moneyme

# Annual Report

## for the year ended 30 June 2021

MoneyMe Limited and its controlled entities
ACN: 636 747 414

21

# Contents


moneyme

money

# About us

MoneyMe is a leading player in the digital credit business with technology (Horizon Technology Platform) and AI to deliver highly automated innovative products and customer experiences.

We originate through a diversified mix of credit products and distribution channels to create significant scale and long-term customer advantages. Our automotive finance, personal loans, revolving credit accounts and at point-of-sale retail products are for credit approved customers who are seeking simplicity, fair pricing, and flexibility.

Our technology platform enables applications to be completed and checked within minutes, security to be established, funds to be disbursed, or credit limits to be available, to the customer shortly after approval.

MoneyMe is an ASX-listed, licensed, and regulated credit provider operating in Australia.

4.7/5 Product Review

4.8/5 Google Reviews

ASX : mme


me
moneyme

# What MoneyMe is all about

MoneyMe is a leading player in the digital credit business delivering highly automated innovative products and customer experiences.

## Our mission:

**To be the favourite credit provider for Generation Now.**

## Our values - This is who we are:

**✓ We innovate, always**

We're truly passionate about creating incredible technology-led experiences

**✓ We build products of the future, today**

We're creating trust and fairer credit for the next generation

**✓ We are here for purpose and profit**

We're committed to having a positive impact on our community and environment

**✓ We stand together**

We're proud that our diversity and inclusion give us an edge

**✓ We get sh*t done!**

We're agile, collaborative & accountable which is the way we love to work

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These new values will guide everything we do; from what products we create for our customers, to how we recognise and reward our employees, to who we hire.

The credit provider of choice for Gen Now.
PERSONAL LOANS MADE EASY-ER
AUTOPAY
Same-day drive away finance
Personal loans
Freestyle
ListReady
RentReady
moneyme

# We're set up for growth

Focusing on B2B2C channels while continuing growth in our organic and digital strategies

100% B2C

## FY20

$179m total originations

$6,100 average funded value

Products offered:

- PERSONAL LOANS
- Freestyle
- ListReady
- RentReady

91% B2C

9% B2B2C

## FY21

$384m total originations

$9,100 average funded value

New products released:

- AUTOPAY
- moneyme+

## B2C

- SEO
- YouTube
- Social media (Facebook, Instagram, Tiktok)
- Display
- Digital affiliates
- Brand
- Search
- Partnerships

## B2B2C

- Brokers
- Aggregators
- Car dealerships
- Real estate agencies
- Merchants
- Strategic industry partners

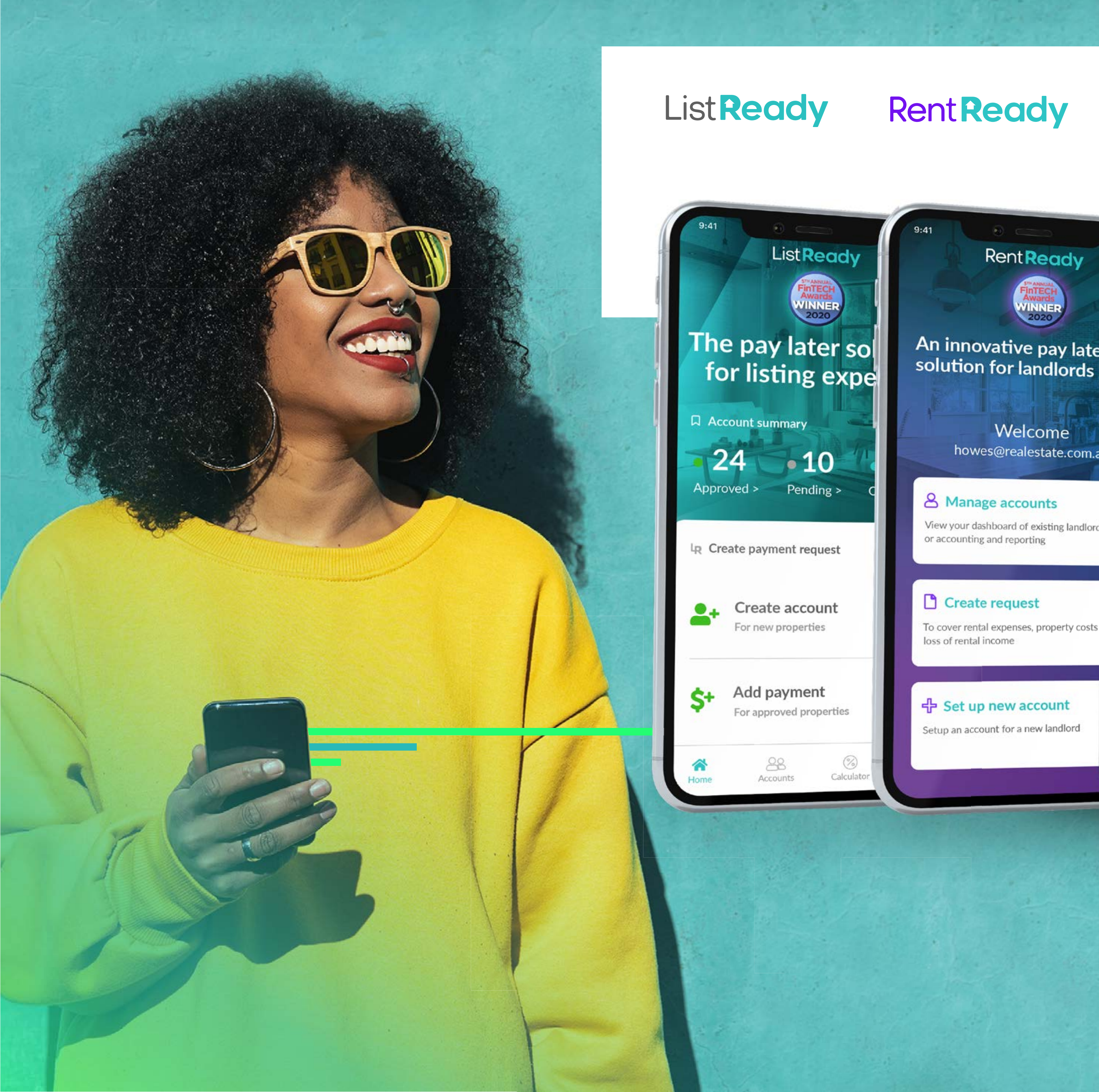
+ more

# Short-term outlook

In FY22 and beyond we look to aggressively take advantage of our recent product launches which have opened up a range of new distribution channels which has significantly increased our total addressable market.

# Products built for Generation Now, by Generation Now

MoneyMe is a digital consumer credit business leveraging its Horizon Technology Platform and big data analytics to deliver an innovative credit offering to tech-savvy consumers.

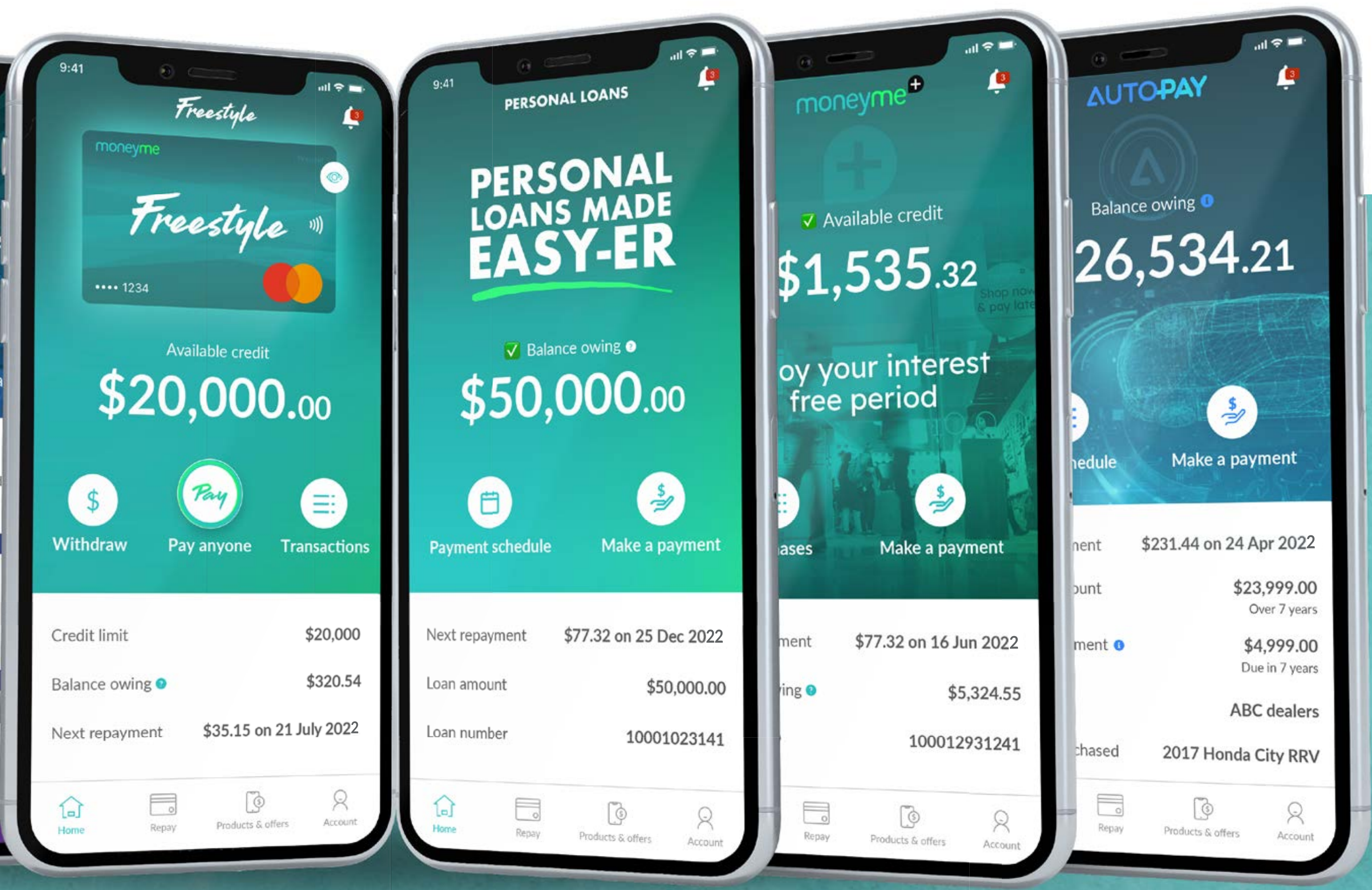


Freestyle

PERSONAL LOANS

moneyme+

AUTOPAY



# Industry game-changer

## AUTOPAY

With our proprietary tech, our latest innovation approves and settles secured vehicle finance within 60 minutes, 7 days a week. This is unheard of in the automotive industry.

- Leverages Horizon proprietary real-time data capture and decisioning capabilities
- Automated integrations with third parties
- Instant settlement & funds transfer
- Immediate lodgement of security
- Purpose-built platforms for Dealers and Brokers
- Built with distribution integration top-of-mind

"This partnership with Autopay allows us to increase sales and offer an extremely fast finance solution that matches the desire for our clients to transact easily and on the spot through an innovative finance product."

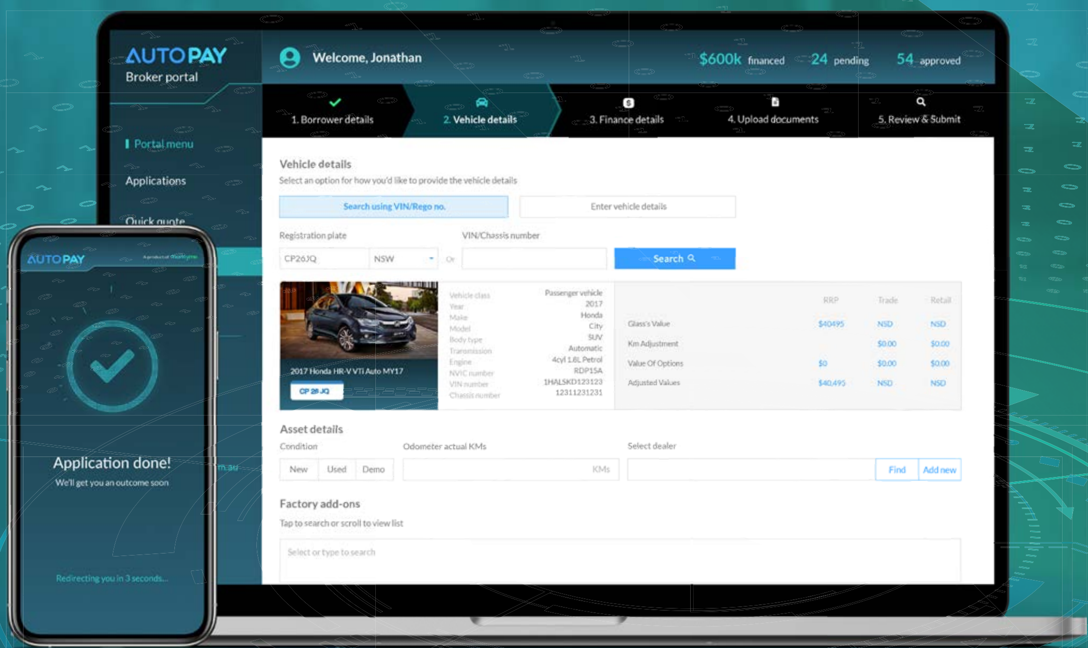
*Joshua Emeny - Director Of Sales & Retail Inventory Solutions at Cox Automotive*

"Autopay unlocks a new opportunity for brokers to get finance approved and settled on the weekend which will add another level of service when assisting clients."

*Damian Mantini, Director of Aggregation and Strategic Partnerships from Platform Finance*

"We have been amazed at how this has changed a customer from "let me think about it" to "let's buy it today".
We are definitely selling more cars because of Autopay."

*Gold Coast Prestige*



# AUTOPAY

FINANCE ACCELERATED

Customer receivables
**$6m**

Dealerships/ brokers onboarded
**200+**

Fastest settled deal
**26min**

## FY21 Performance Indicators:

- Launched April 2021
- Autopay represents 2% of total customer receivables in FY21
- FY21 originations $6m
- Average value: $35,200
- Average receivable term: 69 months

# Tech-led finance innovation increases dealer sales with settlement within 60 minutes.

Autopay is driven by artificial intelligence and high automation, delivering a fast, paperless application process with settlement under 60 minutes, 7 days a week.

We built Autopay after discovering car dealers' frustrations with the current finance process – which only suited the lenders and not the industry.

Autopay is rapidly bringing dealers a distinct sales advantage and solution to what were lengthy delays and inefficiencies. Dealers can now offer car buyers access to finance in 60 minutes, 7 days a week, fuelled by AI-powered technology offering personalised rates to the buyer. As a result, Dealers are seeing an increase in sales turnover as deals can now be done in minutes offering an unrivalled experience to their clients.

Autopay is also available to finance brokers, unlocking a tool that allows them to provide a completely contactless process, using digital contracts to settle deals from any location without the inefficiencies of physical signatures or paperwork. Again, all done within 60 minutes, 7 days a week.

Before Autopay it would take several days for most banks and non-bank lenders to approve and settle car loans and weekend settlements were mostly unavailable. Autopay sets a new benchmark which is changing the way dealers operate allowing stock and cashflow to move faster, improving business efficiency.

Autopay's high-powered technology engine is built on our proprietary platform Horizon, automating several touchpoints from the customer application process, underwriting decisions and even real-time funding to dealers bank accounts.

The interest rate is calculated by a combination of the customer's credit behaviour data, age of vehicle and the loan-to-value ratio (from up to two data sources). Horizon then processes the information in real-time to provide a competitive risk-based price tailored to each deal.

Autopay also brings added benefits of real time payout figures accessible via the iOS and Android app, no early or break fees and dealerships retaining 100% of commissions available.

Autopay has fixed everything that was broken about existing auto finance models and has provided a real solution to the problems faced by the industry that put the brakes on dealers and car buyers.


## Key features:

| | | | |
|---|---|---|---|
| Competitive rates from 4.75% p.a. | Individual and consumer loans | Dedicated portals with unique features for Dealer and Broker | AI powered automated decisioning |
| Pre-approvals and settlement withint 60 minutes | Available 7 days a week | Live payout figures available via app | No early exit fees |

# PERSONAL LOANS MADE EASY-ER

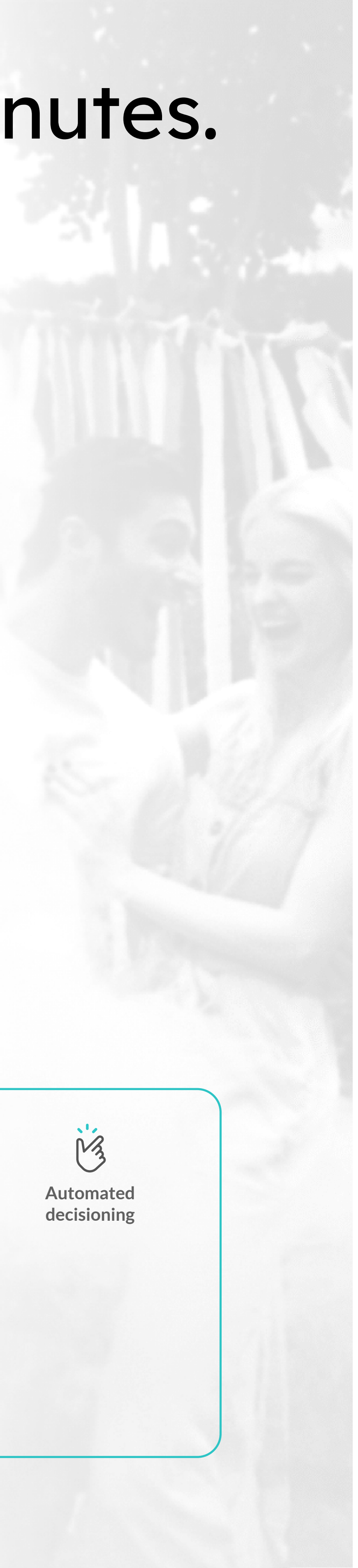
AI-enabled & automated, yet still very personal.

| Customer receivables | Customer receivables up | Average value |
|---|---|---|
| $167m | 112% | $8,900 |

## FY21 Performance Indicators:

- FY21 originations $170m (up 80% from FY20)
- Personal Loan represents 50% of total customer receivables in FY21
- Average receivable term: 38 months
- Average time to funded: 60 minutes

PRODUCT REVIEW COM.AU 2021 AWARDS WINNER
PERSONAL LOANS



# Money in your bank account within 60 minutes. Seriously.

MoneyMe has brought greatly needed competition to the personal loan market and an alternative that truly stands out, even amongst the newer fintech lenders. As a result, we are rapidly stealing market share. Banks have never needed to work hard to attract personal loan customers. Until now.

What sets MoneyMe apart is our use of smart technology to deliver convenience, speed and competitive fair rates. When our customers apply, we typically approve within 60 minutes, 7 days a week, with an AI-powered rate that is based on the borrowers' unique circumstances.

Customers are demanding faster, more convenient ways to access finance from their mobiles, and our personal loan offering is miles ahead of our competition to capitalise on this consumer transition.

For most banks and online lenders, it takes several days to approve and deposit money to customers bank accounts.

MoneyMe's low-rate personal loans harness the power of our proprietary platform Horizon. Horizon that allows us to provide fair and competitive rates, tailored to customers' credit behaviour that uses more than just the traditional credit report that most lenders rely on to make a decision. As a result, we can offer more competitive rates with better terms, whilst a major bank, we've slashed our rates, starting from a low 6.25% p.a. (comparison rate 7.34% p.a.).

Our personal loan customers enjoy a seamless 100% digital application process that takes minutes to complete and gives a real-time automated decision in many cases. An on-the-spot loan offer that, if accepted and approved, can be deposited in their bank account in seconds. And because Horizon is also integrated with market-leading services, one of which is the New Payments Platform which means money is immediately available in customers bank accounts to use.

We're continually looking for innovative ways to improve out market leading offering, and there's no signs of slowing down.

## Key features:

- Rates from 6.25% p.a. (Warehouse funding from Major Bank)
- Loan amounts from $2,100 to $50,000
- In-house built AI risk-based pricing
- Automated decisioning
- Approvals typically within 60 minutes, 7 days a week
- Automated funding available 24 hours a day
- Instant bank transfers to most bank accounts

# Freestyle virtual Mastercard®

The feature-packed virtual card built for Generation Now.

**Customer receivables**
**$136m**

**Customer receivables up**
**159%**

**Average utilisation rate**
**70%**

## FY21 Performance Indicators:

- FY21 originations $171m (up 117% from FY20)
- Freestyle represents 41% of total customer receivables in FY21
- 21,850 active Freestyle virtual Mastercard® users
- $43m total card spend in FY21 ($60 average spend)
- Key e-partnerships with Surfstitch, Scoopon, Deals, Cudo

# The innovative virtual card that says goodbye to plastic, forever.🐬

Our Freestyle virtual Mastercard® is the reinvention of the credit card for Generation Now, who want flexibility to use products how it suits them, when it suits them, with simplicity and transparency.

The Freestyle virtual Mastercard® replaces the outdated traditional plastic credit card. Old school plastic takes days to be approved and arrives by snail mail, with confusing rates and pricing. Traditional cards talk in terms of minimum balances and lengthy repayment periods and offer exorbitant cash advance fees, not to mention low value rewards schemes.

Out with the old and in with the Freestyle virtual Mastercard®. Our virtual card is high in convenience and low in complexity. Customers apply in minutes and our approval times are typically around 90 minutes or less. And thanks to our instant virtual card creation, it means they can start using their credit straight away.

Generation Now can utilise the Freestyle virtual Mastercard® to Tap n Pay (Apple Pay and Google Pay), securely shop online, or link their card to services like Uber or Spotify. Purchases are up to 55 days interest-free, with a competitive low rate of 16.99% p.a. after the interest-free period. Most importantly, our fees are transparent and very fair. We charge no annual fee for limits up to $3,000 (max available limit is $20,000) and a monthly fee of $5 for balances of $20 or more.

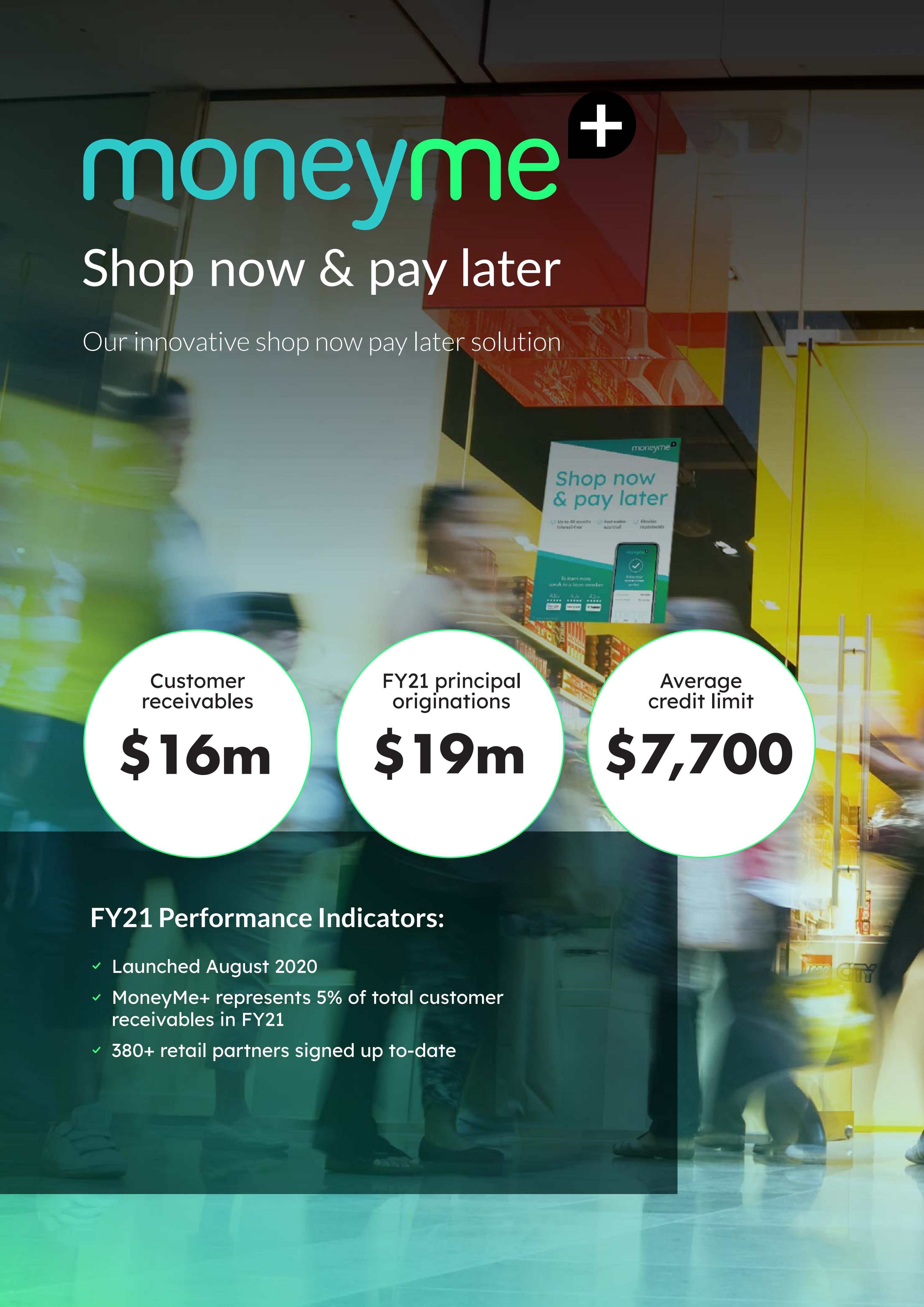
Cardholders can also use PayAnyone to transfer money to any bank account in seconds, thanks to our integration with the New Payments Platform. There's no cash advance fees and we empower our customers to be in control of their finances by spreading their repayments over 2-5 years. Our reward program MoneyMe Perks is powered by Cashrewards™, providing hundreds of credit back offers and discounts.

A key advantage of the relevance of our Freestyle virtual Mastercard®'s is that it compliments our diverse product suite. For example, when a customer buys a car through Autopay, they'll also get easy access to a Freestyle virtual Mastercard® account through an simple opt-in process.

We designed this product to be a long-term partner for Generation Now. Take up has been strong whilst the traditional credit card has been in decline. The strength of this product is allowing MoneyMe to win market share in this new age of buy now, pay later.

## Key features:

- Fast approvals
- Automated decisioning
- Instant virtual card creation
- No plastic, ever
- Credit limit up to $20,000
- Transact via Tap n Pay, virtual card details or PayAnyone
- Rewards program with real-time credit back offers
- Repayment cycles of 2-5 years preventing debt cycles




# moneyme+

## Shop now & pay later

Our innovative shop now pay later solution

| Customer receivables | FY21 principal originations | Average credit limit |
|---|---|---|
| **$16m** | **$19m** | **$7,700** |

## FY21 Performance Indicators:

- Launched August 2020
- MoneyMe+ represents 5% of total customer receivables in FY21
- 380+ retail partners signed up to-date

# Our shop now, pay later solution for big ticket items

MoneyMe+ is a shop now, pay later solution for high value purchases that allows customers to spread the costs of their purchases evenly into regular instalments.

Generation Now has driven a seismic shift in expectations for payment options when making purchases on and offline, and MoneyMe+ has lasered in on the larger value items between $2,000 and $50,000 with a shop now, pay later solution.

MoneyMe+ is occupying territory that the banks, stymied by archaic processes and aging technology, have been unable to reach. The small ticket shop now, pay later is over saturated, but there's still market opportunity for higher value purchases in many more categories other than retail.

MoneyMe+ customers can apply for a credit limit of up to $50,000 for in-store and online purchases with their MoneyMe+ account, with an interest free period of between 6 and 60 months, set by the merchant. Customers are empowered with the flexibility to repay within the interest-free period set by the merchant – or spreading it out over a more extended period of up to 5 years – the choice is theirs.

This solution is delivered to consumers quickly and conveniently through our proprietary tech platform, Horizon, resulting in a frictionless customer experience. It takes just minutes for customers to apply for MoneyMe+, with fast approval times. We then transfer the funds for the purchase to the merchant which is available in their bank account in seconds.

The benefits for the merchant are powerful. Pay later solutions have been proven to increase the basket size of orders, delivering the merchant increased revenue. In addition to this, the merchant can upsell or gain repeat purchases from MoneyMe+ as they have a revolving credit limit for future purchases.

Although MoneyMe+ is in its early product phase, we're already seen strong momentum in the education and home improvement sectors with more sectors gaining traction. We are excited by the instore and online opportunities this product presents.

## Key features:

- Fast approvals
- Automated decisioning
- 6-60 months interest free set by merchants
- Flexible repayment options
- Revolving credit limit up to $50,000
- In-store and online payment options
- No payment for first 30 days

# ListReady

PAY LATER SOLUTION FOR LISTING EXPENSES

Market-leading innovative proptech digital solutions for agencies and homeowners

Customer receivables
**$8m**

Customer receivables up
**200%**

Average service value
**$5,600**

## FY21 Performance Indicators:

- FY21 originations $17m (up 232% from FY20)
- ListReady represents 2% of total customer receivables in FY21
- Partnered with 650+ agencies
- Signed up 3,000+ agents

Best PropTech Platform

# ListReady, a winning PropTech solution for both vendors and real estate agents

ListReady is a breakthrough buy-now-pay-later innovation in PropTech.

It is a strategic product that compliments our B2B2C strategy by leveraging real estate agents to promote and distribute ListReady to vendors selling their home. In turn, this cost effectively introduces the prime home-owner customers to the MoneyMe customer base who have access to our growing product suite.

ListReady leverages our proprietary tech platform, Horizon to create a frictionless application and post-application experience, providing win-win benefits to vendors and real estate agents.

For vendors the benefits are compelling. Sellers can defer the payment of listing expenses of up to $35,000 until sale and settlement of the property. Costs can include advertising, staging, styling, as well as cosmetic repairs and improvements, and much more, for the purpose of maximising the sale price of a property. This is all done within seconds via a completely digital application with no credit check or paperwork.

For real estate agents, ListReady is an important tool to win a listing. By removing the 'cost of selling' conversation real estate agents can enjoy a more relaxed onboarding process that isn't impacted by awkward conversations around upfront listing related expenses.

Agents also benefit as ListReady has the potential increase the property selling price and maximise their commission. With access up to $35,000, vendors are able to invest more into the marketing campaign and property improvements to present the property to its best potential.

We have already established relationships with highly efficient distribution channels including hundreds of real estate agencies (Ray White, Harcourts Solutions, Biggin & Scott, and many more), large established networks (Raine & Horne, Elders, First National) and integrations with leading software platforms (Agent Box, Vault and more).

With the increasing demand for buy-now-pay-later solutions, we wanted to provide an efficient payment solution to fulfil this need in the real estate sector. ListReady is all this, and more.

## Key features:

- Covers wide range of listing related expenses
- Pay later option up to $35,000
- Digital application and contract
- PayAnyone enabled to pay suppliers directly
- End to end process in minutes
- Contactless process

# Power of Horizon

We created our proprietary platform Horizon because it allows us to set the pace of our own innovation. We can make agile decisions, process large amounts of data at speed and adjust and changes our processes as the business evolves. This gives us a clear competitive edge.

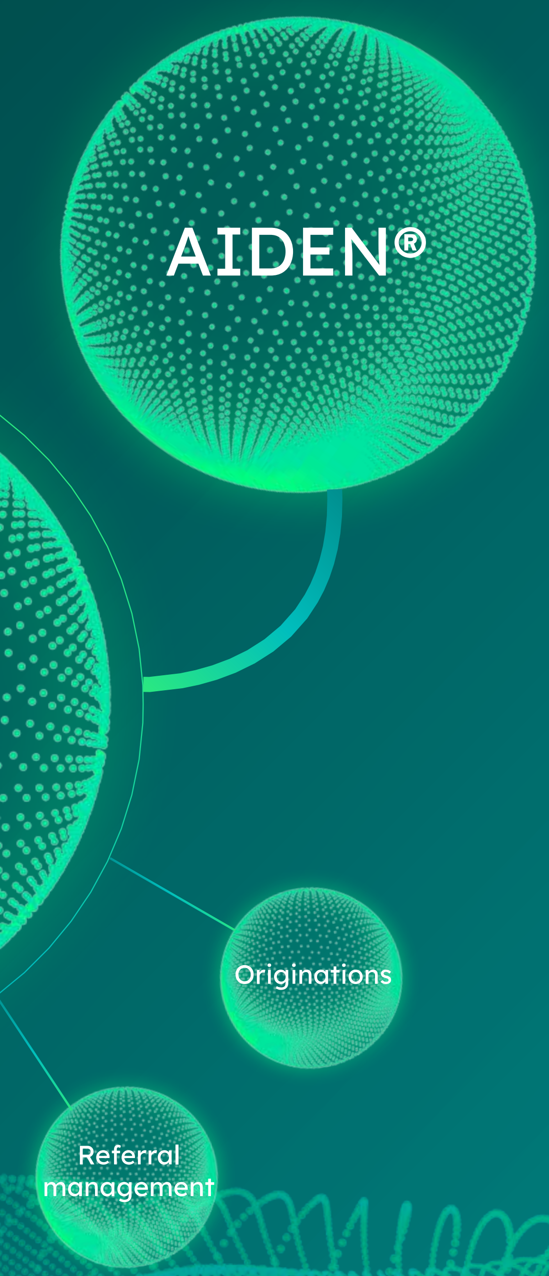
Thanks to Horizon our customer experience is unrivalled, with a frictionless application process. Horizon uses dynamic risk-based pricing that looks beyond just the customers' credit file at hundreds of touchpoints to price fairly and competitively. It uses automated and efficient underwriting processes to make sense of customers' financial habits with real-time risk calibration and real-time credit decisioning and distributing of funds.

Horizon's capability is powerfully innovative and highly scalable.

Over time, Horizon has effortlessly kept up with the demands of our rapid growth, powering all our complex products with ease, allowing us to expand across verticals within one ecosystem, whilst also allowing us to maintain strong credit management. Built for scale, we can expand without the constraints of human capital and can support offshore expansion.

We are continuously monitoring, adjusting, and improving Horizon as we gather more data and insights. There are two key components that we're particularly proud of: The ABCD Model and AIDEN® (our in-house built AI).

Ultimately, Horizon enables us to give our customers a fair and personalised experience tailored to each person's individual circumstance.




# ABCD Model

**Powered by Horizon's high automation and agile ability, we've developed the ABCD Model which is the key contributor to the success of our under 60 minute approval process.**

## A Agile dynamic application

Every customer application is different, meaning we may require different information from customers depending on the information they provide. Unlike most other lenders that will follow up their customers via phone or email, Horizon identifies the required additional data in real-time and adjusts our application form to capture that information. The result? We can decision the customer on-the-spot.

## B Biometrics without human interaction

Horizon powers our digital biometric assessment of our customers which uses facial recognition to automate the identification verification against their government issued ID. The biometric assessment is linked to Horizon risk capabilities which conducts fraud matching as well as meeting our Know Your Customer anti-money laundering obligations.

## C Comprehensive credit data

We've directly linked comprehensive credit data services to Horizon, enabling AIDEN® (our in-house built AI) to digest this information in real-time along with the rest of the customer's application details to conduct a risk assessment and credit decision without the need for human intervention.

## D Dynamic decision engine

Our dynamic decision engine plays a pivotal role in remaining agile and adaptive to our environment. Owning this technology means it's extremely agile, allowing us to make changes to our decisioning criteria and pricing matrices in as little as minutes. This proved very significant as the COVID-19 pandemic hit, as we were required to make risk-led changes to our decision engine as the landscape was continuously and rapidly changing. Horizon currently manages over 1,200 decision engines across our product range.

# Performance highlights

## Financials

### Gross customer receivables up
**149%**

FY21 gross customer receivables $333m ($134m in FY20) driven by record originations

### Revenue up
**21%**

FY21 revenue $58m ($48m in FY20) driven by record receivables growth

### Operating expense to receivables %
**29%**

FY21 operating expense to average receivables of 29% (down from 43% in FY20)

## Product & Innovation

### MoneyMe+ launched Aug 2020
**$19m**

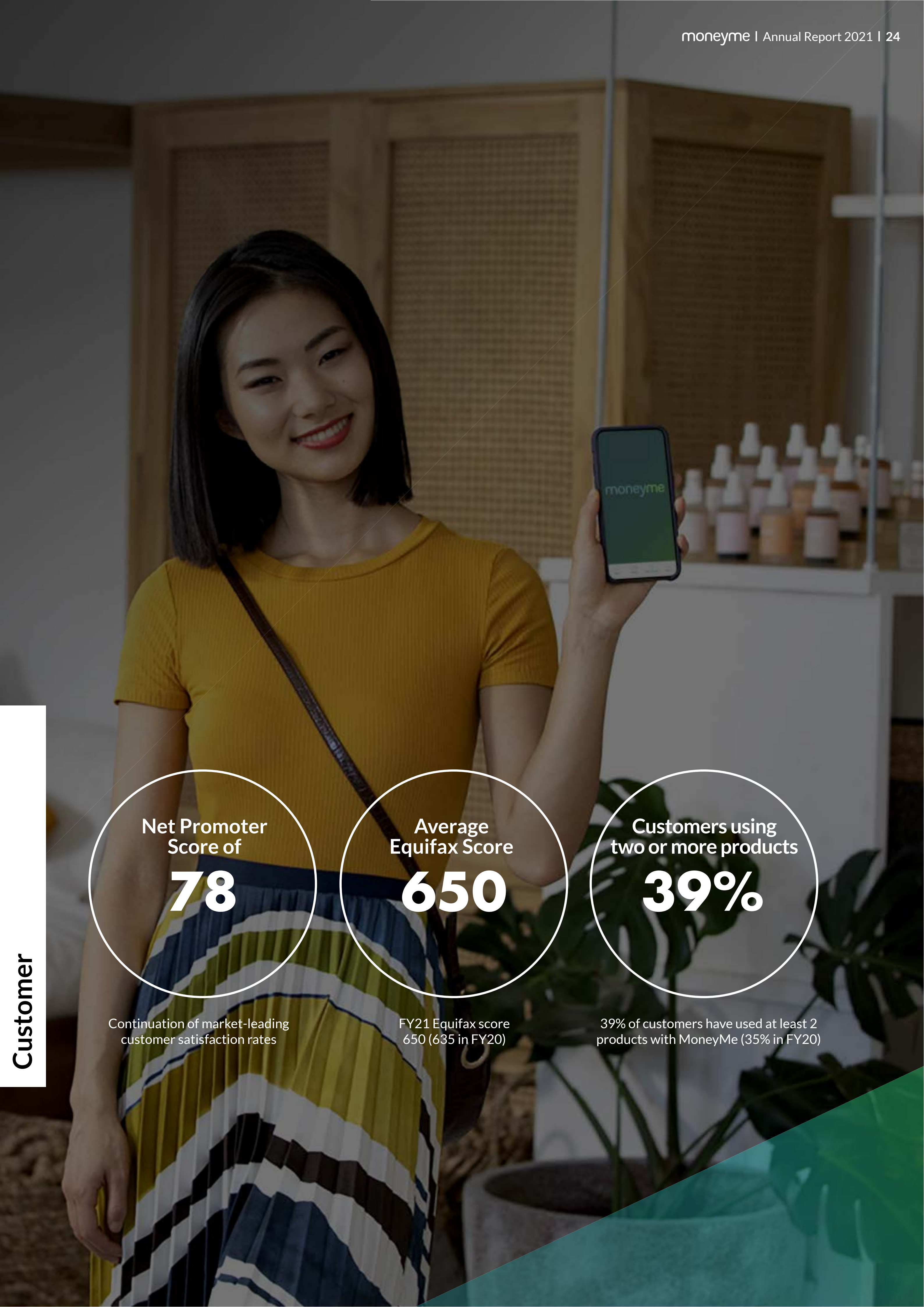
FY21 originations with 380+ retail distribution partnerships

### Autopay launched Apr 2021
**$6m**

FY21 originations with 200+ auto dealers and broker partnerships signed up

### 'PayAnyone' average transaction
**$370**

Market leading innovation available across our Personal Loan, Freestyle and ListReady offerings




Customer

**Net Promoter Score of**
**78**

Continuation of market-leading customer satisfaction rates

**Average Equifax Score**
**650**

FY21 Equifax score 650 (635 in FY20)

**Customers using two or more products**
**39%**

39% of customers have used at least 2 products with MoneyMe (35% in FY20)

# Message from the Chair

On behalf of the Board of Directors, it is my pleasure to present the MoneyMe 2021 Annual Report for the financial year ending 30 June 2021, our second as a listed company.

FY21 was another successful period for the company, adding to its track record for delivering significant increases to the customer receivables balance, revenue and year on year operating efficiencies across its funding, impairment and core operating expense areas. The growth and efficiency outcomes from the year are remarkable with robust underlying profitable growth alongside rapid expansion.

Indeed, the Group continued to further deliver on its growth strategy in FY21 of increasing its addressable market opportunities and diversifying the profile of its customer receivables, by successfully launching the MoneyMe+ and Autopay products among other innovations such as PayAnyone and MoneyMe Perks. The Group also delivered a step change reduction in its cost of funds through settlement of a new Major Bank warehouse facility that has increased its lending capacity and enabled pricing advantages through its risk adjusted pricing model that are further supporting originations growth.

The Group's digital approach, enabled by its proprietary technology platform, Horizon, has ensured that it has been close to business-as-usual throughout the COVID-19 pandemic and the Group has been able to continue to seamlessly deliver market leading customer satisfaction and service levels within credit settings calibrated to the environment. This ongoing strong performance and ability to continue to successfully manage throughout the COVID-19 impacted environment is testament to the resilience of our operating model, the quality and capability of our management team and employees, the Group's competitiveness within the market, and our ability as a disrupter to gain market share despite the conditions.

The Group's competitive positioning resulted in it receiving an unsolicited confidential, non-binding indicative proposal from a credible and significant third party seeking to effectively acquire MoneyMe Limited during the 1H FY21 period. The proposal was appropriately assessed by the board and management with assistance from independent external advisers, with a shared cost arrangement agreed. After due consideration a decision was made to decline the proposal and continue with the existing business strategy.

We are pleased to see the beginning of the end of the COVID-19 impacted macroeconomic environment with vaccination rates and other government led strategies and support helping to support an improving outlook despite some immediate term head winds. Our digital operating model and proprietary technology platform, the combination of current and planned new products, expanding distribution opportunities, a lower cost of funds and proactive credit risk management will enable the business to continue to achieve strong financial performance from an increasingly diversified customer receivables base. The Group is set to maintain its current focus on the opportunities for growth.

On behalf of the Board of Directors, I thank management and the team, for their outstanding work, customer service and unwavering commitment and passion for achieving results and groundbreaking digital experiences for Generation Now. As we look ahead with a lot of enthusiasm at the opportunity for FY22, I thank all shareholders for your trust and ongoing support for the growth of MoneyMe.

Yours sincerely

**Peter Coad**
Chairman
Sydney, 30 August 2021

# Message from the CEO

Dear fellow shareholders, defining innovation-led credit experiences for customers and acceleration in the market has been extraordinary. I am incredibly proud of our business and grateful to lead such an incredible team of people, who have delivered a bigger brand, a suite of break-through cross-category products, exceptional customer experiences, new funding structures and market beating results.

With more innovations in the pipeline for release in 2022, adding to the success of recent additions Freestyle, MoneyMe+ and ListReady products we launched Autopay, our latest break-through innovation. We are particularly excited by the industry's reception of Autopay which has already become our fastest growth product in FY22.

FY21 had many highlights, delivering record customer receivables, stronger unit economics, higher credit quality, significantly lower capital costs and momentum gaining quarter-on-quarter. We advanced further our technology platform, Horizon, and that combined with Major Bank funding created significant leverage in our operating model to deliver underlying profits, a significant increase in future revenue and higher automated credit experiences for our customers.

Our technology, ability to capture the new generation of customers and fundamentals for high and profitable growth was the focus of an unsolicited confidential, non-binding indicative proposal to effectively acquire MoneyMe Limited for a substantial premium to its share price. The proposal was appropriately assessed with assistance from top-tier advisers to ensure due consideration having regard to the interests of, and the future value for, shareholders leading to a collective decision to decline the proposal.

**Financial Performance**

I am very pleased to report that FY21 was a strong period of financial performance for MoneyMe.

- Customer originations of $384 million, up 115% on FY20. MoneyMe has now originated over $936 million since inception.
- Gross customer receivables of $333 million, up 149% on the 30 June 2020 result.
- Revenue of $58 million, up 21% on the prior comparable period.
- The weighted average cost of funds dropped to <5%, a massive 55% reduction on FY20 following the settlement and leverage of a new Major Bank warehouse facility.
- Core operating costs were down to 10% of average receivables compared to 12% for FY20, reflecting the increasing operating leverage.
- Net charge-offs were reduced to 5%, down from 7% on FY20.
- NPAT of ($8) million compared to $1 million for FY20, reflecting an accounting result timing difference between revenue recognition over time and the upfront provisioning on record originations but with otherwise robust underlying economics.
- The Group's cash and cash equivalent balance remains robust at $26 million at 30 June 2021, with the FY21 established Major Bank warehouse facility providing a sound runway for growth.

**Operational Performance**

The Group's operational performance has been strong, with significant investment and development continuing at pace as we deliver on our mission to become the favourite credit partner for Generation Now.

Some of the key highlights for the year were:

- Autopay launched in April 2021, our first secured finance product, significantly further increasing MoneyMe's Total Addressable Market. Autopay achieved an impressive $6m in originations to 30 June 2021 and the take-up from dealerships has accelerated.
- PayAnyone was enabled for Freestyle in November 2020, a first in market experience using credit to transfer money to anyone. This capability is now also enabled for ListReady customers covering property expenses.
- MoneyMe+ which was launched in 1H FY21, our Shop Now and Pay Later product with interest free payments and a fast online approval at point-of-sale checkout.
- Better rates for customers using our risk adjusted pricing model and cheaper capital advantage, to increase our Personal Loan offer to $50,000 with an increased term to repay. This is increasing customer lifetime value to the business.
- ListReady, our payment solution to homeowners for the expenditure involved in selling a property, continues to be a strong disruptor for the sector. The solution now has over 650 agencies signed-up, an increase from 297 at 30 June 2020.
- Customer satisfaction and service levels continue to be remarkable with a Net Promoter Score (NPS) of 78.
- Proactive and robust credit risk management continues to be calibrated to the COVID-19 impacted environment. As at 30 June 2021, COVID-19 hardship payment plan deferrals were 0.1% of gross customer receivables compared to 1.4% in June 2020.
- A continuation of strong receivable book quality with the average Equifax score increasing to 650.

**FY21 and Beyond**

The execution from the team and operational performance has been outstanding and with significant development continuing at pace, we are on our way to achieve our mission to become the favourite credit partner for Generation Now.

While the immediate term environment in Australia remains challenging, the medium to longer term macro-economic outlook is positive and creating significant opportunities. Our highly driven and capable team remain focused on achieving growth opportunities in the year ahead. We are incredibly excited as we execute on our strategy, increasing our market presence and share across more categories, increasing our sales to existing customers which delivers very attractive economics, and leveraging automation through our AI platform AIden®, to drive unbeatable customer experiences and value without the costs.

Our dynamic and digital operating model, strong cash position, diversified receivables book, modern product suite and online distribution, positions us well for the current and post COVID-19 environment.

To our MoneyMe shareholders, we are very grateful for your support, and to Team MoneyMe, thank you for achieving the sensational milestones and providing your relentless commitment in this financial year. I am incredibly excited for MoneyMe and its progress to be the favourite credit provider for the digital generation, creating customer value and exceptional experiences that deliver shareholder returns.

Yours sincerely

**Clayton Howes**
Managing Director and
Chief Executive Officer
Sydney, 30 August 2021

# Sustainability Statement

MoneyMe is proud of its Environmental, Social and Governance (ESG) approach and achievements. This inaugural Sustainability Statement provides an opportunity to formally recognise our success in these areas and communicate our plans to further progress our ESG agenda with focus and purpose.

**Governance**
MoneyMe's August 2021 ASX Governance Statement outlines how the corporate governance practices of the Group comply with the recommendations made by the ASX Corporate Governance Council in the fourth edition of the Council's Corporate Governance Principles and Recommendations. This statement also outlines MoneyMe's current governance framework, which reflects a formal review and update completed during the 2021 financial year. Key governance related highlights from FY21 include:

- reviewing and implementing updated Group Values to further guide and support employees and the Group, as well as the formal adoption of six governance principles;
- a Board level review of the Group's risk management framework;
- reviewing and updating the Group's Board and Committee charters and policies, including its Diversity Policy with gender diversity targets set, which we are progressing well towards achieving;
- completion of a Board performance, skills, and experience evaluation process;
- completion of the Group's inaugural AGM as a listed business, and as a fully virtual meeting with all proposed resolutions approved in full; and
- the appointment of an Environmental, Social and Governance (ESG) officer.

Key governance related plans for FY22 include the appointment of an additional female Board member and a Board member with specific financial reporting related skills and experience by 30 June 2022. The Group also plans to appoint an outsourced internal audit function and will consider the achievement of ESG related targets when assessing CEO and CFO remuneration.

**Employees**
This year, a key focus has been on supporting employee health and wellbeing and fostering a sense of connectedness throughout the COVID-19 environment. Key employee related achievements from FY21 include:

- maintaining appropriate hygiene practices, social distancing protocols, and flexible working arrangements as the team adapted to the COVID-19 environment;
- emphasising regular communications through our weekly company-wide group updates or 'G-Ups', which engage employees on strategy, and inspire and motivate them to work together towards a common goal. Having started with just one employee in 2013, these G-Ups now celebrate the achievements of 150 employees across multiple offices and countries;
- having over 10% of employees advancing their careers through promotions or role changes. This reflects not only the growth of the business, but also that our strategy to hire talent early and support their growth and development, is proving highly successful;
- having 69% of Australian employees in our Equity Incentive Plan as at 30 June 2021;
- recognising employees who go above and beyond with MoneyMe's quarterly bonus scheme, and 'Champions' Awards program;
- continuing to champion diversity, with a 41% female representation and at least 27 nationalities being represented among our staff; and
- further supporting the development of our culture, team engagement and bringing our values alive through establishing the 'Kulture Klub' to drive our exciting employee agenda.

In FY22, MoneyMe will continue investing in initiatives that sustain and build on our unique culture, including supplementing health, fitness, and wellbeing programs, and providing free access to an external and independent Employee Assistance Program. The business will also be providing paid volunteer days for employees and opportunities to volunteer and support charities in our local communities, as well as further formal training and career development opportunities. The Kulture Klub is to be established as a formal, management-level committee, to further strengthen our support of employees and our focus on ESG concerns.

**Community**
MoneyMe continues to prioritise investing and integrating into our local communities. Key community related achievements from FY21 include:

- our continued support for the Make-A-Wish Foundation;
- not only protecting our current employees' jobs during a pandemic, but actually creating 68 jobs, 27 in Sydney and Newcastle, and 41 in Manila;
- continuing to develop student and graduate talent through our internship program; and
- voluntarily initiating our assessment of MoneyMe's modern slavery risks. The risks of modern slavery in our operations and supply chain are low given we are a financial institution that does not manufacture goods offshore, does not hire employees in high-risk jurisdictions, and maintains a relatively small and centralised supply chain.

In FY22, we will continue supporting our local communities and prioritising sustainable initiatives through a new charity partnership program, volunteer opportunities for employees and implementing product incentives that support local communities. As well as further supporting graduate talent through a partnership with Newcastle University, and reviewing our significant suppliers' ESG related credentials and modern slavery risks to ensure they meet our standards.

**Environment**
At MoneyMe, we pride ourselves on the fact we have a minimal impact on the environment, and with the average age of our employees being just 31, we are of a generation that truly cares. We are committed to championing environmentally sound business practices by setting and achieving measurable environmentally sustainable objectives. Key environmental achievements from FY21 include:

- the ongoing execution of our digital business model and virtual products that minimise our, and our customers', plastic, paper, and general waste production, this includes our 100% plastic-free virtual Freestyle card;
- supporting Australian solar companies through lower merchant fees with MoneyMe+, so that more Australians could make their homes environmentally friendly;
- achieving 100% carbon-neutral energy for the Sydney office, which involves offsetting approximately 50 tons of $CO_2$ annually; and
- migrating our entire I.T. infrastructure, including data storage, to Microsoft Azure cloud, which aims to be powered by 100% renewable energy by 2025.

Environmental plans for FY22 include recording and further reducing the company's carbon emissions, engaging with our office property landlords to improve electricity, water, and waste management outcomes, and implementing tree-planting initiatives and other product incentives that support favourable environmental results.

**Customers**
MoneyMe's customer-first approach allows us to provide an outstanding, responsible, and secure experience for our customers. Key customer related achievements from FY21 include:

- continuing to give our customers financial control, such as through the Freestyle account which is structured for amounts to be repaid in just a few years, rather than traditional credit card debt that can hang over customers for decades;
- continuing to champion responsible lending practices with less than 5% of MoneyMe's revenue in FY21 coming from late repayment fees, this is thanks to us offering customers flexible repayment schedules with no early repayment fees or breakage costs;
- achieving a Customer Net Promoter Score of 78 at 30 June 2021;
- achieving a Google Reviews rating of 4.8/5 at 30 June 2021;
- achieving a Product Review rating of 4.7/5 at 30 June 2021;
- having an incredibly low 0.1% of active customers as of the 30 June 2021 with a complaint to The Australian Financial Complaints Authority (AFCA) in FY21; and
- maintaining our commitment to providing affordable credit, with interest rates that range from 6.25% to 25.99% at 30 June 2021; however, the average interest rate for personal loans and Freestyle accounts funded in FY21 was just 17.5%.

In FY22 we will continue to focus on delivering the innovation and high customer service standards expected by the digital generation. We will also maintain our responsible lending practices, and our fair and transparent pricing, ensuring customers borrow within their means and that we communicate their obligations in a timely and effective manner.

**Shareholders**
MoneyMe is committed to consistently releasing high quality, timely, and insightful information to shareholders and delivering sustainable returns. Key highlights from FY21 in this area include:

- maintaining a very high standard of disclosure, with a commitment to delivering consistent and valuable information to shareholders;
- completion of comprehensive quarterly market trading updates and the issue of user friendly and insightful annual and interim period reporting;
- completion of timely and specific market updates covering key items such as funding developments and the roll-out of new product innovations; and
- completion of a highly successful inaugural Equity Investor Day in April 2021, which allowed current and prospective investors to learn more about the MoneyMe difference.

We will continue our current shareholder investor program into FY22 to reach an ever-broadening shareholder base, and adopt a proactive approach to allow current and potential shareholders to assess the business's ESG credentials as part of their decision-making process.

# FY21 key achievements

- 100% carbon neutral energy in the Sydney office
- 100% plastic-free virtual Freestyle card
- Supported the solar industry through MoneyMe+
- At least 27 different nationalities among MoneyMe staff
- Only 0.1% of our active customers lodged a case with AFCA
- Female representation is greater than our 40% target
- Only 16% staff turnover in FY21
- Only 3.4 sick days taken on average per employee
- 69% of Australian employees taking part in the Employee Equity Incentive Plan
- Appointment of a full-time ESG Officer
- Kulture Klub Committee making a difference with an ESG focus
- Supported Make-a-Wish Foundation
- Created 68 jobs in FY21
- Less than 5% of our revenue came from late fees

# Directors' Report

# Directors' Report

The Directors are pleased to 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 2021 (FY21).

## Information About The Directors

The Directors of the Company at the date of this report were Peter Coad, Clayton Howes, Jonathan Lechte, Susan Wynne, and Scott Emery.

| Meetings of Directors | Board | | Audit and Risk Committee | | Remuneration and Nomination Committee | |
|---|---|---|---|---|---|---|
| | Eligible To Attend | Attended | Eligible To Attend | Attended | Eligible To Attend | Attended |
| **Peter Coad** | 12 | 12 | 4 | 4 | 6 | 6 |
| **Clayton Howes** | 12 | 12 | – | – | – | – |
| **Jonathan Lechte** | 12 | 12 | 4 | 3 | – | – |
| **Susan Wynne** | 12 | 11 | – | – | 6 | 5 |
| **Scott Emery** | 12 | 11 | 4 | 4 | 6 | 6 |

| Director Shareholdings, Options and Rights | Shareholdings No. | Options No. | Rights No. |
|---|---|---|---|
| Peter Coad | 731,326 | – | 100,000 |
| Clayton Howes | 50,294,717 | – | 462,000 |
| Jonathan Lechte | 731,326 | – | 100,000 |
| Susan Wynne | – | – | 60,000 |
| Scott Emery | 48,008,802 | – | – |

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 has 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 & 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 GlaxoSmithKline in the 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 an Independent 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 has 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.

Susan Wynne

*Independent Non-Executive Director*

Susan joined MoneyMe as an Independent 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 Woollahra Council since 2008 including terms as both Deputy Mayor and Mayor. She was elected as Mayor of Woollahra in September 2019 having also served in this role in 2011/12. With a strong focus on corporate social responsibility, Susan is National Chair of Australian Red Cross Society of Women Leaders. She is a graduate of the Australian Institute of Company Directors and Affiliate of the Governance Institute of Australia.

Scott Emery

*Non-Executive Director*

Scott Emery has been a Non-Executive Director of MoneyMe from an early stage of the business. 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.

## Information about the Company Secretary

Jonathan Swain was appointed as Company Secretary of MoneyMe on 11 May 2021. Jonathan is a Senior Company Secretary with Company Matters Pty Limited. He has previously worked in a range of legal, company secretarial and management roles. Jonathan is admitted as a solicitor in New South Wales and is a Fellow Member of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

## Principal Activities

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

## Operational and Financial Review

### Operational Highlights

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

- Period-on-period growth of 149% on gross customer receivables and 21% growth in revenue;
- Successful settlement of a Major Bank warehouse, with the cost of funds reducing by 55%;
- The successful launch of Autopay, the first secured finance product, delivering drive away finance in 60 minutes;
- The successful launch of MoneyMe+ with $19.3 million of originations since launch and over 380 merchant point-of-sale contracts put in place;
- Expansion and further diversification of the customer base through increased customer receivable offerings with the Freestyle virtual credit account offer increased to $20,000 and the Personal Loan offer increased to $50,000;
- High levels of customer satisfaction, with a high NPS score of 78;
- Recognition by the Australian Fintech Awards for Best PropTech Platform; and
- Ongoing operating efficiencies being delivered through low fixed costs and high automation with core operating costs as a percentage to average assets reducing to 10% (12%, FY20).

The COVID-19 pandemic continues to bring about challenges for the industry. From the Group's perspective, COVID-19 continues to impact in a number of areas including a heighted credit risk. However, the Group's online, low fixed cost and recurring revenue business model mean that these challenges are manageable.

The Group's digital approach, combined with a proprietary technology platform, has ensured that employees and management have been able to flexibly transition between office and home working as a result of COVID-19, while continuing to deliver great customer engagement, effectively manage the customer origination process, proactively refine credit decision making, and manage risk and operational processes.

### Financial Highlights

Key Financial Measures with comparatives are provided below.

| | 30 June 2021 $'000 | 30 June 2020 $'000 |
|---|---|---|
| Total revenue | 57,574 | 47,671 |
| Profit / (loss) before tax (PBT) | (10,032) | (119) |
| Net profit / (loss) after tax (NPAT) | (7,929) | 1,299 |

| | 30 June 2021 $'000 | 30 June 2020 $'000 |
|---|---|---|
| Cash and cash equivalents | 26,164 | 35,379 |
| Gross customer receivables | 332,550 | 133,560 |
| Total assets | 345,973 | 166,601 |
| Total equity | 40,238 | 46,852 |

Revenue growth in FY21 materially reflects growth in the gross customer receivables. NPAT reflects revenue growth, before tax operating expenses plus an income tax benefit that materially reflects the recognition of tax assets.

The period-on-period gross customer receivables increase reflects originations growth. Period-on-period total asset increases reflect gross customer receivables growth and the recognition of deferred tax assets. Period-on-period cash decreases reflect investments in gross customer receivables and ongoing investment-related spend.

The Group continues to apply financial macroeconomic overlays in a number of areas including customer receivable asset provisioning and the on-balance sheet recognition of deferred tax assets. These overlays have been adjusted in the current period to reflect the improving macroeconomic outlook. The Group received a $1.2 million benefit from access to government COVID-19 related stimulus programs in FY21.

### Strategy and 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 continue to deliver low funding costs and new business origination capacity.

While MoneyMe experienced a year of strong growth in 2021, the Group anticipates that COVID-19 will continue to present challenges for both our business and our industry in the year ahead but for these impacts to reduce over the 2022 financial year. The Group's lending portfolio growth will continue to adapt to credit risk with policies appropriately calibrated to the environment.

The Group continues to consider 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 in the local Australian market but also for overseas 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

For further information, refer to the Annual Report, which includes the Financial Statements and accompanying Notes.

## Changes in State of Affairs

The Group established the MoneyMe Horizon 2020 Warehouse Trust on 25 August 2020 and wound up the MoneyMe Velocity Warehouse Trust on 16 November 2020 as part of its securitisation funding program.

## 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 23 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 23 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 Accounting Professional and Ethical Standards (APES) Code of Ethics for Professional Accountants issued by the APES 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

The COVID-19 environment has continued to evolve and develop during the period post 30 June 2021. The use of lockdown arrangements in Sydney and other places across of Australia is noted in particular as is the increasing vaccination rate which was at 45% and 24% for first and second doses respectively on 10 August 2021 for people 16 years old and older.

It is also noted that the Reserve Bank of Australia's 6 August 2021 *Key Economic Indicator Snapshot* reporting reflects economic growth at 1.1%, an unemployment rate of 4.9% and employment growth of 6.3% for the 12 months ended 31 March 2021. Westpac's 9 August 2021 Weekly economic & financial forecasts reflects GDP growth to be negative 2.2% for the quarter to 30 September 2021, 3% positive for the quarter to 31 December 2021 and 1.8% for the quarter to 31 March 2022 and the unemployment rate to be 5.3%, 5.1% and 4.5% for those respective quarters.

The Group is continuing to monitor the changing environment and considers that no adjustments are required as a result of changes after 30 June 2021 in relation to the critical estimates and judgements in particular as set out in Note 4.

### Funding and Liquidity

The Group increased the external funding capacity of its MoneyMe Horizon 2020 Trust (HW20) by $108 million, 47%, to $338 million in July 2021. Concurrently, the HW20 eligibility criteria was broadened to include the ability to fund a broader range of assets, in particular the recently launched Autopay product receivables. The capacity increase and restructure also resulted in a diversification of HW20 mezzanine investor note holders to comprise two of Australia's leading securitisation mezzanine investors with the previous note holder being repaid in full. The Group also successfully closed a $7 million tap of its corporate bond in July 2021 on the same terms as its April 2021 issuance. Both of these developments reflect strong investor sentiment and demand, providing the Group further capital to support growth in Autopay and its other products.

## Future Developments

The Group will continue to pursue long-term growth to support sound returns to shareholders. This includes growing its customer receivable portfolio, 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 2021, no dividend was declared or paid 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 / Cancelled | Vested | Closing |
|---|---|---|---|---|---|
| 2020 | 4,280 | 2,274,095 | (340,990) | – | 1,937,385 |
| 2021 | 1,937,385 | – | (203,904) | – | 1,733,481 |

## 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 / Cancelled | Vested | Closing |
|---|---|---|---|---|---|
| 2020 | – | 2,074,000 | (490,000) | (240,000) | 1,344,000 |
| 2021 | 1,344,000 | 2,280,357 | (88,500) | – | 3,535,857 |

## 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 19 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 Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company 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, 30 August 2021

Clayton Howes
Managing Director and Chief Executive Officer
Sydney, 30 August 2021

# Remuneration Report

## 1. KMP Remuneration Framework and Governance

### 1.1 Introduction

The Directors of MoneyMe Limited (**MoneyMe** or **Group**) present the Financial Year 2021 (FY21) Remuneration Report for MoneyMe, which outlines its FY21 remuneration strategy, framework and outcomes, for Non-Executive Directors (NEDs), Executive Directors and other Key Management Personnel (KMP), prepared in accordance with the requirements of the *Corporations Act 2001*.

The performance of MoneyMe depends upon the Group's ability to attract, motivate and retain high-quality KMP and non-KMP 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 and framework outlined in this report is designed to deliver:

— competitive remuneration aimed at attracting a high calibre executive team;

— a clear alignment between remuneration and 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-quality board and executive team.

The Board of Directors (**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 is effectively supporting the attraction, motivation and retention of 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 KMPs were provided STI and LTI incentives in FY21 and FY20. Two Non-Executive KMPs were provided LTI incentives in FY21 and three Non-Executive KMPs 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.

### 1.2 Key Management Personnel (KMP)

The table below details the KMP covered in the FY21 Remuneration Report.

**Table 1: Key Management Personnel**

| KMP[1] | KMP Type | Positions Held | Term |
|---|---|---|---|
| **Peter Coad** | NED | Independent Non-Executive Chairman<br>Remuneration and Nomination Committee – Chair<br>Audit and Risk Committee – Member | Full Year |
| **Scott Emery** | NED | Non-Executive Director<br>Remuneration and Nomination Committee – Member<br>Audit and Risk Committee – Member | Full Year |
| **Jonathan Lechte** | NED | Independent Non-Executive Director<br>Audit and Risk Committee – Chair | Full Year |
| **Susan Wynne** | NED | Independent Non-Executive Director<br>Remuneration and Nomination Committee – Member | Full Year |
| **Clayton Howes** | Executive KMP | Managing Director (**MD**) & Chief Executive Officer (**CEO**) | Full Year |
| **Neal Hawkins** | Executive KMP | Chief Financial Officer (**CFO**) | Full Year |

1 Refer to the Directors' Report for further information relating Directors.

## 1.3 Remuneration Framework

MoneyMe 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 implemented a revised executive remuneration framework on listing in December 2019 to support implementation to this obligation. The framework balances rewarding individuals for their efforts in the immediate term and incentivises individuals to deliver on the Group's long-term goals.

A summary of MoneyMe's remuneration strategy and principles, and how they relate to the Group's mission and the Group's FY21 remuneration framework, are outlined below.

# Our Mission

To be the favourite credit provider for Generation Now.

### Remuneration principles

**Attract and retain talent**

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

**Shareholder alignment**

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 awards.

**Pay-for-performance**

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.

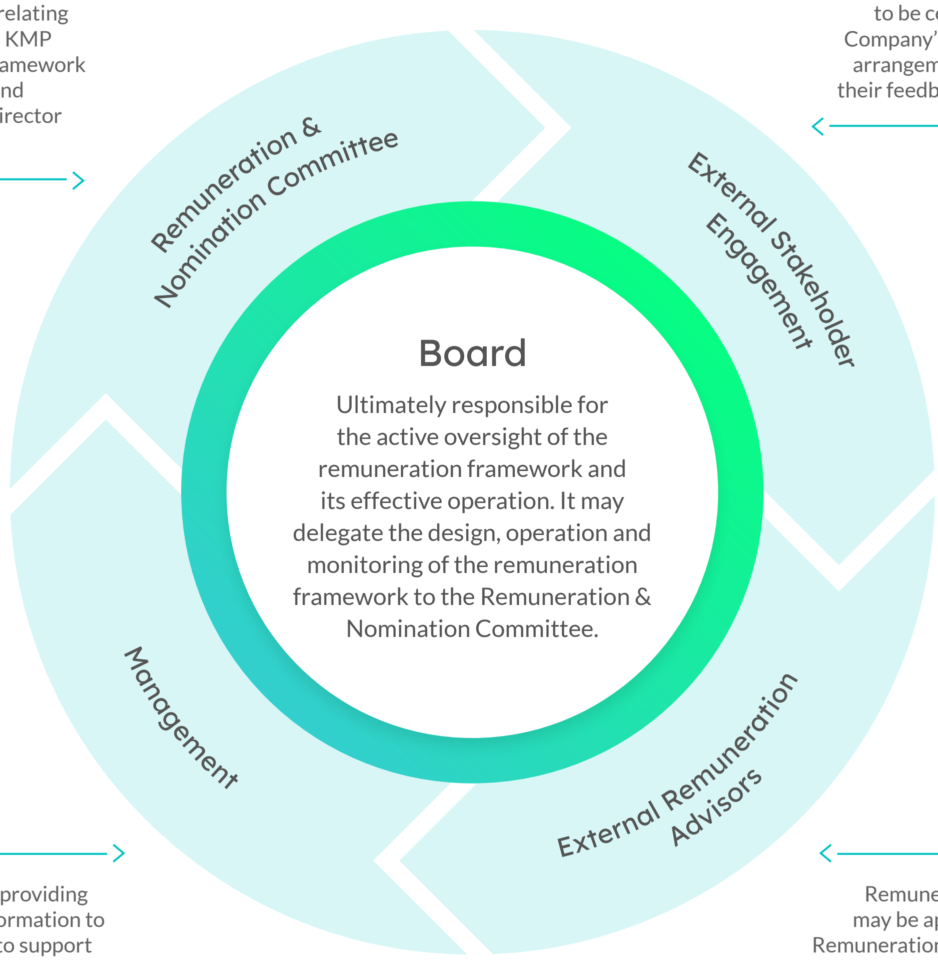
## 1.4 Remuneration Governance

The Board of MoneyMe Limited is responsible for evaluating and approving the remuneration arrangements of KMPs of 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 advisers to be consulted on the Company'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 advisers from time-to-time to provide advice.

Remuneration advisers may be appointed by the Remuneration & Nomination Committee or management to provide external advice. No 'remuneration recommendations' were provided in FY21.

## 1.5 Other Related Information

Refer to the 2021 Annual Report for all KMP related party transaction disclosures.

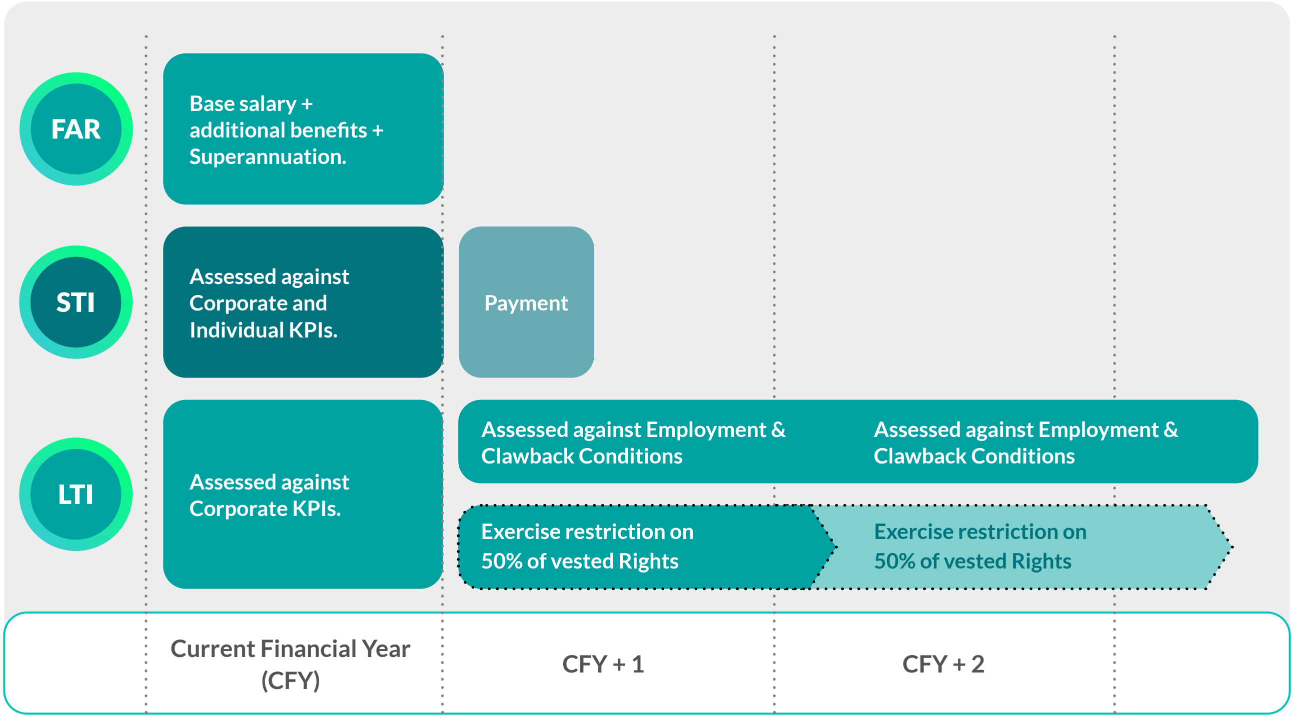
Under the Group's 'Securities Trading Policy', there are clear restrictions on the trading of MoneyMe shares where a person is in possession of price sensitive information that is not generally available. This Policy applies to all KMPs and also prohibits individuals from entering into 'protection arrangements',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

# 2. Executive KMP Remuneration

## 2.1 Remuneration Framework

To ensure shareholder value is delivered, MoneyMe maintains a strong link between Group performance and remuneration outcomes.

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 FY21 in the diagram below.

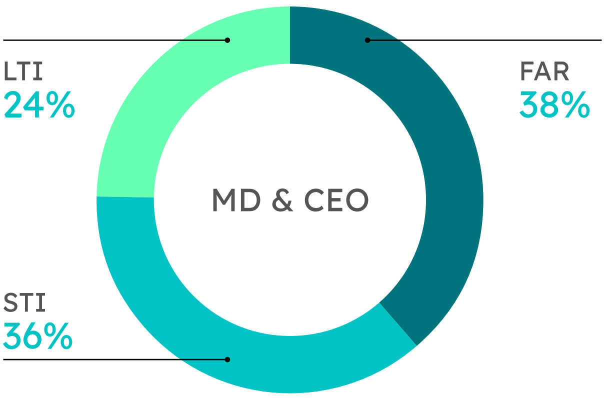


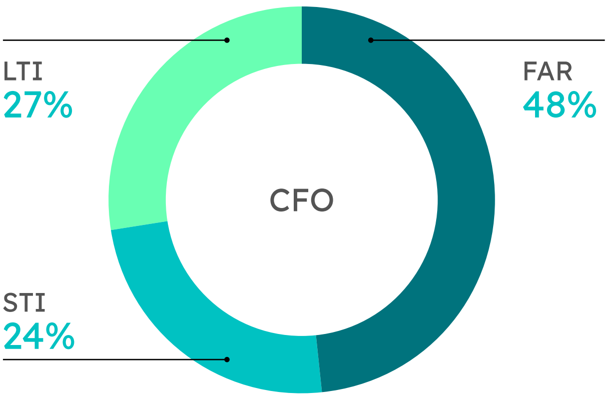

It is noted that FY21 is the current year performance assessment period, while FY22-FY23 is the payment/vesting period for FY21 Issued STIs and LTIs.

MoneyMe is committed to complying with its regulatory remuneration requirements. 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.

### 2.1.1 Remuneration Mix

The FY21 remuneration mix for MoneyMe's MD & CEO, and CFO is displayed below at maximum opportunity levels.



### 2.1.2 Remuneration Elements

| FAR | |
|---|---|
| **Description** | FAR is set at a competitive level to attract and retain high-quality and experienced Executive KMP for 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 they remain 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:<br>— peer financial services and technology companies; and/or<br>— 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 FY21 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. |
| **Performance period** | 1 year (1 July 2020 to 30 June 2021). |
| **Maximum opportunity if all performance measures met** | MD & CEO: $450,000<br>CFO: $150,000 |
| **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. The measures include quantative outcomes to support objective assessments that are based on both internal and external factors to the company. |
| **Employment conditions** | Typically 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.<br>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:<br>— reduce current year STI outcomes yet to be paid ('malus'); or<br>— 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 FY21 and is subject to performance conditions. For FY21, the LTI was delivered via an Employee Performance Rights (**EPR – Series 1**) Grant and performance conditions are linked to key financial and non-financial measures.<br><br>The purpose of the EPR Grant was to reward and retain key employees and to incentivise these individuals to meet critical financial and strategic goals. |
| **Performance period** | 1 year (1 July 2020 to 30 June 2021).<br><br>Following the performance period, there is an additional 1 and 2 year exercise restriction. This operates as follows:<br><br>— 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 ending 30 June 2022; and<br>— 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 2023. |
| **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 if all performance measures met** | MD & CEO: $315,000<br><br>CFO: $175,000 |
| **Delivery** | The EPR Grant is wholly delivered via Performance Rights, granted to the individual for $nil consideration. |
| **Allocation methodology** | The EPR grant was made on a face value basis. This was calculated in reference to a share price of $1.50 that reflects reference to the Group's share price in September and October 2020. |
| **Performance vesting 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 for the Group to meet its 2021 planned Revenue, NPAT and Gross Customer Receivables. The Board assesses performance against the three measures at the end of the performance period. |
| **Employment vesting conditions** | Typically:<br><br>— 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<br>— 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 Group has malus (downwards adjustment of unvested or unpaid remuneration) and clawback (repayment of vested or paid remuneration) provisions in place for its KMP.<br><br>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:<br><br>— lapse all/a portion of unexercised Performance Rights (commonly known as 'malus'); and/or<br>— 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. |

### 2.1.3 Contractual Arrangements

The terms of employment (including remuneration) for Executive KMP is outlined as per their executive service agreements with the Group. A summary of some key terms is provided below.

#### Table 2: Executive KMP Service Agreements

| Name | FAR | Duration of service agreement | Notice period | | Severance payment entitlement | Restraint period |
|---|---|---|---|---|---|---|
| | | | By executive | By Group | | |
| **Clayton Howes (MD & CEO)** | $475,000 | Ongoing | 6 months | 6 months | No entitlement | 6 months |
| **Neal Hawkins (CFO)** | $300,000 | Ongoing | 3 months | 3 months | No entitlement | 6 months |

## 2.2 2021 Outcomes

### 2.2.1 Group Performance

Notwithstanding the macroeconomic challenges in the year from the pandemic, the execution by the Group has been remarkable. Credit management, growth in customer receivables, revenue, new breakthrough innovation, leading customer satisfaction levels and delivering scale benefits for the business; the key Group performance highlights for FY21 include:

— Total Revenue $57.6 million ($47.7 million pcp);
— Gross Customer Receivables $332.6 million ($133.6 million pcp);
— NPAT loss ($7.9 million) ($1.3 million pcp);
— Successful settlement of a Major Bank warehouse, reducing the cost of funds by 55%;
— The successful launch of 2 new products – MoneyMe+ and Autopay;
— Expansion and further diversification of the customer base through increased customer receivable offerings with the Freestyle virtual credit account offer increased to $20,000 and the Personal Loan offer increased to $50,000;
— High levels of customer satisfaction, with a high NPS score of 78;
— Recognition by the Australian Fintech Awards for Best PropTech Platform; and
— Ongoing operating efficiencies being delivered through low fixed costs and high automation with core operating costs as a percentage to average assets reducing to 10% (12% pcp).

### 2.2.2 Remuneration Summary

The table below summarises current and prior financial year executive KMP remuneration.

#### Table 3: Executive KMP Remuneration

| MoneyMe Remuneration for the Current & Prior Financial Years | Financial Year | FAR | | | STI | LTI | |
|---|---|---|---|---|---|---|---|
| | | Salary $ | Additional benefits[1] $ | Superannuation $ | Cash payment $ | Performance rights[2] $ | Total $ |
| Clayton Howes | **2021** | **461,058** | **82,964** | **25,000** | **450,000** | **233,182** | **1,252,204** |
| | 2020 | 401,179 | 87,186 | 25,000 | 450,000 | 85,909 | 1,049,274 |
| Neal Hawkins | **2021** | **273,913** | **–** | **25,000** | **150,000** | **71,104** | **520,017** |
| | 2020 | 231,596 | – | 22,002 | 50,000 | 13,636 | 317,234 |
| Total | **2021** | **734,971** | **82,964** | **50,000** | **600,000** | **304,286** | **1,772,221** |
| | 2020 | 632,775 | 87,186 | 47,002 | 500,000 | 99,545 | 1,366,508 |

[1] Additional benefits include a monthly car allowance, rental payments and leave entitlements. Leave is included on a net movement basis.
[2] Performance rights are subject to meeting the vesting criteria. The amount disclosed is representative of the accounting remuneration.

### 2.2.3 STI Outcomes

The table below summarises the FY21 actual outcomes for Executive KMPs.

**Table 4: Current Year Executive KMP STI Outcomes**

| Executive KMP | Maximum STI $ | % of maximum STI vested | % of maximum STI forfeited | STI payment $ |
|---|---|---|---|---|
| **Clayton Howes (MD & CEO)** | $450,000 | 100% | 0% | $450,000 |
| **Neal Hawkins (CFO)** | $150,000 | 100% | 0% | $150,000 |

### 2.2.4 LTI Outcomes

Under the LTI, the EPR Grant provided to the MD & CEO and CFO were due to be assessed at the end of the performance period ended on 30 June 2021. 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 ended 30 June 2022 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 ended 30 June 2023.

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. Employment related vesting conditions are to be met.

**Table 5: Current Year Executive KMP LTI Outcomes**

| Performance condition | Outcome |
|---|---|
| Gross Customer Receivables Target | Achieved |
| Revenue Target | Achieved |
| NPAT Target | Achieved |
| **Final Vesting Outcome** | **Achieved** |

The Board exercised its discretion and completed the NPAT target assessment in reference to "Cash NPAT" which includes an adjustment to reflect the timing difference between upfront provisioning and the recognition of revenue over time. The under achievement compared to the NPAT target reflects over performance in customer receivable growth in particular that the Board reasonably expects will positively support NPAT in future periods in line with statutory accounting practices.

# 3. NED Remuneration

## 3.1 Remuneration Framework

### 3.1.1 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 FY21 fee levels are set-out in the table below.

**Table 6: Current Year NED Fees**

| Position | FY21 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 are pro-rated for part-year Directors.

### 3.1.2 Equity Plan

| Equity Plan for NEDs | |
|---|---|
| **Description** | Non-Executive Directors are eligible to participate in the annual LTI plan, which comprised a portion of their variable remuneration in FY21 and is subject to performance conditions. This grant of equity incentives was provided to some Directors in the financial year.<br><br>The purpose of the 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 2020 to 30 June 2021).<br><br>Following the performance period, there is an additional exercise restriction on a portion of the Performance Rights as follows:<br><br>— 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 ending 30 June 2022; and<br><br>— 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 2023.<br>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:** $150,000<br>**Jonathan Lechte:** $150,000<br>**Susan Wynne:** does not participate in the Grant for FY21.<br>**Scott Emery:** does not participate in the Grant for FY21. |
| **Delivery** | The Grant is wholly delivered via Performance Rights, granted to the individual for $nil consideration. |
| **Allocation methodology** | The EPR Grant was made on a face value basis. This was calculated in reference to a share price of $1.50 that reflects reference to the Group's share price in September and October 2020. |
| **Performance vesting conditions** | The grant of the Performance Rights is subject to the Major Bank funding facility that was establshed in September 2020 continuing to operate for the benefit of the Company to achieve its strategic objectives as intended for the Performance Period to 30 June 2021. |

| | |
|---|---|
| **Employment vesting conditions** | Typically:<br>— 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<br>— 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 Group has malus (downwards adjustment of unvested or unpaid remuneration) and clawback (repayment of vested or paid remuneration) provisions in place for its KMP.<br>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:<br>— lapse all/a portion of unexercised Performance Rights (commonly known as 'malus'); and<br>— 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. |

### 3.1.3 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 FY20 Prospectus.

## 3.2 2021 Outcomes

### 3.2.1 Remuneration Summary

The table below summarises current and prior financial year NED remuneration.

**Table 7: NED Remuneration**

| MoneyMe Remuneration for the Current & Prior Financial Years | Financial Year | FAR | | | STI | LTI | |
|---|---|---|---|---|---|---|---|
| | | Salary $ | Additional benefits $ | Superannuation $ | Cash payment $ | Performance rights[1] $ | Total $ |
| **Peter Coad** | **2021** | **135,000** | **–** | **12,825** | **–** | **40,909** | **188,734** |
| | 2020 | 74,659 | – | 7,093 | – | – | 81,752 |
| **Jonathan Lechte** | **2021** | **80,000** | **–** | **7,600** | **–** | **40,909** | **128,509** |
| | 2020 | 44,242 | – | 4,203 | – | – | 48,445 |
| **Scott Emery** | **2021** | **70,000** | **–** | **6,650** | **–** | **–** | **76,650** |
| | 2020 | 24,887 | – | 17,503 | – | – | 42,390 |
| **Susan Wynne** | **2021** | **70,000** | **–** | **6,650** | **–** | **35,065** | **111,715** |
| | 2020 | 38,712 | – | 3,678 | – | 44,296 | 86,686 |
| **Total** | **2021** | **355,000** | **–** | **33,725** | **–** | **116,883** | **505,608** |
| | 2020 | 182,500 | – | 32,477 | – | 44,296 | 259,273 |

[1]Performance rights are subject to meeting the vesting criteria. The amount disclosed is representative of the accounting remuneration.

### 3.2.2 Equity Plan Outcomes

As outlined in the table below, 100% granted performance rights vested due to the 2021 performance condition being met. Engagement related vesting conditions are to be met.

**Table 8: Current Year NED Equity Plan Outcomes**

| Performance condition | Outcome |
|---|---|
| The September 2020 Major Bank funding facility continues to operate for the benefit of the Company to achieve its strategic objectives as intended for the Performance Period to 30 June 2021. | Achieved |
| **Final Vesting Outcome** | **Achieved** |

# 4. KMP Performance Rights and Share Ownership

## 4.1 Performance Rights

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

**Table 9: KMP Performance Right Movements**

| KMP | Financial Year | Opening balance | Performance rights granted | | Performance rights vested | | Performance rights lapsed | Closing balance |
|---|---|---|---|---|---|---|---|---|
| | | No. | No. | $ | No. | $ | No. | No. |
| **Clayton Howes** | **2021** | **252,000** | **210,000** | **315,000** | **–** | **–** | **–** | **462,000** |
| | 2020 | – | 252,000 | 315,000 | – | – | – | 252,000 |
| **Neal Hawkins** | **2021** | **40,000** | **100,000** | **150,000** | **–** | **–** | **–** | **140,000** |
| | 2020 | – | 40,000 | 50,000 | – | – | – | 40,000 |
| **Peter Coad** | **2021** | **–** | **100,000** | **150,000** | **–** | **–** | **–** | **100,000** |
| | 2020 | – | 200,000 | 250,000 | – | – | 200,000 | – |
| **Jonathan Lechte** | **2021** | **–** | **100,000** | **150,000** | **–** | **–** | **–** | **100,000** |
| | 2020 | – | 200,000 | 250,000 | – | – | 200,000 | – |
| **Scott Emery** | **2021** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | 2020 | – | – | – | – | – | – | – |
| **Susan Wynne** | **2021** | **60,000** | **–** | **–** | **–** | **–** | **–** | **60,000** |
| | 2020 | – | 60,000 | 75,000 | – | – | – | 60,000 |
| **Total** | **2021** | **352,000** | **510,000** | **765,000** | **–** | **–** | **–** | **862,000** |
| | 2020 | – | 752,000 | 940,000 | – | – | 400,000 | 352,000 |

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

### Table 10: KMP Performance Rights Granted

| KMP | Award | Grant date | Performance period start date | No. of rights at 30 June 2021 | Exercise date |
|---|---|---|---|---|---|
| Clayton Howes | 2020 Series 2 EPR | December 2019 | 1 July 2019 | 252,000 | Day after result release of annual reports for 2021/22 |
| | 2021 Series 1 EPR | December 2020 | 1 July 2020 | 210,000 | Day after result release of annual reports for 2022/23 |
| Neal Hawkins | 2020 Series 2 EPR | December 2019 | 1 July 2019 | 40,000 | Day after result release of annual reports for 2021/22 |
| | 2021 Series 1 EPR | December 2020 | 1 July 2020 | 100,000 | Day after result release of annual reports for 2022/23 |
| Peter Coad | 2020 BPR | December 2019 | 1 July 2019 | – | N/A |
| | 2021 Series 1 EPR | December 2020 | 1 July 2020 | 100,000 | Day after result release of annual reports for 2022/23 |
| Jonathan Lechte | 2020 BPR | December 2019 | 1 July 2019 | – | N/A |
| | 2021 Series 1 EPR | December 2020 | 1 July 2020 | 100,000 | Day after result release of annual reports for 2022/23 |
| Susan Wynne | 2020 Series 2 EPR | December 2019 | 1 July 2019 | 60,000 | Day after result release of annual reports for 2021/22 |
| Scott Emery | N/A | N/A | N/A | N/A | N/A |

## 4.2 Shares

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 11: KMP Shareholdings

| KMP | Opening balance | Opening balance correction[1] | Received on exercise of rights | Purchased / acquired | Disposed | Closing balance |
|---|---|---|---|---|---|---|
| | No. | No. | No. | No. | No. | No. |
| Clayton Howes | 50,294,716 | 1 | – | – | – | **50,294,717** |
| Neal Hawkins | 20,000 | – | – | – | – | **20,000** |
| Peter Coad[1] | 662,126 | 69,200 | – | – | – | **731,326** |
| Jonathan Lechte[1] | 662,126 | 69,200 | – | – | – | **731,326** |
| Scott Emery[1] | 47,821,802 | 152,000 | – | 35,000 | – | **48,008,802** |
| Susan Wynne | – | – | – | – | – | **–** |
| **Total** | **99,460,770** | **290,401** | **–** | **35,000** | **–** | **99,786,171** |

[1] Opening balance correction relates to adjustment per ASX Announcement Change of Director Interest Notices released 7 Jan' 21

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 MoneyMe website.

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# Financial Report

# Financial Report

## Directors' Declaration

In the opinion of the Directors of MoneyMe Limited:

(a). 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 2021, and of its performance for the financial year ended at that date;

(b). the Financial Statements are in compliance with International and Australian Financial Reporting Standards; and

(c). 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, 30 August 2021

**Clayton Howes**
Managing Director and Chief Executive Officer
Sydney, 30 August 2021

# Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
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30 August 2021

The Board of Directors
MoneyMe Limited
Level 3, 131 Macquarie Street
SYDNEY NSW 2000

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 2021, 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

M Stretton

Mark Stretton
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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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 2021 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 2021 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.

Deloitte.

| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| **Expected credit loss provisioning**<br><br>As at 30 June 2021, the Group has recognised $26.3m of expected credit loss (ECL) provisions in accordance with AASB 9 *Financial Instruments* as disclosed in Note 4.2, 4.3, 11 and 20.2.<br><br>The models developed by management to determine expected credit losses require judgement and assumptions to be made by management, including:<br><br>• Selection of criteria for identifying significant increase in credit risk; and<br>• Selection of parameters input into the ECL models in relation to probability of default, loss given default and exposure at default.<br><br>Significant management judgement is also required in regard to the:<br><br>• Assessment on a forward-looking basis using multiple economic scenarios of the impact on expected credit losses of potential macro-economic events; and<br>• Assessment of expected credit loss provisioning model risk, being the risk that the model fails to perform adequately, and quantification of that risk. | Our procedures included, but were not limited to: Obtaining an understanding of the judgements made within the ECL models;<br><br>• Testing the design and implementation of relevant controls relating to loan approvals and identification of overdue amounts;<br>• 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 samples of loan information to source documentation;<br>• Assessing the provisioning methodology with reference to relevant accounting standards and market practices;<br>• 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;<br>• 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<br>• Challenging management's judgements on the macroeconomic factors and judgemental overlays in response to the current macroeconomic environment.<br><br>We have also assessed the appropriateness of the disclosures in Note 4.2, 4.3, 11 and 20.2.to the consolidated financial statements. |
| **Effective Interest Rate**<br><br>The Group reported interest income amounting to $52.9m in the year to 30 June 2021 and net loans receivable of $306.3m. 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 6.<br><br>Management judgement is required in calculating the EIR, including:<br><br>• Identifying the fees received between parties | Our procedures included, but were not limited to:<br><br>• 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;<br>• Evaluating the design and implementation of relevant controls relating to the calculation of the EIR;<br>• 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; |

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| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| to the loan contract which need to be included in the determination of the EIR; and<br>• Determining the period over which expected cash flows are estimated to be received.<br>Significant management judgement is required in calculating the EIR, including:<br>• Considering the impact of loans which have been repaid early in the current environment to those estimates.<br>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;<br>• Agreeing a sample of key inputs to the EIR model to underlying source data such as signed loan agreements and bank statements; and<br>• Testing on a sample basis the appropriateness of EIR calculation and recalculating interest income under the EIR method.<br>We have also assessed the appropriateness of the disclosures in Note 4.5 and 6 to the consolidated financial statements. |
| **Recoverability of deferred tax assets**<br>As at 30 June 2021 the Group has recognised \$6.4m of deferred tax assets as disclosed in Note 8.4. 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.<br>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.<br>Significant management judgement is required to:<br>• Determine the assumptions and estimates used to forecast future taxable profits including those that are affected by current economic conditions such as:<br>- Timing of the receipt of funding; and<br>- 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:<br>• In conjunction with our internal tax specialists we assessed the deferred tax asset calculation prepared by management under Australian tax legislation and relevant accounting standards;<br>• 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<br>• Recalculating the mathematical accuracy of the deferred tax calculation.<br>We have also assessed the appropriateness of the disclosures in Note 8.4 to the consolidated financial statements. |

*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 2021, 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.

- 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 38 to 49 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of MoneyMe Limited, for the year ended 30 June 2021, 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

M Stretton

Mark Stretton
Partner
Chartered Accountants

Melbourne, 30 August 2021

# Independent Auditor's Statement of Independence

Deloitte.

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30 August 2021

The Board of Directors
MoneyMe Limited
Level 3, 131 Macquarie Street
SYDNEY NSW 2000

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 2021, 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

Mark Stretton
Partner
Chartered Accountants

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the year ended 30 June 2021

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Interest income | | 52,961 | 43,129 |
| Other income | 6 | 4,613 | 4,542 |
| **Total revenue** | | **57,574** | **47,671** |
| Interest expense | 7.1 | (10,595) | (12,751) |
| Sales and marketing expense | 7.2 | (9,528) | (5,049) |
| Product design and development expense | 7.2 | (3,645) | (2,710) |
| General and administrative expense | 7.2 | (13,398) | (10,322) |
| Impairment expense | 11 | (28,751) | (15,973) |
| Depreciation and amortisation expense | 12, 13, 14 | (1,689) | (985) |
| **Total operating expenses** | | **(67,606)** | **(47,790)** |
| **Profit / (loss) before tax** | | **(10,032)** | **(119)** |
| Income tax benefit | 8 | 2,103 | 1,418 |
| **Net profit / (loss) after tax** | | **(7,929)** | **1,299** |
| Other comprehensive income | | – | – |
| **Total comprehensive income** | | **(7,929)** | **1,299** |
| | | **cents** | **cents** |
| Basic profit / (loss) per share | 9 | (4.7) | 1.0 |
| Diluted profit / (loss) per share | 9 | (4.7) | 1.0 |

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 2021

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Cash and cash equivalents | 10 | 26,164 | 35,379 |
| Net customer receivables | 11 | 306,279 | 120,751 |
| Current tax asset | 8 | 13 | – |
| Deferred tax asset | 8 | 6,381 | 4,296 |
| Intangible asset | 12 | 3,265 | 2,166 |
| Right of use assets | 13 | 1,381 | 1,905 |
| Property, plant and equipment | 14 | 1,456 | 1,105 |
| Other receivables | 15 | 1,034 | 999 |
| **Total assets** | | **345,973** | **166,601** |
| Borrowings | 16 | 299,728 | 113,126 |
| Other payables | 15 | 2,908 | 1,913 |
| Lease liabilities | 13 | 1,557 | 2,120 |
| Current tax payable | 8 | – | 1,580 |
| Employee related provisions | 17 | 1,542 | 1,010 |
| **Total liabilities** | | **305,735** | **119,749** |
| **Net assets** | | **40,238** | **46,852** |
| Share capital | 18 | 44,108 | 44,108 |
| Reserves | 19 | 2,074 | 759 |
| Retained earnings | | (5,944) | 1,985 |
| **Total equity** | | **40,238** | **46,852** |

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 2021

| | Note | Share Capital $'000 | Reserves $'000 | Retained Earnings $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance as at 30 June 2019** | | **2,794** | **118** | **786** | **3,698** |
| Adjustment on adoption of AASB 16 | | – | – | (100) | (100) |
| **Balance as at 1 July 2019** | | **2,794** | **118** | **686** | **3,598** |
| Profit / (loss) for the period | | – | – | 1,299 | 1,299 |
| Other comprehensive income | | – | – | – | – |
| Shares issued | 18 | 208,706 | – | – | 208,706 |
| Business reorganisation | 18 | (167,692) | – | – | (167,692) |
| Share-based payment expense | 19 | 300 | 641 | – | 941 |
| **Balance as at 30 June 2020** | | **44,108** | **759** | **1,985** | **46,852** |
| Profit / (loss) for the period | | – | – | (7,929) | (7,929) |
| Other comprehensive income | | – | – | – | – |
| Treasury shares issued | 18 | – | – | – | – |
| Share-based payment expense | 19 | – | 1,315 | – | 1,315 |
| **Balance as at 30 June 2021** | | **44,108** | **2,074** | **(5,944)** | **40,238** |

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 2021

| | Note | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|---|
| Income from customers | | 65,697 | 46,928 |
| Payments to suppliers and employees | | (23,792) | (15,992) |
| Net borrowings interest and fees paid | i | (10,180) | (12,692) |
| Income tax (paid) / received | | (1,578) | (7) |
| **Net cash inflows from operating activities** | | **30,147** | **18,237** |
| Net customer receivable disbursements | | (222,437) | (58,393) |
| Payments for intangible asset development | 12 | (1,843) | (1,704) |
| Payments for property, plant and equipment | 14 | (708) | (1,087) |
| **Net cash outflows from investing activities** | | **(224,988)** | **(61,184)** |
| Proceeds from borrowings | | 186,325 | 31,562 |
| Principal repayment of leases | 13 | (699) | (612) |
| Net proceeds from issued share capital | | – | 41,314 |
| **Net cash inflows from financing activities** | | **185,626** | **72,264** |
| **Net increase (decrease) in cash and cash equivalents** | | **(9,215)** | **29,317** |
| Cash and cash equivalents at the beginning of the period | | 35,379 | 6,062 |
| **Cash and cash equivalents** | 10 | **26,164** | **35,379** |

i: Includes interest related to cash balances (see Note 10), interest in relation to leases (see Note 13) and interest related to borrowings (see Note 16).

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 2021

## 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 consumer finance.

### 1.2 Controlled Entities Information

| Name | Location | Establishment date | Proportion of ownership held by Group | |
|---|---|---|---|---|
| | | | 2021 | 2020 |
| MoneyMe Financial Group Pty Limited[1] | Australia | 9 May 2013 | 100% | 100% |
| MoneyMe Finance Pty Limited[2] | Australia | 7 November 2019 | 100% | 100% |
| MoneyMe Technology Pty Limited | Australia | 7 November 2019 | 100% | 100% |
| MoneyMe Partnership Pty Limited[3] | Australia | 7 November 2019 | 100% | 100% |
| MoneyMe International Pty Limited[4] | Australia | 13 October 2020 | 100% | – |
| ListReady Pty Limited | Australia | 29 May 2019 | 100% | 100% |
| RentReady Pty Limited | Australia | 7 May 2020 | 100% | 100% |
| Price Enquiry Pty Limited | Australia | 3 February 2021 | 100% | – |
| MoneyMe Velocity Warehouse Trust[5] | Australia | 17 December 2017 | 100% | 100% |
| MoneyMe Horizon 2018 Warehouse Trust[6] | Australia | 19 December 2018 | 100% | 100% |
| MoneyMe Horizon 2020 Warehouse Trust[6] | Australia | 25 August 2020 | 100% | 100% |
| MoneyMe Share Plan Trust[7] | Australia | 7 December 2020 | 100% | – |
| ListReady (NZ) Pty Limited | New Zealand | 14 April 2020 | 100% | 100% |
| MoneyMe Financial Group (UK) Limited | United Kingdom | 21 October 2020 | 100% | – |

1 Owns 100% of the shares of ListReady Pty Limited.

2 Owns the residual income units relating to MoneyMe Velocity Warehouse Trust, MoneyMe Horizon 2018 Warehouse Trust and MoneyMe Horizon 2020 Warehouse Trust. Ownership changed in the 2020 financial year from MoneyMe Financial Group Pty Limited to MoneyMe Finance Pty Limited.

3 Owns 100% of the shares of RentReady Pty Limited, ListReady (NZ) Pty Limited and Price Enquiry Pty Limited.

4 Owns 100% of the shares of MoneyMe Financial Group (UK) Limited.

5 Ownership reflects capital and residual income unit ownership. The MoneyMe Velocity Warehouse Trust was wound up on 16 November 2020.

6 Ownership reflects capital and residual income unit ownership.

7 The purpose of the Trust is to support management of MoneyMe's Employee Equity Incentive Plan.

### 1.3 Public Listing and Business Reorganisation

During the 2020 financial year, 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 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 2020 financial year, the Group incurred IPO-related expenses. IPO-related expenses related to the equity raising were allocated against equity ($4.0 million) (gross of tax), with the remaining IPO-related expenses allocated against general and administrative expenses ($2.4 million).

## 2. New and Amended Accounting Standards

### 2.1 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 2023 Annual Financial Report. It is to be applied retrospectively unless impracticable, in which case the modified retrospective approach, or the fair value approach would be applied. The Group expects the standard's application to the MoneyMe 2023 Annual Financial Report will be limited or *de minimis* given AASB 17's focus on insurance policy issuers rather than policy recipients.

The Group has assessed that other new and amended accounting standards for this reporting period are unlikely to have a material impact for this report.

## 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 assets and liabilities of all subsidiaries of MoneyMe Limited as at 30 June 2021 and the results of all subsidiaries for the twelve months then ended (for newly formed subsidiaries since establishment date).

Subsidiaries are all entities over which the Company has control. 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.

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.

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.

#### 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 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 industry segment represents greater than 11% 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 Customer Receivables

#### 3.2.1.1 Recognition, Classification and Measurement

The Group initially recognises gross customer 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

— The Group's contractual cash flows are solely payments of principal and interest (SPPI) on the principal outstanding (the SPPI test).

Transferred customer 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 customer receivables and the servicer of these receivables 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 customer 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 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.

Customer 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 customer receivable 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 customer receivable defaults. The default date is the day when a contractually due payment was not received. Management has set the balance owing on the receivable to be the EAD if it is an estimate of the value or value at the end of the period. 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. Customer receivables 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 customer repayments without experiencing substantial hardship. A borrower maybe in substantial hardship if they can only repay by reducing non-discretionary expenses. Consumers were assumed to be in COVID-19 hardship if they requested deferrals or reductions to their contractual customer repayments because of the COVID-19 environment, were not assessed under formal Hardship and were not in arrears greater than 30 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 customer receivable being less than 30 days in arrears and not in hardship.

In the 2020 financial year, COVID-19 hardship receivables were classified as stage 1 assets unless another trigger was identified during the monitoring of these receivables that would result in a significant increase in credit risk. No separate treatment has been applied to COVID-19 hardship receivables for the FY21 period, reflecting higher level of understanding and certainty relating to them gained over the last period. As a result, COVID-19 hardship customer receivables for FY21 are provided for in the same way as other receivables as stage 1, 2 or 3 assets. Consequently, some COVID-19 hardship customer receivables are classified as stage 1, 2 or 3 assets as at 30 June 2021, when they may have been assessed as stage 1 assets as at 30 June 2020. As at 30 June 2021, COVID-19 hardship deferrals were 0.1% of gross customer receivables compared to 1.4% at June 2020.

Stage 1 assets exclude any receivables 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 receivable 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 customer receivables identified as being under COVID-19 related hardship arrangements with arrears greater than 30 days past due.

Stage 2 assets exclude any receivables classified as being in hardship or any receivable 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 customer receivable 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 customer receivables identified as being under COVID-19 related hardship arrangements with arrears greater than 30 days past due.

Customer receivables 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 receivables classified in stage 1 or 2.

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

Refer to Notes 4.3 and 11 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. Under the simplified approach, management have assessed this to not be material. Therefore, no provisioning has been recognised in the financial year.

Refer to Note 10 for cash and cash equivalents and Note 15 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 16 for further information.

## 3.3 Revenue

The Group recognises revenue in accordance with AASB 9 or AASB 15 depending on its nature and classification. Interest income, which includes all customer contractual and non-contingent interest and fees charged, related to customer receivables is measured and presented on an effective interest rate basis. Under AASB 9, the effective interest rate method is used on customer 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 customer receivables balance, management have considered the contractual and historical repayment pattern of the customer 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 receivable balances and contingent customer 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 and 6 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 12 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 can 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 settled 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 way 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 8 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 Customer Receivable Credit Risk and Default

Expected credit losses (ECLs) 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 *Financial Instruments* does not define what constitutes a significant increase in credit risk. The Group judges that the credit risk of an asset has significantly increased to be stage 2 when a customer receivable exposure is greater than 30 days past due. The Group judges that a financial asset is in stage 3 when one or more contractual payments have been missed or in reference to receivable payments that are more than 90 days past payment, or in hardship.

In the 2020 financial year, COVID-19 hardship receivables were classified as stage 1 assets unless another trigger was identified during the monitoring of these receivables that would result in a significant increase in credit risk. No separate treatment has been applied to COVID-19 hardship receivables for the FY21 period, reflecting higher level of understanding and certainty relating to them gained over the last period. As a result, COVID-19 hardship customer receivables for FY21 are provided for in the same way as other receivables as stage 1, 2 or 3 assets. Consequently, some COVID-19 hardship customer receivables are classified as stage 1, 2 or 3 assets as at 30 June 2021, when they may have been assessed as stage 1 assets as at 30 June 2020. As at 30 June 2021, COVID-19 hardship deferrals were 0.1% of gross customer receivables compared to 1.4% at June 2020.

## 4.3 Calculation of Loss Allowance on Customer Receivables

### 4.3.1 Base Loss Allowance Calculation

Probability of default (PD) constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon based on historic customer repayment data. Loss given default (LGD) 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. Personal Loan and Freestyle modelling applies up to 2 years of the most recent historic data.

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 $5,270 and less than $5,270. Freestyle PD segmentation has changed from prior year as it was previously prepared in accordance with the same Personal loan segmentation. The change reflects further analysis and modelling to further align calculations with the Freestyle product credit risk drivers.

LGD has also been segmented into groups to account for different risk profiles of the Group's borrowers. The LGD for Personal loan and Freestyle has been segmented based on borrower's employment with a specific industry sector. The segmentation has been updated in the 12 months to 30 June 2021 from 30 June 2020 and includes new industry sectors.

The maximum input for Exposure at default (EAD) for the personal loan increased to $50,000 as at 30 June 2021 since 30 June 2020 in line with the Group's current customer receivable offering. EAD maximum input for Freestyle increased to $20,000 as at 30 June 2021.

The Group applies a 25% Credit Conversion Factor (CCF) in relation to undrawn commitments on Freestyle for customers not in arrears. For customers who are in arrears the CCF is reduced to 1%. This approach is slightly updated from 30 June 2020, which used a CCF of 2% for customers in arrears.

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 2021 financial year, and materiality.

As at 30 June 2021, $3.1 million (0.9%) of gross customer receivables were classified as general hardship customer receivables all of which are subject to revised payment arrangements ($1.9 million, 30 June 2020). The general hardship customer receivables account for $0.3 million of the stage 3 provision balance as at 30 June 2021.

### 4.3.2 Loss Allowance Overlay Calculations

Management have applied a model risk overlay to address the risk of data modelling errors. The 30 June 2021 loss allowance model risk approach remains unchanged from the FY20 approach with the same risk buffer applied as at 30 June 2020 and 30 June 2021.

Management have also applied a macroeconomic overlay to reflect uncertainty from the broader economic environment. Macroeconomic overlays for FY21 and FY20 have been determined based on the same overall statistical modelling approach. This modelling involved regression analysis using historical macroeconomic data sourced from a credible third party to support the determination of key macroeconomic predictors to be used for scenario modelling.

The principal macroeconomic indicators referenced in the economic scenarios considered for the position at 30 June 2021 are Gross Domestic Product (GDP), GDP index, and Unemployment. The 30 June 2020 position referenced Gross Domestic Product (GDP), GDP index, and Cash Rate. The models referenced 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 reports from the market were also used to support and validate this data.

Macroeconomic scenario modelling reflects reference to a base case forecast sourced from credible third parties, which is adjusted to determine upside and downside scenarios. The weightings used in the FY21 position compared to the FY20 position reflect an increase to the base case forecast weighting, with the upside and downside weightings reduced to reflect the overall improvement in the macroeconomic environment forecasted by third party sources compared to FY20 that in turn reflect consideration of the COVID-19 impacted environment.

A 2% increase to the downside scenario weighting, with a 1% reduction to each of the base and upside scenarios would increase the Group's FY21 provision by $0.8 million to 8.1% of gross customer receivables, from 7.9%. A 2% decrease to the downside scenario weighting, with a 1% increase to each of the base and upside scenarios would reduce the Group's FY21 provision by $0.8 million and to 7.7% of gross customer receivables, from 7.9%. A 1% transfer of stage 1 gross customer receivables (calculated on a 12-month expected credit loss basis) to stage 2 (calculated on a lifetime expected credit loss basis) would increase the Group's FY21 provision by $0.2 million to 8.0% of gross customer receivables, from 7.9%.

The FY21 macroeconomic overlay reflects an overall reduction compared to FY20. This is deemed appropriate in reference to the modelling completed, model back testing, customer receivable operational credit risk reporting, market benchmarking, current and projected government initiatives, and the current macroeconomic projections.

Refer to Notes 3.2.1.2 and 11 for further information.

## 4.4 Going Concern

A Going Concern assessment has been made in reference to accounting standards and Corporations Act 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 financial projections that take into the account the COVID-19 environment and reference to external macroeconomic projections. The 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's interest and fees on customer receivables using the effective interest rate method 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 of the customer receivables. The Group has further updated its estimates relating to the effective life of the underlying financial assets that are used to calculate effective yield income since the prior reporting period. The updates reflect review of further historic data and the expected effective life of customer receivables. The Group plans to continue to review and update its estimates in this area for future reporting periods on the same basis.

Refer to Notes 3.3 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 were 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 2021 deferred tax asset balances reflects consideration of the COVID-19 environment.

Refer to Notes 3.5 and 8 for further information.

## 5. Coronavirus 2019 (COVID-19)

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

### 5.1 Credit Risk

The business has continued to originate customer receivables with credit decision rules calibrated through its Horizon Technology Platform and decision settings appropriate for the COVID-19 environment during FY21. Regular and enhanced reporting and analysis of customer receivable performance and new originations has continued to be 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 continues to adopt a robust approach in accounting for the potential impacts of COVID-19 on credit risk and provisioning. 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 Note 11 and 20 for further information in relation to credit risk and provisioning.

### 5.2 Liquidity Risk

Management has continued to complete 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.

As planned the Group executed a new funding facility in 1H FY21, the MoneyMe Horizon 2020 Warehouse Trust. This facility was restructured in July 2021 that resulted in broader eligibility criteria and a capacity increase. The Group also issued an inaugural secured bond in April 2021 which was further tapped in July 2021 and exercised an option in 2H FY21 to extend the maturity date of its Horizon 2018 warehouse facility to December 2023.

The Group accessed a number of government COVID-19 stimulus measures that have supported operational cash flows in the immediate term. As at 30 June 2021, $1.2 million has been offset against the Group's total expenses (including tax expense).

The Group's Asset & Liability Committee approved a revised 3-year funding plan in July 2021 that sets out a clear strategy that supports ongoing effective management of the Group's liquidity risk. The Group's liquidity risk is assessed to be sound, despite the uncertainties of the COVID-19 environment, in line with its proven ability to access equity and debt capital, in addition to the Group's positive cash balance and cash flow projections.

Refer to Notes 16, 20 and 24 for further information in relation to borrowings and liquidity risk.

### 5.3 Regulatory Compliance

No material further changes have been adopted by the Group in this area since 30 June 2021 to address impacts from the COVID-19 environment.

### 5.4 Operational Risk

Employee working arrangements have continued to evolve in response to the environment and government advice and directives. The Group has continued to implement remote/home working and manage office-based work arrangements that reflect implementation of the appropriate safety and wellbeing protocols as required without any significant impacts noted from these changes. The Group maintained 100% uptime availability throughout the period with development ongoing to further enhance and develop the core Horizon Technology Platform in particular. There has not been any material impact from the use third-party suppliers as a result of COVID-19-related issues.

### 5.5 People

Staff morale and engagement continued to remain high during FY21 despite the COVID-19 environment and while adopting changing working arrangements. The business has continued to attract and retain high-performing talent to support current and future business performance with a strong focus throughout the period to maintain regular communication and implement the latest government health and safety requirements.

### 5.6 Customer and Brand Reputation

The Group's NPS was an impressive 78 at 30 June 2021. This continues to represent high customer satisfaction levels, 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.

## 5.7 Financial Performance

MoneyMe has developed a number of growth strategies which include increasing MoneyMe's customer diversification and increasing MoneyMe's Total Addressable Market through product innovation and distribution channel developments.

The Group is reporting record revenue of $57.6 million for FY21, up 21% on the prior comparative period. The record revenue for FY21 reflects strong customer originations of $384 million[1], up 115% on FY20. Strong results were achieved across key operating metrics.

The strong FY21 financial result has been achieved despite impacts of the COVID-19 environment that have included a temporary reduction in origination levels at the beginning of FY21 and higher than planned asset run-off at the beginning of FY21 that appears in part to reflect the ability for some borrowers to have early access to superannuation and other market arrangements.

The Group has continued to innovate and implement growth strategies throughout the COVID-19 pandemic, including the launch of the new MoneyMe+ (MME+) product, PayAnyone for the Freestyle and Personal Loan Products, MoneyMe Perks for the Freestyle product and most recently the introduction of the Autopay secured lending product.

1The number relates to principal originations.

## 6. Other Income

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Recoveries | 2,150 | 1,800 |
| Referral income | 475 | 920 |
| Other | 1,988 | 1,822 |
| **Total other income** | **4,613** | **4,542** |

Recoveries represent income from customer receivables previously written off. Recoveries amounting to $0.5 million in the 2021 financial year (2020: $0.4 million) relate to receivables originated in the same financial year. Other income includes fees and charges related to receivables that have not been recognised as interest income under the effective interest rate methodology. Bank interest income is included in Interest Income.

## 7. Operating Expenses

### 7.1 Interest Expense

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Interest on borrowings | 16 | 10,459 | 12,594 |
| Lease liability interest | 13 | 136 | 157 |
| **Interest expense** | | **10,595** | **12,751** |

### 7.2 Operating Expenses

Operating expenses include employee expenses of $8.7 million in 2021 (2020: $5.5 million). These are attributed across the sales and marketing expense, product design and development expense, and general and administrative expense categories.

The Group has deducted $1.2 million 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 throughout FY21.

# 8. Taxation

## 8.1 Overview

The restructure on listing in December 2019 (FY20) resulted in the existing business joining a tax consolidated group with MoneyMe Limited as the 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.

## 8.2 Income Tax Benefit

| *The components of tax expense comprise:* | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Adjustment in relation to prior year tax expense | (18) | – |
| Current tax | – | 2,242 |
| Deferred tax | (2,085) | (3,007) |
| Research and Development (R&D) tax offset[1] | – | (653) |
| **Income tax benefit** | **(2,103)** | **(1,418)** |

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:* | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| **Profit before income tax** | **(10,032)** | **(119)** |
| Income tax using the domestic tax rate of 30.0% in 2021 (2020: 27.5%) | (3,010) | (33) |
| Effect of expenses that are not deductible | 14 | 3 |
| Effect of concessions (R&D and other allowances) | 414 | (36) |
| Deferred tax assets not recognised / (Recognition of previously unrecognised deferred tax assets) | 497 | (1,352) |
| Adjustment in relation to prior year tax expense | (18) | – |
| **Income tax benefit** | **(2,103)** | **(1,418)** |

## 8.3 Current Tax Payable

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| **Opening current tax asset / (payable) balance** | **(1,580)** | **4** |
| Current tax expense for the period | – | (2,242) |
| R&D tax offset | – | 653 |
| Tax payments made | 1,578 | 5 |
| Adjustment in relation to current year tax expense | (3) | – |
| Adjustment in relation to prior year tax expense | 18 | – |
| **Closing current tax asset / (payable) balance** | **13** | **(1,580)** |

## 8.4 Net Deferred Tax

| 2021 | Net balance at 30 June 2020 $'000 | Recognised in P & L $'000 | Net deferred tax at 30 June 2021 $'000 |
|---|---|---|---|
| Cash & cash equivalents | – | – | – |
| Net customer receivables | **1,920** | 567 | **2,487** |
| Intangible asset | **1,582** | 563 | **2,145** |
| Right of use asset | **144** | 168 | **312** |
| Property, plant & equipment | **(12)** | (84) | **(96)** |
| Other receivables | **31** | 882 | **913** |
| Borrowings | – | (1) | **(1)** |
| Other payables | **93** | 102 | **195** |
| Lease liabilities | **(91)** | (353) | **(444)** |
| Employee related provisions | **77** | 22 | **99** |
| IPO costs | **552** | (574) | **(22)** |
| Tax losses | – | 793 | **793** |
| **Net deferred tax asset / (liability)** | **4,296** | 2,085 | **6,381** |

| 2020 | Net deferred tax at 30 June 2019 $'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 | – | – | – | – | – | – | – |
| Net customer receivables | 617 | – | **617** | – | 1,303 | – | **1,920** |
| Intangible asset | – | – | – | 1,529 | 53 | – | **1,582** |
| Right of use asset | – | 37 | **37** | – | 107 | – | **144** |
| Property, plant & equipment | – | – | – | 6 | (18) | – | **(12)** |
| Other receivables | 31 | – | **31** | – | – | – | **31** |
| Borrowings | 1 | – | **1** | – | (1) | – | – |
| Other payables | 48 | – | **48** | – | 45 | – | **93** |
| Lease liabilities | – | – | – | – | (91) | – | **(91)** |
| 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** |

A deferred tax asset has been recognised that reflects an estimate as to the tax recoverable on differences between the carrying amounts of assets in the Financial Statements and the corresponding tax bases used in the computation of taxable profit as at 30 June 2021. The change in the tax base is because of the business re-organisation as described in Note 1.3 and will be released against taxable profits over time.

The carrying amount of deferred tax assets has been reviewed as at 30 June 2021 in reference to the current COVID-19 environment. 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.

The additional $2.1 million of DTA recognised in 2021 reflects consideration of the Group's 2021 high gross customer receivable growth, from $133.6 million to $332.6 million in closing gross customer receivables, the credit risk of those receivables, the contracted revenue associated with the receivables and the reduction achieved in the Group's funding and operating costs relative to the customer receivable growth. It also reflects a momentum in customer receivable originations that is reasonably expected to continue, supported by the core Personal Loan and Freestyle products, and newer product innovations that include MME+ and Autopay. These factors provide convincing evidence that sufficient taxable profit will be available against which the recognised deferred tax asset can and will be utilised by the Group.

It is noted that the reported deferred tax asset excludes $7.3 million ($7.4 million, 30 June 2020) of unrecognised deferred tax asset arising from temporary differences (i.e., held off-balance sheet) as part of set overlays that reflect consideration and uncertainties relating to the COVID-19 environment. The Group has unrecognised deferred tax asset of $0.4 million ($nil, FY20) relating to current year R&D expenditure.

The Group has unused tax losses of $2.6 million as at 30 June 2021 ($nil, 30 June 2020), which has been recognised in the deferred tax asset.

## 9. 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.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider 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.

| | Note | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|---|
| Profit / (loss) after income tax | | (7,929) | 1,299 |
| | | **No.** | **No.** |
| Weighted average number of ordinary shares used in calculating basic EPS | 18 | 169,440,001 | 154,306,113 |
| *Adjustments for calculation of diluted EPS:* | | | |
| Options | 19.2 | – | – |
| Rights | 19.3 | – | – |
| Weighted average number of ordinary shares used in calculating diluted EPS | | 169,440,001 | 154,306,113 |
| | | **cents** | **cents** |
| **Basic profit / (loss) / EPS** | | **(4.7)** | **1.0** |
| **Diluted profit / (loss) / EPS** | | **(4.7)** | **1.0** |

## 10. Cash and Cash Equivalents

### 10.1 Overview

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Cash at Bank | 9,596 | 26,577 |
| Restricted cash held in the Group's Warehouse Trusts[1] | 16,568 | 8,802 |
| **Total cash and cash equivalents** | **26,164** | **35,379** |

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

### 10.2 Reconciliation of Operating Profit after Income Tax to Net Cash used in Operating Activities

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Operating profit / (loss) after income tax** | **(7,929)** | **1,299** |
| Adjustments for: | | |
| Net interest income | 8,157 | – |
| Impairment expense | 28,751 | 15,973 |
| Transaction costs | (1,087) | (1,356) |
| Share-based payment expense | 1,315 | 641 |
| Depreciation and amortisation expense | 1,689 | 984 |
| (Increase) in other receivables | (35) | (493) |
| (Decrease) / Increase in current tax | (1,578) | 1,776 |
| (Increase) in deferred tax asset | (2,103) | (3,537) |
| Interest accrued as part of borrowings | 135 | 1,356 |
| Increase in other payables | 2,300 | 814 |
| Increase in employee-related provisions | 532 | 780 |
| **Net cash from operating activities** | **30,147** | **18,237** |

## 11. Net Customer Receivables

### 11.1 Customer Receivable Balance Summary

11.1.1 Gross and provision customer receivable balances

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Gross customer receivables | 332,550 | 133,560 |
| Customer receivable provisions | (26,271) | (12,809) |
| **Net customer receivables** | **306,279** | **120,751** |
| Provisions as % gross customer receivables | 7.9% | 9.6% |

The Group's gross customer receivables have grown by a significant 149% year-on-year. The provision as a percentage of the total customer receivables has reduced however from 9.6% as at 30 June 2020 to 7.9% as at 30 June 2021. This reflects further improvements in the credit quality of the underlying customer receivables and the impacts of the improving macroeconomic outlook.

11.1.2 Gross customer receivable movements

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| **Opening balance** | **133,560** | **87,458** |
| Customer receivables originated during the year | 398,897 | 185,372 |
| Principal payments received | (184,618) | (126,980) |
| Customer receivables written off | (15,289) | (12,290) |
| **Closing balance** | **332,550** | **133,560** |

The above disclosure includes effective interest rate related balances

The Group's customer receivables increased significantly in FY21 driven by originations. FY21 originations reflect continued growth in the Group's Personal Loan and Freestyle virtual credit account (Freestyle) products in particular.

11.1.3 Customer receivable provision movements

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| **Opening balance** | **12,809** | **9,126** |
| Additional provisioning | 28,751 | 15,973 |
| Customer receivables written off | (15,289) | (12,290) |
| **Closing balance** | **26,271** | **12,809** |

The growth in the provision balance in 2021 reflects the high growth in gross customer receivables and stage 1 provisioning requirements in particular, offset by an overall reduction in the provisioning rate.

Refer to Note 6 for information relating to recoveries received from written-off customer receivables.

## 11.2 Customer Receivable Balances by Impairment Stage

### 11.2.1 Drawn gross and provision customer receivable balances by impairment stage

The following table shows movements in gross carrying amounts of customer receivables subject to impairment requirements to net customer receivables for the prior and current period.

| 30 June 2021 | Stage 1 $'000 | Stage 2 $'000 | Stage 3 $'000 | Total $'000 |
|---|---|---|---|---|
| Gross customer receivables | 316,680 | 9,425 | 6,445 | 332,550 |
| Provision | (16,213) | (4,025) | (6,033) | (26,271) |
| **Net loan receivables** | **300,467** | **5,400** | **412** | **306,279** |
| Provisions as % gross customer receivables | 5.1% | 42.7% | 93.6% | 7.9% |

| 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** |
| Provisions as % gross customer receivables | 6.3% | 56.4% | 79.8% | 9.6% |

### 11.2.2 Gross customer receivable provision movements by impairment stage

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

| 30 June 2021 | Stage 1 $'000 | Stage 2 $'000 | Stage 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Opening balance** | **7,902** | **2,365** | **2,542** | **12,809** |
| Transfers between stages | 97 | (1,091) | 16,352 | 15,358 |
| Originations | 8,354 | 2,796 | 2,479 | 13,629 |
| Write-offs | – | – | (15,289) | (15,289) |
| Risk parameter changes | (140) | (45) | (51) | (236) |
| **Closing balance** | **16,213** | **4,025** | **6,033** | **26,271** |

| 30 June 2020 | 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 FY21 provision associated with the Personal Loan product was 50%, with 46% relating to the Freestyle/MME+ product and the remaining 4% relating to the ListReady and Autopay products.

The above table reflects a $13.5 million (105%) increase in the customer receivable provision from $12.8 million in 2020 to $26.3 million in 2021. $13.6 million of the incremental increase relates to the significant growth in new assets that were originated during the year with 61% of these assets in stage 1. As expected, assets originated in the prior period substantially represent stage 3 closing customer receivable provisioning before write-offs and risk parameter changes (42%).

The table also reflects $16.2 million (62%) of the closing 2021 provision balance in the stage 1 with $4.0 million (15%) in stage 2 and $6.0 million (23%) in stage 3. $15.4 million 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 $0.2 million (1%).

The risk parameter changes reflect a reduction in the macro-economic overlay driven by historical data and macro-economic projection assumption updates included in further modelling.

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 2021, gross customer receivables reflected:

- 34% in NSW, 26% VIC, 21% QLD and 9% WA.
- 11% in Logistics, Transport & Supply, 10% in Hospitality, Travel & Tourism, 9% in Construction, Building & Architecture, 8% in Manufacturing, Trades & Services and 8% in Medical & Healthcare.
- 23% to borrowers aged from 18 to 25, 38% to borrowers aged 26 to 35 and 39% to borrowers over 35.
- 70% to borrowers in full time employment, 12% to borrowers in part-time employment, 7% to self-employed and 7% to casual borrowers.
- 49% to Personal loan product borrowers and 42% to Freestyle virtual credit account borrowers.
- An average Equifax score of 650 as at 30 June 2021 (635 as at 30 June 2020).

The Group monitors the portfolio to support avoiding disproportionate exposures 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 customer receivable has been advanced, the Group regularly reviews customer collections and collections in arrears in line with the approach used for provision staging. Customer 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 11 for further information.

### 11.2.3 Customer receivable movements by impairment stage

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

| 30 June 2021 | Stage 1 $'000 | Stage 2 $'000 | Stage 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Opening balance** | **126,182** | **4,191** | **3,187** | **133,560** |
| Originations | 398,897 | – | – | 398,897 |
| Repayments, transfers between stages and parameter changes | (208,399) | 5,234 | 18,547 | (184,618) |
| Write-offs for current period customer receivables | – | – | (15,289) | (15,289) |
| **Closing balance** | **316,680** | **9,425** | **6,445** | **332,550** |
| Personal Loan | 163,678 | 3,890 | 2,531 | 170,099 |
| Freestyle/MME+ | 146,426 | 4,863 | 3,498 | 154,787 |
| Other | 6,576 | 672 | 416 | 7,664 |
| **Closing balance** | **316,680** | **9,425** | **6,445** | **332,550** |

The above table reflects $316.7 million (95%) (2020: $126.2 million) of 2021 closing gross customer receivables being in stage 1 provisioning.

| 30 June 2020 | 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 customer receivables | – | – | (12,290) | (12,290) |
| **Closing balance** | **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 balance** | **126,182** | **4,191** | **3,187** | **133,560** |

### 11.3 Undrawn Commitment Customer Receivable Balances by Impairment Stage

Undrawn balances are considered as stage 1 only. Net undrawn customer receivables as at 30 June 2021 were $89.0 million (2020: $12.8 million). This comprised gross undrawn customer receivables of $89.7 million (2020: $13.6 million) less stage 1 provision balance $0.7 million (2020: $0.8 million).

Refer to Notes 3.2.1.2 and 4.2 for further information.

## 12. Intangible Assets

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Opening balance** | **2,166** | **781** |
| Additions | 1,843 | 1,704 |
| Amortisation expense for the period | (744) | (319) |
| **Closing balance** | **3,265** | **2,166** |

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Intangible asset at cost | 4,638 | 2,795 |
| Accumulated amortisation | (1,373) | (629) |
| **Total intangible asset** | **3,265** | **2,166** |

The Group's intangible asset primarily relates to the internal development of its Horizon Technology Platform. This platform support's the Group's customer receivable processes, from origination, underwriting and settlement to servicing, securitisation funding and collection management. Capitalised spend reflects both the addition of new product capability to the system, such as the Autopay product that was launched in April 2021, and further system capability enhancements, such as Artificial Intelligence capability developments and the launch of the PayAnyone feature for the Group's ListReady and Freestyle products. The Horizon Technology Platform related asset is being amortised on a straight-line basis over 5 years.

Refer to Notes 3.4 for further information as to nature, recognition, and subsequent measurement of intangible assets.

## 13. 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*:

### 13.1 Right-of-use Asset

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Opening balance** | **1,905** | **1,781** |
| Additions | – | 657 |
| Lease bank guarantee deposit interest[1] | 64 | – |
| Depreciation expense for the period | (588) | (533) |
| **Closing balance** | **1,381** | **1,905** |

1 Reflects the fair value of bank guarantee deposit related interest associated with the right-of-use asset.

### 13.2 Lease Liabilities

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Opening balance** | **2,120** | **1,918** |
| Additions | – | 657 |
| Interest accrual in the period | 136 | 157 |
| Payments in the period | (699) | (612) |
| **Closing balance** | **1,557** | **2,120** |
| **Net lease related asset / (liability)** | **(176)** | **(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.

## 14 Property, Plant and Equipment

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Opening balance** | **1,105** | **145** |
| Additions | 708 | 1,087 |
| Movements in accumulated depreciation | (357) | (127) |
| **Closing balance** | **1,456** | **1,105** |

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Property, plant and equipment at cost | 2,112 | 1,404 |
| Accumulated depreciation | (656) | (299) |
| **Total property, plant and equipment** | **1,456** | **1,105** |

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.

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.

## 15 Other Receivables and Payables

### 15.1 Other Receivables

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Rental bond[1] | 326 | 354 |
| Other | 708 | 645 |
| **Total other receivables** | **1,034** | **999** |

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

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.

### 15.2 Other Payables

| Expense accrual areas | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Sales and marketing | 849 | 152 |
| Tax, audit and consulting related services | 508 | 731 |
| Legal and related consulting services | 788 | 67 |
| Other | 763 | 963 |
| **Total other payables** | **2,908** | **1,913** |

## 16. Borrowings

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Opening balance** | **113,126** | **78,289** |
| Drawdowns | 127,679 | 32,525 |
| Repayments | 58,000 | – |
| Other | 923 | 2,312 |
| **Closing balance** | **299,728** | **113,126** |

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

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

| | 2021 $000 | 2020 $000 |
|---|---|---|
| MME Velocity Warehouse Trust | – | 68,895 |
| MME Horizon Warehouse Trust | 66,101 | 52,948 |
| MME Horizon 2020 Warehouse Trust | 243,347 | – |
| MoneyMe Financial Group Pty Limited | 23,102 | 11,717 |
| **Gross customer receivables** | **332,550** | **133,560** |

The figures above reflect an allocation of effective yield between loan funding sources for the current and prior year. $15 million of funding for customer receivables in MoneyMe Financial Group Pty Limited was sourced from the issuance of a corporate bond in April 2021 (see Note 20.4 for more details).

# 17. Employee Related Provisions and KMP Remuneration

## 17.1 Employee Related Provisions

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Opening balance** | **1,010** | **229** |
| Additional provisions | 1,763 | 969 |
| Provision reductions | (1,231) | (188) |
| **Closing balance** | **1,542** | **1,010** |

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.

## 17.2 KMP Remuneration

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Fixed annual remuneration | 1,173 | 902 |
| Post-employment benefits | 84 | 79 |
| Share-based payments | 421 | 144 |
| Short-term incentives | 600 | 500 |
| **Total KMP remuneration** | **2,278** | **1,625** |

KMPs 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.

## 18. Share Capital

| | Date | Shares (No.) | Issue price | $'000 |
|---|---|---|---|---|
| **Balance** | **30 June 2019** | **246,134** | | **2,794** |
| Issuance of shares[1] | July 2019 | 6,712 | 447 | 3,000 |
| Cancellation of shares[2] | December 2019 | (252,846) | – | – |
| Issuance of shares[3] | December 2019 | 136,000,001 | – | – |
| 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** | **169,440,001** | | **211,800** |
| Reallocation of reoganisation reserve under share capital[7] | | | | (167,692) |
| **Balance** | **30 June 2020** | **169,440,001** | | **44,108** |
| Issuance of treasury shares[8] | | 2,000,000 | 1.42 | 2,840 |
| **Ordinary and treasury shares[9]** | | **171,440,001** | | **46,948** |
| Elimination of inter-group transactions[10] | | (2,000,000) | – | (2,840) |
| **Balance** | **30 June 2021** | **169,440,001** | | **44,108** |

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.

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.

7 For this reporting period, the Group has classified the reorganisation reserve under share capital, rather than reserves.

8 Issuance of treasury shares to the MoneyMe Share Plan Trust.

9 Reflects the issued share capital as at 30 June 2021.

10 Elimination of inter-group transaction between MoneyMe Limited and the MoneyMe Share Plan Trust.

## 19. Reserves

### 19.1 Reserves Summary

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Share options | 19.2 | 195 | 118 |
| Performance rights | 19.3 | 564 | – |
| **Opening balance** | | **759** | **118** |
| Share option expense | 19.2 | 52 | 77 |
| Performance right expense | 19.3 | 1,263 | 864 |
| Performance rights exercised | 18 | – | (300) |
| **Share-based payment expense** | | **1,315** | **641** |
| Share options | 19.2 | 247 | 195 |
| Performance rights | 19.3 | 1,827 | 564 |
| **Closing balance** | | **2,074** | **759** |

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

## 19.2 Share Options

| | Current period expense ($'000) | Weighted average exercise price ($) | Fair value per option ($) | Grant date | Vesting date | Fair value model volatility[1] | Fair value model risk-free interest rate[2] | Fair value model dividend yield |
|---|---|---|---|---|---|---|---|---|
| S2 2018 | – | – | 76.20 | 12/2017 | 12/2020 | 45.25% | 2.03% | 0.00% |
| S1 2019 | – | – | 126.15 | 12/2018 | 12/2021 | 37.98% | 2.53% | 0.00% |
| S1 2020 | – | 0.54 | 0.09 | 12/2017 | 12/2020 | 45.25% | 2.03% | 0.00% |
| S2 2020 | 52 | 0.82 | 0.23 | 12/2018 | 12/2021 | 37.98% | 2.53% | 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.

| 2021 | Opening balance | Granted | Lapsed/ Canceled | Vested/ Exercised | Closing balance | Exercisable at the end of the period |
|---|---|---|---|---|---|---|
| No. | | | | | | |
| S2 2018 | – | – | – | – | – | – |
| S1 2019 | – | – | – | – | – | – |
| S1 2020 | **1,118,699** | – | (203,904) | – | **914,795** | 914,795 |
| S2 2020 | **818,686** | – | – | – | **818,686** | – |
| Total | **1,937,385** | – | (203,904) | – | **1,733,481** | 914,795 |

| 2020 | Opening balance | Granted | Lapsed/ Canceled | Vested/ Exercised | Closing balance | Exercisable at the end of the period |
|---|---|---|---|---|---|---|
| No. | | | | | | |
| S2 2018 | **2,345** | – | (2,345) | – | – | – |
| S1 2019 | **1,935** | – | (1,935) | – | – | – |
| S1 2020 | **–** | 1,257,461 | (138,762) | – | **1,118,699** | – |
| S2 2020 | **–** | 1,016,634 | (197,948) | – | **818,686** | – |
| Total | **4,280** | 2,274,095 | (340,990) | – | **1,937,385** | – |

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.

### 19.3 Performance Rights

| | Current period expense ($'000) | Fair value per right ($) | Grant date (contractual) | Projected vesting date (contractual) | Projected vesting date (contractual) |
|---|---|---|---|---|---|
| **S1 2020 EPR** | – | 1.25 | 11/2019 | 12/2019 | – |
| **S2 2020 EPR** | 476 | 1.25 | 12/2019 | 08/2021 | 08/2022 |
| **S3 2020 EPR** | 162 | 1.25 | 12/2019 | 11/2020 | 11/2021 |
| **2020 BPR** | – | 1.25 | 11/2019 | 08/2020 | 08/2021 |
| **S1 2021 EPR** | 612 | 1.46 | 12/2020 | 08/2021 | 08/2022 |
| **S2 2021 EPR** | 12 | 1.37 | 04/2021 | 08/2021 | – |

| 2021 | Opening balance | Granted | Lapsed/ Cancelled | Vested/ Exercised | Closing balance | Exercisable at the end of the period |
|---|---|---|---|---|---|---|
| **No.** | | | | | | |
| **S1 2020 EPR** | **–** | – | – | – | **–** | – |
| **S2 2020 EPR** | **1,044,000** | – | (26,000) | – | **1,018,000** | – |
| **S3 2020 EPR** | **300,000** | – | – | – | **300,000** | 150,000 |
| **2020 BPR** | **–** | – | – | – | **–** | – |
| **S1 2021 EPR** | **–** | 2,262,500 | (62,500) | – | **2,200,000** | – |
| **S2 2021 EPR** | **–** | 17,857 | – | – | **17,857** | – |
| | **1,344,000** | 2,280,357 | (88,500) | – | **3,535,857** | 150,000 |

| 2020 | Opening balance | Granted | Lapsed/ Cancelled | Vested/ Exercised | Closing balance | Exercisable at the end of the period |
|---|---|---|---|---|---|---|
| **No.** | | | | | | |
| **S1 2020 EPR** | – | 240,000 | – | (240,000) | – | – |
| **S2 2020 EPR** | – | 1,134,000 | (90,000) | – | **1,044,000** | – |
| **S3 2020 EPR** | – | 300,000 | – | – | **300,000** | – |
| **2020 BPR** | - | 400,000 | (400,000) | – | **–** | – |
| | – | 2,074,000 | (490,000) | (240,000) | **1,344,000** | – |

The Group issued employee performance rights (EPRs) in 2021 and 2020 and board performance rights (BPRs) in 2020. 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 and BPRs have $nil consideration and exercise price. The EPR Series 1 2021 were issued subject to business and individual performance conditions for the period from 1 July 2020 to 30 June 2021. Employee performance conditions include the Group achieving its 2021 full-year revenue, NPAT and gross assets targets and their individual targets. Non-Executive Director performance conditions are for the funding facility settled in September 2020 to continue to operate for the benefit of the Company to achieve its strategic objectives as intended for the Performance Period to 30 June 2021. The EPRs also have a vesting condition for the holder to be contracted to provide services to the Group at the time of vesting. 50% of the EPRs that remain on foot can vest on the day following the release of the Group's annual financial results for the financial year ending 30 June 2022 and 50% on the day following the release of the Group's annual financial results for the financial year ending 30 June 2023.

2020 was the first year the Group issued performance rights.

# 20. Financial Risk Management

## 20.1 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.

## 20.2 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 $332.6 million (2020: $133.6 million).

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.

Gross customer receivables do not have collateral held as security except for the List Ready and Autopay products. The Group has the right to place a caveat over the property related to the ListReady offering. Collateral security is taken over a motor vehicle for Autopay related advances. A loss allowance is calculated in relation to all products, regardless of whether or not they have collateral held as security.

Refer to Note 11 for further information.

## 20.3 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 customer receivables. In the event of a movement in interest rates, the Group reviews its pricing as appropriate.

**Interest rate sensitivity analysis**

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| *Effect on profit before tax:* | | |
| 1% increase in interest rates | (1,946) | (1,272) |
| 1% decrease in interest rates | 1,946 | 1,272 |

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 and prior financial year.

## 20.4 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 customer receivables, other fixed assets, and investments in working capital.

Liquidity risk is managed through the 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 2021 of $40.2 million (2020: $46.9 million), with the Group having access to $311.8 million 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 timeframes 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.

| 2021 | Less than 1 year | 1 to 5 years | Greater than 5 years | Total amounts |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Cash and cash equivalents | 26,164 | – | – | 26,164 |
| Other receivables | 708 | 326 | – | 1,034 |
| Net customer receivables | 181,480 | 121,877 | 2,922 | 306,279 |
| **Total financial assets** | **208,352** | **122,203** | **2,922** | **333,477** |
| Other payables | 2,908 | – | – | 2,908 |
| Borrowings | – | 299,728 | – | 299,728 |
| Related party borrowings | – | – | – | – |
| Lease liability | 578 | 979 | – | 1,557 |
| **Total financial liabilities** | **3,486** | **300,707** | **–** | **304,193** |
| **Net maturity** | **204,866** | **(178,504)** | **2,922** | **29,284** |

| 2020 | Less than 1 year | 1 to 5 years | Greater than 5 years | Total amounts |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Cash and cash equivalents | 35,379 | – | – | 35,379 |
| Other receivables | 645 | 354 | – | 999 |
| Net customer receivables | 79,316 | 41,435 | – | 120,751 |
| **Total financial assets** | **115,340** | **41,789** | **–** | **157,129** |
| Other payables | 1,913 | – | – | 1,913 |
| Borrowings | 74,308 | 38,818 | – | 113,126 |
| Related party borrowings | – | – | – | – |
| Lease liability | 699 | 1,704 | – | 2,403 |
| **Total financial liabilities** | **76,920** | **40,522** | **–** | **117,442** |
| **Net maturity** | **38,420** | **1,267** | **–** | **39,687** |

The MME Horizon Warehouse Trust has a legal maturity date in December 2023. The MME Horizon 2020 Warehouse Trust has a legal maturity date in September 2024. Both warehouse trusts are revolving finance facilities that allow for new assets to be funded within facility funding limits up to December 2022 for the MME Horizon 2018 Warehouse Trust and up to September 2023 for the MME Horizon 2020 Warehouse Trust.

On 29 April 2021, MoneyMe Limited issued a $15 million corporate bond. The notes issued are direct, secured, unsubordinated and unconditional obligations of MoneyMe Limited. The notes also have the benefit of a guarantee from certain subsidiaries of MoneyMe Limited and the obligations of each guarantor are direct, secured, unsubordinated and unconditional obligations of that guarantor. The notes are repayable in full on 29 April 2025.

The table below reconciles the borrowings associated with the warehouse trusts and Corporate Bond including the drawn balance, funding limits and undrawn balances. The difference between the drawn balance and total borrowings disclosed on the balance sheet reflects capitalised borrowing costs.

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| MME Velocity Warehouse Trust[1] | – | 65,000 |
| MME Horizon Warehouse Trust[1] | 61,750 | 47,500 |
| MME Horizon 2020 Warehouse Trust[1] | 222,000 | – |
| Corporate Bond | 15,000 | – |
| **Drawn balances** | **298,750** | **112,500** |
| MME Velocity Warehouse Trust[1] | – | 5,000 |
| MME Horizon Warehouse Trust[1] | – | – |
| MME Horizon 2020 Warehouse Trust[1] | 28,000 | – |
| Corporate Bond | – | – |
| **Undrawn balances** | **28,000** | **5,000** |
| MME Velocity Warehouse Trust[1] | – | 70,000 |
| MME Horizon Warehouse Trust[1] | 61,750 | 47,500 |
| MME Horizon 2020 Warehouse Trust[1] | 250,000 | – |
| Corporate Bond | 15,000 | – |
| **Funding Limits** | **326,750** | **117,500** |

1 Excludes Class C Note investments by MoneyMe Finance Pty Limited.

### 20.5 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

— In the principal market for the asset or liability; or

— In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the consolidated entity. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e., as prices), or indirectly (i.e., derived from prices).

Level 3 – a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

The carrying value of customer receivables, cash and other receivables/payables and borrowings approximates fair value. Please refer to sections 3.2.1.1, 3.2.2.1 and 3.2.3.1 respectively for further detail as to measurement of these financial instruments.

## 21. Related Party Transactions

### 21.1 Related Party Loans

Interest expense on related borrowings in the 2021 financial year was $nil (2020: $0.1 million).

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.

### 21.2 Newcastle and Sydney Office Fit-out

A related party was engaged to complete office fit-outs in Sydney and Newcastle in the 2020 and 2021 financial years. The transactions were made in accordance with normal terms and conditions of the market with pricing assessed to be on an arm's length basis. Total contracted spend was $0.9 million for the 2020 financial year and $0.6 million for the 2021 financial year. There are no outstanding balances in relation to this transaction. The transaction is deemed to be a related party transaction due to a common KMP relationship.

### 21.3 Corporate Bond Transaction

A related party was paid $0.2 million to arrange a $15.0 million corporate bond issuancethat was completed in April 2021. The transaction was made in accordance with normal terms and conditions of the market with pricing assessed to be on an arm's length basis. There are no outstanding commitments in relation to this transaction. The transaction is deemed to be a related party transaction due to a common KMP relationship.

### 21.4 Other Related Parties

A related party was employed to support the ListReady sales team during the 2021 and 2020 financial year. The fair value of the services are assessed to be less than $0.02 million (2020: $0.02 million). There are no outstanding commitments in relation to this transaction. The transaction is deemed to be a related party transaction due to a common KMP relationship.

## 22. Parent Entity Information

The parent entity had a $nil net profit after tax and comprehensive income for the current and prior year periods.

The parent entity had total assets of $44.1 million in 2021 (2020: $43.3 million), $nil total liabilities in the current and prior year periods and total equity of $44.1 million in 2021 (2020: $43.3 million).

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

## 23. 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:

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| – Group financial reporting | 329 | 349 |
| – Controlled entities financial reporting | 10 | 10 |
| **Statutory assurance services required by legislation to be provided by the auditor** | **339** | **359** |
| – Investigating Accountants report associated with an IPO | – | 880 |
| – APRA regulatory report assurance | 15 | 20 |
| – Financial and tax due dilligence in relation to inorganic growth opportunity | 503 | – |
| **Other assurance and agreed-upon procedures under other legislation or contractual arrangements** | **518** | **900** |
| **Tax compliance services** | **148** | **190** |
| **Total** | **1,005** | **1,449** |

## 24. Subsequent Events

### The COVID-19 Environment

The COVID-19 environment has continued to evolve and develop during the period post 30 June 2021. The use of lockdown arrangements in Sydney and other places across of Australia is noted in particular as is the increasing vaccination rate which was at 45% and 24% for first and second doses respectively on 10 August 2021 for people 16 years old and older.

It is also noted that Reserve Bank of Australia 6 August 2021 *Key Economic Indicator Snapshot* reporting reflects economic growth at 1.1%, an unemployment rate of 4.9% and employment growth of 6.3% for the 12 months ended 31 March 2021. The 9 August 2021 Westpac's Weekly economic & financial forecasts reflects GDP growth to be negative 2.2% for the quarter to 30 September 2021, 3% positive for the quarter to 31 December 2021 and 1.8% for the quarter to 31 March 2022 and the unemployment rate to be 5.3%, 5.1% and 4.5% for those respective quarters.

The Group is continuing to monitor the changing environment and considers that no adjustments are required as a result of changes after 30 June 2021 in relation to the critical estimates and judgements in particular as set out in Note 4.

### Funding and Liquidity

The Group increased the external funding capacity of its MME Horizon 2020 Trust (HW20) by $108 million, 47%, to $338 million in July 2021. Concurrently the HW20 eligibility criteria was broadened to include the ability to fund a broader range of assets, in particular the recently launched Autopay product receivables. The capacity increase and restructure also resulted in a diversification of HW20 mezzanine investor note holders to comprise two of Australia's leading securitisation mezzanine investors with the previous note holder being repaid in full. The Group also successfully closed a $7 million tap of its corporate bond in July 2021 on the same terms as its April 2021 issuance. Both of these developments reflect strong investor sentiment and demand, providing the Group further capital to support growth in Autopay and its other products.

# 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 9 August 2021.

### Corporate Governance:

The Group's Corporate Governance Statement for the financial year ended 30 June 2021 can be found at moneyme.com.au/investor-centre

### Substantial Holders:

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

| Name of substantial holder | Date of latest notice | Number of shares |
|---|---|---|
| Perennial Value Management Limited | 3 August 2021 | 20,085,808 |
| Bannigan Nominees Pty Limited ATF Bannigan Family Trust | 25 September 2020 | 19,973,010 |
| Emery Pty Limited | 16 December 2019 | 47,590,802 |
| Howes Advisory Pty Limited and Clayton Howes | 13 December 2019 | 50,294,717 |
| MoneyMe Limited[1] | 13 December 2019 | 131,039,999 |

### Number of Holders and Securities on Issue for Each Class of Equity Securities:

| Class | On issue | Holders |
|---|---|---|
| Fully Paid Ordinary Shares | 171,440,001 | 1,807 |
| Unquoted Options | 1,733,481 | 14 |
| Performance Rights | 3,535,857 | 56 |

***Note:*** *all Options and Performance Rights were issued or acquired under an employee incentive scheme.*

### Voting Rights for Each Class of Equity Securities:

Voting rights attached to Fully Paid Ordinary Shares are set out in Rule 5.10 of the Company's Constitution and summarised within section 7.11(c) on page 127 of the Group's Prospectus dated 15 November 2019. No voting rights attach to the Options or Performance Rights.

1 MoneyMe's relevant interest is held under section 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.

## Distribution Schedule – Fully Paid Ordinary Shares:

| Range | Total Holders | Number of Shares | % of Shares |
|---|---|---|---|
| 100,001 and Over | 45 | 160,636,223 | 93.70 |
| 10,001 to 100,000 | 258 | 7,132,001 | 4.16 |
| 5,001 to 10,000 | 190 | 1,469,525 | 0.86 |
| 1,001 to 5,000 | 657 | 1,836,881 | 1.07 |
| 1 to 1,000 | 657 | 365,371 | 0.21 |
| **Total** | **1,807** | **171,440,001** | **100.00** |

## Distribution Schedule – Unquoted Options:

| Range | Total Holders | Number of Options | % of Options |
|---|---|---|---|
| 100,001 and Over | 9 | 1,546,321 | 89.20 |
| 10,001 to 100,000 | 5 | 187,160 | 10.80 |
| 5,001 to 10,000 | – | – | – |
| 1,001 to 5,000 | – | – | – |
| 1 to 1,000 | – | – | – |
| **Total** | **14** | **1,733,481** | **100.00** |

## Distribution Schedule – Performance Rights:

| Range | Total Holders | Number of Rights | % of Rights |
|---|---|---|---|
| 100,001 and Over | 7 | 1,403,000 | 39.68 |
| 10,001 to 100,000 | 47 | 2,112,857 | 59.76 |
| 5,001 to 10,000 | 2 | 20,000 | 0.56 |
| 1,001 to 5,000 | – | – | – |
| 1 to 1,000 | – | – | – |
| **Total** | **56** | **3,535,857** | **100.00** |

## Unmarketable Parcels:

No holders of Fully Paid Ordinary Shares held less than a marketable parcel of Shares as at 9 August 2021, based on the closing market price of Shares on that date.

## Top 20 Shareholders:

The 20 largest registered holders of Fully Paid Ordinary Shares are set out below:

| Name | Number of Shares Held | % of Shares |
|---|---|---|
| Howes Advisory Pty Limited | 50,294,716 | 29.34 |
| Emery Pty Limited | 47,590,802 | 27.76 |
| National Nominees Limited | 17,804,633 | 10.39 |
| Bannigan Nominees Pty Limited A/C Bannigan Family | 17,526,578 | 10.22 |
| Citicorp Nominees Pty Limited | 5,955,968 | 3.47 |
| HSBC Custody Nominees (Australia) Limited | 4,882,301 | 2.85 |
| MoneyMe Finance Pty Limited | 1,933,806 | 1.13 |
| BNP Paribas Noms Pty Limited A/C DRP | 1,830,746 | 1.07 |
| R K Graham Investments Pty Limited | 1,617,933 | 0.94 |
| BNP Paribas Noms Pty Limited A/C Agency Lending DRP | 1,341,348 | 0.78 |
| Brispot Nominees Pty Limited | 961,402 | 0.56 |
| Mr Darren Seymour Thomas | 667,977 | 0.39 |
| Rustica Pty Limited | 662,126 | 0.39 |
| Third Return Pty Limited | 662,126 | 0.39 |
| BNP Paribas Nominees (NZ) Ltd (DRP) A/C DRP | 617,479 | 0.36 |
| HSBC Custody Nominees (Australia) Limited A/C NT Comnwlth Super Corp | 530,240 | 0.31 |
| Bannigan Nominees Pty Limited A/C Bannigan Family | 504,214 | 0.29 |
| Boodup Nominees Pty Limited | 400,000 | 0.23 |
| UBS Nominees Pty Limited | 306,601 | 0.18 |
| Roberto Boschiroli | 294,219 | 0.17 |
| BNP Paribas Noms Pty Limited A/C IB AU Noms RetailClient DRP | 269,522 | 0.16 |
| **Total Top 20** | **156,654,737** | **91.38%** |
| **Total Balance of Holders** | **14,785,264** | **8.62%** |
| **Total Shares** | **171,440,001** | **100.00%** |

## Escrowed Securities:

62,037,462 Fully Paid Ordinary Shares are subject to voluntary escrow. The escrow period for all of these Shares ends on the second trading day after the date on which the Company releases its annual financial results for the financial year ending 30 June 2021.

## Other Matters:

There is no current on-market buy back. There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act. No securities were purchased on market during the year ending 30 June 2021 under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme. 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 and Independent Non-Executive Director)

**Jonathan Lechte** (Independent Non-Executive Director)

**Susan Wynne** (Independent Non-Executive Director)

**Scott Emery** (Non-Executive Director)

**Clayton Howes** (Managing Director and Chief Executive Officer)

**AUDITOR**

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

**COMPANY SECRETARY**

Jonathan Swain

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moneyme

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