000
Cancellation of shares[2]	December 2019	(252,846)	–	–
Issuance of shares[3]	December 2019	136,000,000	–	–
Transaction costs[4]	December 2019	–	–	(3,486)
Issuance of shares on IPO	December 2019	33,200,000	1.25	41,500
2020 EPR – Series 1[5]	December 2019	240,000	1.25	300
Revaluation of shares on IPO[6]	December 2019	–	–	167,692
Balance	**30 June 2020**	**169,440,000**		**211,800**

[1] Impact of proceeds from capital raise.

[2] Cancellation of MoneyMe Financial Group Pty Limited shares.

[3] Issuance of MoneyMe Limited shares.

[4] Transaction costs arising on IPO eligible for offset against share capital (net of tax).

[5] Vesting of 2020 EPR – Series 1 on IPO. See Note 20 for further details.

[6] The amount recognised as issued capital in the Group reflected the impact of the restructure and the capital reorganisation, and thereby the market capitalisation of the Group at the date of the offer (less costs that are offset against issued capital). An offsetting capital reorganisation reserve was created to align total equity with the net asset position of the Group.

20. Reserves

20.1 Overview

	2020 $'000	2019 $'000
Reorganisation reserve	167,692	–
Share options	*(194)*	*118*
Performance rights	*(565)*	*-*
Share based payments reserve	(759)	118
Total reserves	**166,933**	**118**

20.2 Reorganisation reserve

	2020 $'000	2019 $'000
Opening balance	**–**	**–**
Business reorganisation	167,692	–
Closing balance	**167,692**	**–**

The reorganisation reserve reflects the Group's IPO and business reorganisation in December 2019. The reserve was created to align total equity with the net asset position of the Group and therefore off-set the amount recognised as issued capital in the Group reflected the impact of the restructure and the capital reorganisation. Refer to Note 5 for further information.

20.3 Share based payments

20.3.1 Overview

The Group operates an ownership-based scheme for eligible employees and Directors to assist with the motivation, retention and reward of certain employees and Directors. Under this scheme employees or Directors may be granted equity-settled shares or options over shares in exchange for rendering services.

The cost of these equity-settled transactions is measured at fair value on grant date of the shares to be issued using the Black-Scholes pricing model. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the actual the number of awards still on foot with the potential to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The Group cancelled employee share options issued in December 2017 and December 2018 on listing and replaced them with new options that reflect the same terms of the cancelled options. The incremental fair value between the old and replacement options for both tranches is nil. The Group accounts for the granting of replacement equity instruments in accordance with AASB 2 *Share Based Payments* that results in the replacement options being measured at the legacy grant dates and fair value of the options they are replacing. The number and exercise price of the replacement options reflects the changes in share equity and the number of shares as a result of MoneyMe's listing as a public company.

The Group issued employee performance rights (EPRs) and board performance rights (BPRs). These reflect performance rights that were granted and vested on listing and performance rights that were granted on listing and will vest into the future.

The EPRs have nil consideration and exercise price. The EPR Series 2 2020 were issued subject to employee performance from 1 July 2019 to 30 June 2020 and will only vest if the EPR participant is an employee at the time of vesting. 50% of the EPRs that remain on foot can vest on the day following the release of MoneyMe's annual financial results for the financial year ending 30 June 2021 and 50% on the day following the release of MoneyMe's annual financial results for the financial year ending 30 June 2022. EPR Series 2 2020 related performance conditions being a revenue target of $45.8m, a proforma EBITDA target of $2.9m and a successful capital raising of greater than $40m were confirmed as having been met in full by the MoneyMe Remunerations and Nominations Committee in August 2020.

The BPRs have nil consideration and exercise price. The BPRs have been issued subject to performance from 1 July 2019 to 30 June 2020 and will only vest if the BRP participant is a Director at the time of vesting. 50% of the EPRs that remain on foot can vest on the day following the release of MoneyMe's annual financial results for the financial year ending 30 June 2020 and 50% on the day following the release of MoneyMe's annual financial results for the financial year ending 30 June 2021. The BPR related performance condition of successfully establishing of a facility with a major bank in the year ended 30 June 2020 was not met and therefore lapsed.

	2020 $'000	2019 $'000
Share options	*118*	*90*
Performance rights	–	–
Opening balance	**118**	**90**
Share option expense	*77*	*28*
Performance right expense	*864*	–
Performance rights vested	*(300)*	–
Share based payment expense	**641**	**28**
Share options	*195*	*118*
Performance rights	*564*	–
Closing balance	**759**	**118**

20.3.2 Share options

	2018 – Series 1	2018 – Series 2	2019 – Series 1	2020 – Series 1	2020 – Series 2
Current period expense ($'000)	–	–	–	(26)	(50)
Weighted average exercise price ($)	–	–	–	0.54	0.82
Fair value per option ($)	34.30	76.20	126.15	0.09	0.23
Grant date (contractual)	17/07/2017	01/12/2017	01/12/2018	01/12/2017	01/12/2018
Vesting date (contractual)	N/A	01/12/2020	01/12/2021	01/12/2020	01/12/2021
Fair value model volatility[1]	45.25%	45.25%	37.98%	45.25%	37.98%
Fair value model risk-free interest rate[2]	1.67%	2.03%	2.53%	2.03%	2.53%
Fair value model dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

2020	2018 – Series 2 No. of options	2019 – Series 1 No. of options	2020 – Series 1 No. of options	2020 – Series 2 No. of options	Total
Opening balance	**2,345**	**1,935**	**–**	**–**	**4,280**
Granted	–	–	1,257,461	1,016,634	2,274,095
Lapsed	–	–	(138,762)	(197,948)	(336,710)
Buyback	–	–	–	–	–
Cancelled	(2,345)	(1,935)	–	–	(4,280)
Exercised	–	–	–	–	–
Closing balance	–	**-**	**1,118,699**	**818,686**	**1,937,385**
Exercisable at the end of the period	**–**	**–**	**–**	**–**	**–**

2019	2018 – Series 1 No. of options	2018 – Series 2 No. of options	2019 – Series 1 No. of options	Total
Opening balance	**2,500**	**2,725**	**–**	**5,225**
Granted	–	–	2,059	2,059
Lapsed	–	(380)	(124)	(504)
Buyback	(2,500)	–	–	–
Cancelled	–	–	–	(2,500)
Exercised	–	–	–	–
Buyback	–	–	–	–
Closing balance	**–**	**2,345**	**1,935**	**4,280**
Exercisable at the end of the period	**–**	**–**	**–**	**–**

20.3.3 Performance rights

	2020 EPR – Series 1	2020 EPR – Series 2	2020 EPR – Series 3	2020 BPR
Current period expense ($'000)	(300)	(386)	(179)	–
Weighted average exercise price ($)	0.00	0.00	0.00	0.00
Fair value per option ($)	1.25	1.25	1.25	1.25
Grant date (contractual)	11/11/2019	11/11/2019	11/11/2019	11/11/2019
Projected vesting date [1] (contractual)	12/12/2019	31/08/2021	10/11/2020	31/08/2020
Projected vesting date [2] (contractual)	n/a	31/08/2022	10/11/2021	31/08/2021
Fair value model volatility[1]	n/a	63.25%	63.25%	63.25%
Fair value model risk-free interest rate[2]	n/a	0.78%	0.78%	0.78%
Fair value model dividend yield	n/a	0.00%	0.00%	0.00%

[1] The fair value model volatility rate reflects a management estimate made in reference to the share prices for similar listed entities.

[2] The fair value model risk-free rate reflects a management estimate made in reference to government bond interest rates.

2020	2020 EPR – Series 1 No. of rights	2020 EPR – Series 2 No. of rights	2020 EPR – Series 3 No. of rights	2020 BPR No. of rights	Total No. of rights
Outstanding at the beginning of the period	**–**	**–**	**–**	**–**	**–**
Granted	240,000	1,134,000	300,000	400,000	2,074,000
Lapsed	–	(90,000)	–	(400,000)	(490,000)
Buyback	–	–	–	–	–
Cancelled	–	–	–	–	–
Exercised	(240,000)	–	–	–	(240,000)
Outstanding at the end of the period	**–**	**1,044,000**	**300,000**	**–**	**1,344,000**
Exercisable at the end of the period	**–**	**–**	**–**	**–**	**–**

2020 was the first year the Group issued performance rights.

21. Financial Risk Management

21.1 Overview

The Group's activities expose it to a variety of financial risks: market risk (such as interest rate risk), credit risk and liquidity risk. The Group uses different methods to measure and manage the different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate, ageing analysis to manage credit risk and cash flow forecasting to monitor and manage liquidity risk.

Risk management is carried out by senior management, identifying and evaluating financial risks within the Group and reporting to the board on a regular basis. The Group's risks and exposures are as below.

21.2 Credit risk

MoneyMe's Head of Operations has primary responsibility for Credit Risk Management with oversight by the Credit Committee which meets quarterly and more frequently if or as required.

The Group's exposure to credit risk arises through potential risk a counterparty will default on its contractual obligations, with the maximum exposure of the risk equal to the carrying amount of these receivables at the end of the reporting period being $133,599,605 (2019: $87,458,000).

The Group utilises its proprietary risk decisioning to mitigate against credit risk, leveraging multiple data points including credit agency information and bank statement data, to confirm suitability and appropriate credit limits prior to the issuance of credit to individual borrowers.

The Group also manages the credit risk profile of its book through a focus on loan portfolio diversification. This is assessed on an ongoing basis in relation to key criteria that include customer residency and loan purpose, among other factors. As at 30 June 2020 gross loan receivables reflected:

- 35% in NSW, 23% VIC, 23% QLD and 10% WA
- 11% in Construction, Building & Architecture, 9% in Hospitality, Travel & Tourism, 8% in Manufacturing, Trades & Services
- 22% to borrowers aged from 18 to 25, 35% to borrowers aged 26 to 35 and 43% to borrowers over 35.
- 75% to borrowers in full time employment, 15% to borrowers in part-time employment and 10% to self-employed and casual borrowers
- 57% to Personal loan product borrowers and 41% to Freestyle virtual credit account borrowers
- an average Equifax score of 635 as at 30 June 2020 (620 as at 30 June 2019).

As a result, the Group does not have any disproportionate exposure to any single debtor or its monitored groups of debtors. This diversification is an important credit risk mitigant during the COVID-19 environment in particular.

Once a loan has been advanced, the Group regularly reviews customer collections and collections in arrears in line with the approach used for provision staging. Loan receivables that are deemed uncollectable are written off by the Group with attempts to recover continued post write off.

The Group regularly reviews the adequacy of the provisioning to ensure that it is sufficient for financial reporting purposes. The provision is determined through management's best estimates of losses based on historical experience and their experienced judgement. The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts of those assets, as disclosed in the Consolidated Statement of Financial Position and Notes to the Consolidated Financial Statements.

Refer to Notes 3.2.1.2, 4.2 and 13 for further information.

21.3 Market risk

MoneyMe's Chief Financial Officer has primary responsibility for market risk management with oversight by the Asset and Liability Committee.

Market risk is the risk that changes in market prices will affect the Group's income or the value of holdings in its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group's exposure to market risk arises through interest rate changes and foreign currency exposure.

Interest on borrowings reflects set margins above variable market benchmark rates. The Group earns variable interest from its loan receivables. In the event of a movement in interest rates, the Group reviews its pricing as appropriate.

Interest rate sensitivity analysis

	2020 $'000	2019 $'000
Effect on profit before tax:		
1% increase in interest rates	(1,272)	(744)
1% decrease in interest rates	1,272	744

Interest rate changes have been minimal during the year and relates to cash and cash equivalents and interest-bearing borrowings.

The Group's exposure to foreign exchange risk is minimal and is deemed not to be material in the current financial year.

21.4 Liquidity risk

MoneyMe's Chief Financial Officer has primary responsibility for Liquidity Risk Management with oversight by the Asset and Liability Committee.

The Group's exposure to liquidity risk arises through potential imbalance of cash outflows exceeding inflows. Trade payables and other financial liabilities mainly originate from the financing of loans made to customers, other fixed assets, and investments in working capital.

Liquidity risk is managed through continuous monitoring of cash flow forecasts to actuals to ensure that liability obligations are met when they fall due. The Group's balance sheet shows an excess of assets over liabilities as at 30 June 2020 of $46,852,000 (2019: $3,698,000), with the Group having access to $117,500,000 in committed debt facilities to fund continued growth of the loan portfolio. The Group's current assets, available financing facilities, and ongoing positive operating cash flows continue to be sufficient to satisfy all payment obligations within the time frames required. Management have undertaken an analysis to look at the earliest terms of which contractual obligations may be paid and assessed the cash flows required.

The following tables show all contractually fixed payments and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities including the impact of discounting.

2020	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Total amounts $'000
Cash and cash equivalents	35,379	–	–	35,379
Other receivables	645	–	354	999
Net loan receivables	39,780	39,536	41,435	120,751
Total financial assets	**75,804**	**39,536**	**41,789**	**157,129**
Other payables	1,913	–	–	1,913
Warehouse trust borrowings	37,269	37,039	38,818	113,126
Related party borrowings	–	–	–	–
Lease liability	290	409	1,704	2,403
Total financial liabilities	**39,472**	**37,448**	**40,522**	**117,442**
Net maturity	**36,332**	**2,088**	**1,267**	**39,687**

2019	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Total amounts $'000
Cash and cash equivalents	6,062	–	–	6,062
Other receivables	506	–	–	506
Net loan receivables	4,304	22,071	51,957	78,332
Total financial assets	**10,872**	**22,071**	**51,957**	**84,900**
Other payables	1,099	–	–	1,099
Warehouse trust borrowings	25,792	25,633	26,864	78,289
Related party borrowings	600	–	2,675	3,275
Total financial liabilities	**27,491**	**25,633**	**29,539**	**82,663**
Net maturity	**(16,619)**	**(3,562)**	**22,418**	**2,237**

The Group's Horizon Trust Warehouse Facility has a legal maturity date in December 2021. The facility has a one year extension option to December 2022. The Group's Velocity Trust Warehouse Facility has a legal maturity date of November 2021. Both warehouse trusts are revolving finance facilities that allow for new assets to be funded within facility funding limits.

The Group expects to settle a new warehouse facility by 30 September 2020. The settlement has been delayed as a result of the COVID-19 environment with relatively minimal impact from this delay impacting upon the Group's liquidity risk given its access to existing facilities in particular.

The tables below reconcile the borrowings associated with the two warehouse trusts, including the drawn balance, facility limits and undrawn balances. The difference between the drawn balance and total borrowings disclosed on the balance sheet includes capitalised borrowing costs.

	2020 $'000	2019 $'000
MME Velocity Warehouse Trust	65,000	61,925
MME Horizon Warehouse Trust	47,500	19,000
Drawn balances	**112,500**	**80,925**
MME Velocity Warehouse Trust	5,000	8,075
MME Horizon Warehouse Trust	–	–
Undrawn balances	**5,000**	**8,075**
MME Velocity Warehouse Trust	70,000	70,000
MME Horizon Warehouse Trust	47,500	19,000
Facility limits	**117,500**	**89,000**

21.5 Fair value of financial instruments

Management consider that the carrying value amount of financial assets and liabilities recognised in the Consolidated Statement of Financial Position approximate fair values.

22. Related Party Transactions

22.1 Related party loans

The table below provides the total amount of related party loans, and interest expense on related party borrowings in the financial year.

	2020 $'000	2019 $'000
Interest expense on related party borrowings	117	114
Total related party borrowings	–	3,275

All corporate debt related party borrowings reported at 30 June 2019 were repaid in December 2019 as part of the IPO.

All unsecured loans, with the exception of one loan, were provided without restrictions on uses on funds and were repayable on demand within 60-90 days of written notice by the lender. One loan had a loan maturity date of 29 August 2021.

Loans were made in accordance with the normal terms and conditions of the market with an interest rate range of 9.5% to 13.0%. These were analysed to be arm's length interest rates.

Outstanding balances at the 2019 year-end were unsecured, interest bearing, and settlement occurred in cash. All corporate debt related party borrowings reported at 30 June 2019 were repaid in December 2019 as part of the IPO.

Refer to Note 17.3 for further information.

No transactions relating to equity instruments (other than those related to share-based compensation) were undertaken between MoneyMe and any Director or KMP during the financial year, including their related parties.

22.2 Newcastle and Sydney office fit-out

A related party was engaged to complete office fit-outs in Sydney and Newcastle in the 2020 financial year. The transactions were made in accordance with normal terms and conditions of the market with pricing assessed to be on a arms length basis. Total contracted spend was $0.9m with $0.6m to be paid on completion of the services post 30 June 2020.

22.3 Other related parties

A related party was employed to support the ListReady sales team during the 2020 financial year. The fair value of the services are assessed to be less than $0.02m.

23. Parent Entity Information

Set out below is the supplementary information about the parent entity.

23.1 Statement of Profit or Loss and Other Comprehensive Income

	2020 $'000	2019 $'000
Net Profit / (Loss) After Tax	–	–
Total Comprehensive Income	**–**	**–**

23.2 Statement of Financial Position

	2020 $'000	2019 $'000
Total assets	**43,316**	–
Total liabilities	–	–
Net assets	**43,316**	**–**
Total equity	**43,316**	**–**

23.3 Significant accounting policies

The accounting policies of the parent entity, are consistent with those of the Group, as disclosed in Note 2. Note that the consolidation related policies are not applicable to this Note.

24.Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Group and its network firm:

	2020 $'000	2019 $'000
Deloitte and related network firms		
Audit or review of financial reports:		
— Group	349	209
— Subsidiaries and joint operations	10	10
Statutory assurance services required by legislation to be provided by the auditor	**359**	**219**
Other assurance and agreed-upon procedures under other legislation or contractual arrangements		
— Investigating Accountants report associated with an IPO	880	–
— Other services	20	–
Other services		
— Tax compliance services	190	36
Total	**1,449**	**255**

Other services are APRA regulatory assurance reports.

25. Subsequent Events

The COVID-19 environment has continued to evolve and develop during the period post 30 June 2020. In particular, the state of Victoria began to experience a higher number of COVID-19 infections and related deaths in more recent weeks. The government response at the federal and state level has continued to evolve, including the announcement of further people movement restrictions within Victoria and between states, and the announcement of further stimulus measures such as an extension to JobKeeper. The Group is continuing to monitor the changing environment and considers that no adjustments are required as a result of changes after 30 June 2020 in relation to the critical estimates and judgements in particular as set out in Note 4. Customers that were classified as COVID hardship have been monitored through regular reporting as well as tracking of those customers who are no longer in COVID hardship. 80% of COVID hardship have now started to repay. This analysis as well as the regular monitoring of portfolio level credit risk has not identified any events that would lead the Group to require adjustment of the expected credit loss allowance.

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04

Other Information

Additional Shareholder Information

Additional information required pursuant to ASX Listing Rule 4.10 and not disclosed elsewhere in this report is set out below. The information is effective as at 7 August 2020.

Corporate Governance:

The Company's Corporate Governance Statement for the financial year ended 30 June 2020 can be found at **moneyme.com.au/investor-centre**

Substantial Shareholders:

The names of substantial shareholders in MoneyMe Limited and the number of equity securities to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholder notices given to MoneyMe Limited, are set out below.

Name of Substantial Holder within the meaning of section 671B of the Corporations Act	Date	Number of Shares in which the substantial holder holds a relevant interest	% of total shares on issue
Perennial Value Management Ltd	26 March 2020	18,061,980	10.66%
Bannigan Nominees Pty Ltd <Bannigan Family A/C>	2 January 2020	26,189,405	15.46%
Emery Pty Ltd <Scott Emery Family A/C>	16 December 2019	47,821,802	28.23%
MoneyMe Limited[1]	13 December 2019	131,039,999	77.33%
Howes Advisory Pty Ltd <Howes Family A/C> and Clayton Howes	13 December 2019	50,294,716	29.68%

Number of Holders of Each Class of Equity Securities:

Category	Number of Holders
Fully Paid Ordinary Shares	169,440,001
Options exercisable at $0.54 expiring 1 December 2020 (not quoted on ASX)	1,118,699
Options exercisable at $0.82 expiring 1 December 2021 (not quoted on ASX)	818,686
Performance Rights (not quoted on ASX)	1,344,000

Voting Rights:

Shareholder voting rights are summarised within section 7.11(c) on page 127 of the Company's Prospectus dated 15 November 2019.

Distribution Schedule of Shareholders:

Range	Total Holders	Shares	% of Shares
100,001 and Over	37	160,377,023	94.65
10,001 to 100,000	213	5,724,413	3.38
5,001 to 10,000	202	1,584,907	0.94
1,001 to 5,000	520	1,490,320	0.88
1 to 1,000	420	263,338	0.16
Total	**1,392**	**169,440,001**	**100.00**

1 MoneyMe's relevant interest is held under s.608(1)(c) of the *Corporations Act 2001* (Cth.) arising from voluntary escrow arrangements as disclosed in the Company's Prospectus dated 15 November 2019.

Unmarketable Parcels:

There were unmarketable parcel of shares as at 7 August, 2020.

Top 20 Shareholders:

Name	A/C Designation	Number of Shares Held	% of Shares
Howes Advisory Pty Ltd	Howes Family	50,294,716	29.68
Emery Pty Ltd	Scott Emery Family	47,590,802	28.09
Bannigan Nominees Pty Ltd	Bannigan Family	26,189,405	15.46
National Nominees Limited		9,107,370	5.37
Hsbc Custody Nominees (Australia) Limited		7,674,988	4.53
Citicorp Nominees Pty Limited		4,529,183	2.67
Bnp Paribas Noms Pty Ltd	<Drp>	2,785,736	1.64
R K Graham Investments Pty Ltd	Graham Family	1,617,933	0.95
Walkley Holdings Pty Ltd	Australasian Shopfitting Pty Ltd Superannuation Fund	1,323,715	0.78
Bnp Paribas Nominees Pty Ltd	<Agency Lending Drp A/C>	1,284,167	0.76
Spenceley Management Pty Ltd	Spenceley Family	1,210,229	0.71
J P Morgan Nominees Australia Pty Limited		1,016,192	0.60
Mr Darren Seymour Thomas	<Darren Thomas Family A/C>	667,977	0.39
Third Return Pty Ltd	Third Return Super Fund Pty Ltd	662,126	0.39
Rustica Pty Ltd	Coad Family	662,126	0.39
Roberto Boschiroli		294,219	0.17
Emery Number 2 Pty Ltd	<Scott Emery Family No 2 A/C>	231,000	0.14
A & L Bassin Pty Limited	A & L Family	226,840	0.13
James Diago		220,529	0.13
Walkley Holdings Pty Ltd	<The Australasian Shopfit A/C>	220,015	0.13
Total Top 20		**157,809,268**	**93.14%**
Total Balance of Holders		**11,630,733**	**6.86%**
Total Shares		**169,440,001**	**100.00**

Escrowed Securities:

Category	Number	ASX or Voluntary	End of Escrow Period
Shares	19,716,174	Voluntary	The second trading day after the date on which the Company releases its annual financial results for the financial year ending 30 June 2020
Shares	49,286,364	Voluntary	The second trading day after the date on which the Company releases its interim financial results for the half year ending 31 December 2020
Shares	62,037,461	Voluntary	The second trading day after the date on which the Company releases its annual financial results for the financial year ending 30 June 2021

Unquoted Securities:

Category	Number of Units	Number of Holders
Options exercisable at $0.54 expiring 1 December 2020	1,118,699	10
Options exercisable at $0.82 expiring 1 December 2021	818,686	13
Performance Rights	1,344,000	44

Buy-back:

There is no current on-market buy back.

The Company is listed on the Australian Securities Exchange under the code 'MME'.

Corporate Directory

COMPANY'S REGISTERED OFFICE

MoneyMe Limited
Level 3
131 Macquarie Street
Sydney, New South Wales 2000

SHARE REGISTRY

Link Group
Level 12
680 George Street
Sydney, New South Wales 2000

DIRECTORS

Peter Coad (Chairman)

Clayton Howes (CEO and Managing Director)

Jonathan Lechte (Independent Non-Executive Director)

Scott Emery (Non-Executive Director)

Susan Wynne (Independent Non-Executive Director)

AUDITOR

Deloitte Touche Tohmatsu
Level 9
255 George Street
Sydney, New South Wales 2000

COMPANY SECRETARY

Justin Clyne

WEBSITE

www.moneyme.com.au

INVESTOR RELATIONS

investors@moneyme.com.au

ASX: MME

ACN: 636 747 414

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