



money3

Money3 Corporation Limited  
Annual Report 2019

Accelerating  
Sustainable  
Growth

## About Money3

Money3 is a specialist provider of vehicle finance for the purchase and maintenance of a vehicle in Australia and New Zealand. Our business model and unique approach to customer care attracts creditworthy customers that are underserved by traditional lenders.

Money3 has a fast-growing and high-quality loan book with more than 47,000 active accounts. With ~\$100m in available funding, Money3 will continue its growth strategy.

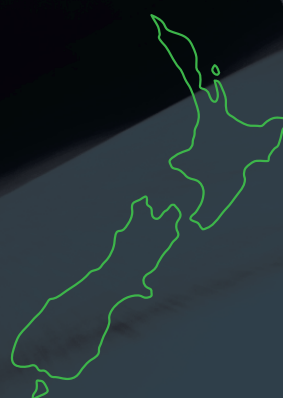
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1/500

Registered vehicles in Australia are financed by Money3



1/800

Registered vehicles in New Zealand are financed by Go Car Finance

# Setting our growth plan in motion



500,000+

Customers serviced

800,000+

Loans written

\$1bn+


Lent

Accelerating Sustainable Growth

# Growing Our Addressable Market

Taking Money3's unique  
approach to New Zealand





Go Car Finance  
Goes way further

## GO CAR FINANCE ACQUISITION PROVIDES GEOGRAPHIC AND PRODUCT EXPANSION

### **Growing our addressable market**

The acquisition of Go Car Finance broadens the geography of Money3's footprint and increases the addressable market. In FY20 it is expected Go Car Finance will contribute ~10% of Group NPAT.

Organic growth will continue through dealer and broker channels along with growing a direct sales channel via a newly established team focussed on returning customers.

Consistency in our credit assessment process and our simple product structure has contributed to significant gains in loan originations. Money3 continues to integrate with key broker partners using proprietary technology which enhances the quality of information into the business and increases the processing speed of applications.

**KEY FOCUS:** In Australia, we have launched new lending products to address a broader market segment. We continue to invest in technology solutions to improve processing efficiency and decision effectiveness as we expand our addressable market.

Accelerating Sustainable Growth

# Flexible Lending

Providing customers with tailored solutions





## 33.3%<sup>^</sup> INCREASE IN LOAN ORIGINATIONS IN FY19

### **Tailored solutions**

Money3 prides itself on understanding customers' needs and their different circumstances by building deep relationships through regular communication right from the loan application stage. We tailor our products to be affordable with flexible repayments.

Transport is often central to many critical aspects of everyday life such as earning an income, childcare and education. We treat our customers with the integrity and honesty they deserve and, in turn, Money3 enjoys exceptional customer satisfaction and loyalty.

**KEY FOCUS:** Underpinning our flexible product approach is a strict focus on origination standards ensuring bad debts are in the range of 4.5% to 5.5% of gross loan book.

<sup>^</sup> *Adjusted for acquisition and divestment*

# Focus on Customer Care

Providing service  
where others don't







# CUSTOMER CENTRIC APPROACH INCREASED FY19 CASH COLLECTIONS BY 32.1%^

## **Increasing customer loyalty and satisfaction**

Money3 understands income and expense variability and works with customers towards a solution rather than avoiding the customer. In the past year, our customers rated us highly for customer care. We have regular dialogue with our customers and provide flexible and tailored solutions to help them with their repayments, which in turn, helps Money3 keep its bad debt levels well within industry norms.

Many customers choose Money3 as their preferred financier because they prefer our flexible repayment approach. For others, it's because Money3 helped them to repair their credit history and pay back loans. These loyal and returning customers reaffirm the significance of our customer care team, particularly as we broaden our service offering to include more new vehicles, larger loans and lower interest products.

**KEY FOCUS:** Enhance our customer feedback program and continue our high levels of customer satisfaction. Our focus on continuous improvement in the customer experience is key to our ongoing success.

*^ Adjusted for acquisition and divestment*

# Improved Quality of Earnings Will Enable Money<sup>3</sup> to Lower Funding Costs

Maximises shareholders returns and supports growth



## WELL FUNDED WITH ~\$100M IN AVAILABLE FUNDS TO SUPPORT LOAN BOOK GROWTH

### **Funding to support accelerated growth**

Money3 is well funded with ~\$100m available to deploy into the vehicle finance market. While historically, growth has been primarily funded through equity, with the improving quality of our receivables Money3 can comfortably sustain a higher gearing ratio. With a strong equity base Money3 is well positioned to handle challenges through the economic cycle.

**KEY FOCUS:** Refinance and grow the debt facility in the first half FY21 reducing funding cost and increasing gearing.

# Our Business Model



Money3 has decades of experience and deep knowledge of providing consumers with finance for their vehicles. Our operations in Australia and New Zealand are focused on broker and dealer channels, and increasingly, a strong direct channel to market. Our products are simple and transparent, and our customer centric approach prioritises flexible and tailored repayments that helps our customers service their loans.

## Attract customers

We understand our customers and create value by providing tailored products that suit their needs. We reach our customers through both digital and traditional channels including brokers and dealers.

We finance customers across a range of risk profiles which is reflected in our pricing range beginning at 9.95% p.a. We build a strong and enduring relationship with our customers which is evident from one in four customers returning in FY19 for a new loan or refinancing.

## Assess suitability and affordability

Assessment starts by collecting customers' data from their applications and from external sources that digitally feed into our credit assessment engine.

Money3 employs stringent standards of credit assessment and responsible lending built from our experience and in line with the regulatory requirements. Direct engagement with customers is a key part of our decisioning process. This enables Money3 to understand our customers' needs in a better way.

Our partner relationships with our brokers and dealers also play an integral role in delivering suitable products and services to our customers.

## Lend responsibly

We focus on understanding our customers cash flows and lend well within their affordability.



### Collect payments and manage arrears

Customers can make payments in multiple ways including direct debit, BPAY, directly from their employer through salary deductions, debit and credit card payments. More than 99% of our customers opt to pay through direct debit. In FY19, we started offering digital payments to our customers through partnerships.

We allow customers to choose the payment frequency and payment methods that best suit them. We help our customers minimise penalty fees by encouraging them to contact us early in case they foresee difficulty in making repayments. This ensures we update our banking partners accordingly thereby avoiding dishonour fees for our customers from the banks through which automated payment instructions are operated. We are flexible with repayment profiles with the objective of helping our customers repay the loan thereby minimising losses for Money3.

We have developed new capabilities to message customers to remind them of upcoming payments.

Should a customer miss a payment, we engage with them early and understand their difficulties with a sympathetic approach. Depending on the nature of difficulty we use a range of forbearance tools to help our customers.

#### **This includes:**

- accepting reduced payments;
- reduced interest rates;
- payment holidays; and
- reselling vehicle to assist payments.

These measures are taken to help our customers get back on track with their repayment schedules.

# Key Highlights

 48.1%

increase in Gross Loan Book to \$374m

 24.6%

increase in Revenue

~\$100m

funds available to accelerate loan book growth

\$63.6m

In loan book added through acquisition of Go Car Finance

# Chairman's & Managing Director's Letter

FY19 was a year of transformation for Money3 – we acquired Go Car Finance in New Zealand, a terrific business with strong growth momentum and an amazing corporate culture. We also sold our SACC lending business which leaves us well capitalised for growth in FY20.



**Stuart Robertson**  
Chairman



**Scott Baldwin**  
Chief Executive Officer and Managing Director

## Dear Shareholder

I would like to thank you for your continued support in our vision to become the leader in providing vehicle finance for purchase and maintenance of vehicles in Australia and New Zealand.

FY19 was an exciting year of transformation, which saw Money3 become a specialist secured vehicle finance lender. We acquired Go Car Finance in New Zealand, a terrific business with growth momentum, and exited the SACC lending business. During this transformation, we continued to maintain our focus on growth, achieving an outstanding 48.1% in the loan book, 24.6% in revenue and 14.2% in NPAT.

## Expanding into New Zealand

Go Car Finance operates throughout New Zealand and shares similarities with our Australian operations in products, customer centric approach, strong corporate culture and potential for growth. Go Car Finance added \$54.3m to the Group's loan book at acquisition and has achieved 17.1% growth since, with the loan book at \$63.6m at 30 June 2019. It has also contributed over \$1m to the Group NPAT in FY19.

# Chairman's & Managing Director's Letter

(continued)

REVENUE  
FROM  
CONTINUING  
OPERATIONS  
GREW TO  
\$91.7M  
 24.6%

## SACC Exit

Keeping in line with our long-term strategy to focus on secured auto finance, we sold our SACC lending business in May 2019. Moreover, the SACC exit also reduces the overall regulatory risk and enables access to low cost funding. The redeployment of the SACC sale proceedings in secured loans and the Go Car Finance acquisition will replace the SACC contribution with sustainable and higher quality earnings.

## Strong organic growth

The Australian operations continued its strong performance with good growth in loan originations (over 19,000 up 25.6%), loan book (\$310m up 22.9%) and revenue (\$85.0m up 15.4%).

In November 2018, we established a new team focussed on providing a seamless process for returning customers. The new team has produced very pleasing results lifting the number of returning customers. This focussed team, along with the introduction of a broader portfolio of products, is expected to improve the returning customers in FY20 and beyond.

We succeeded in piloting new digital methods in our collection process enabling customers to make payments digitally and modify repayment schedules. The revenue recognition model applied now is closely aligned with the underlying loan cash flows which means no revenue is recognised in the absence of cash flow. This has helped us to manage slow paying loans and to lower bad debts.



# HELPING CUSTOMERS WITH FLEXIBLE REPAYMENTS TO SUIT THEIR CIRCUMSTANCE

## Strengthening board and executive team

Symon Brewis-Weston joined the Board in November 2018. He brings a depth of experience in financial services. Roy Gormley joined Money3 through the acquisition of Go Car Finance and continues to run the New Zealand operations. Roy has deep experience in finance companies in New Zealand. Finally, we welcomed Michael Neville in June 2019 as Chief Operating Officer, as we embark on our journey to widen our addressable customer segments.

## Outlook

Pursuant to the SACC exit, Money3 has commenced a review of the Group's strategy, including the Money3 branding, to accelerate sustainable growth. The key areas of focus include:

- Broadening the addressable market;
- Investing in technology towards a seamless origination process; and
- Securing increased funding at lower rates.

## Broadening the addressable market

We have broadened our product pricing range with interest rates starting from 9.95% p.a. and strengthened the customer grading principles in the credit decisioning engine which enables us to increase pricing accuracy as well as support lending to a wider customer segment. We continue to invest in growing our direct sales channel.

Synergies from the acquisition of Go Car Finance will continue in FY20 through the introduction of direct sales and broker channels; and knowledge sharing around origination and collection practices. Go Car Finance is well positioned to capture a

greater share of the market – growing its loan book and earnings significantly.

## Investing in technology

We continue to invest in enhancing our digital capabilities, specifically in our loan origination platform across segments, thereby increasing productivity and decision effectiveness. This will expedite approval times as well as increase the quality of receivables originated.

## Securing increased funding at lower rates

We have commenced discussions to secure increased funding to support growth beyond FY20. The exit from SACC lending business and Go Car Finance acquisition has improved the quality of earnings and positions us well to reduce our cost of funding enabling the Group to broaden the customer segments that we service. We expect the gearing ratio to improve thereby increasing shareholders' return.

Finally, I would like to thank our business partners and our employees in Australia and New Zealand for their efforts in FY19. Over the past 12 months, we have delivered the final piece of the vision we set three years ago to stabilise the business, grow secured lending, introduce debt funding and exit the provision of small amount lending. Now we start writing the next chapter and I look forward to supporting many new and existing clients in Australia and New Zealand.



**Scott Baldwin**  
Chief Executive Officer  
and Managing Director



**Stuart Robertson**  
Chairman

# Corporate Governance Statement

The statement outlining Money3 Corporation Limited's corporate governance framework and practices in the form of a report against the Australian Securities Exchange Corporate Governance Principles and Recommendations, 3rd Edition, is available on the Money3 website, [www.money3.com.au](http://www.money3.com.au), under Corporate Governance in the Investors tab in accordance with listing rule 4.10.3.

## Directors' Report

Your directors present their report on the consolidated entity consisting of Money3 Corporation Limited ("the Company") and the entities it controlled ("the consolidated entity"/"the Group") at the end of or during the year ended 30 June 2019.

### Directors and Company Secretary

The following persons were Directors of the Company during the whole year, unless otherwise stated, and up to the date of this report:

- Stuart Robertson
- Leath Nicholson
- Symon Brewis-Weston (appointed on 27 November 2018)
- Scott Baldwin
- Ray Malone (resigned on 27 November 2018)
- Kang Tan (resigned on 27 August 2018)

Terri Bakos is the Company Secretary appointed on 31 October 2016. Stuart Robertson was appointed as the Chairman of the Board on resignation of Ray Malone.

### Principal Activities

The principal activities of the Group during the financial year were the provision of finance specialising in the delivery of secured automotive loans as well as secured and unsecured personal loans. The secured automotive loans relate to the purchase of a vehicle with the vehicle as security for the loan. The Group also provided short term unsecured loans (also known as Small Amount Credit Contracts) through its Branch and Online segment which comprised the subsidiaries Money3 Branches Pty Ltd and Money3 Services Pty Ltd. In May 2019, the Group sold these subsidiaries through a Management Buy Out ("MBO") process. Pursuant to the sale, the Group no longer offers a Small Amount Credit Contract ("SACC") product.

### Dividends - Money3 Corporation Limited

Dividends paid to shareholders during the financial year were as follows:

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Final ordinary dividend for year ended 30 June 2018 of 5.00 cents (2017: 3.15 cents) per fully paid share paid on 23 October 2018  | 8,895          | 4,993          |
| Interim ordinary dividend for the year ended 30 June 2019 of 5.00 cents (2018: 4.5 cents) per fully paid share paid on 23 May 2019 | 9,012          | 7,203          |
| <b>Total Dividends Paid</b>  | <b>17,907</b>  | <b>12,196</b>  |

Since the end of the financial year the Directors have declared the payment of a final 2019 ordinary dividend of 5.00 cents per fully paid share. Based on the current number of shares on issue, the dividend payment is expected to be \$9.1m. This dividend will be paid on 22 October 2019 by the Company.

### Review of operations

FY19 was another year of record performance with the Group achieving a normalised Net Profit After Tax ("NPAT") of \$35m (2018: \$32m) in line with the guidance provided to the market. The statutory NPAT is \$29.2m and a reconciliation to the normalised NPAT is given below.

|  | 2019<br>\$'000 |
|--|----------------|
| Statutory NPAT   | 29,210         |
| Add: Loss on sale of discontinued operations (refer Note 21)     | 5,513          |
| Add: Acquisition costs in relation to Go Car Finance Acquisition | 310            |
| <b>Normalised NPAT</b>   | <b>35,033</b>  |

The key financial operating results of the Group's continuing operations are outlined in the table below:

|                         | 30 Jun 19<br>\$'000 | 30 Jun 18<br>\$'000 | % Change     |
|-------------------------|---------------------|---------------------|--------------|
| Total revenue           | 91,703              | 73,618              | 24.6%        |
| EBITDA                  | 47,494              | 40,498              | 17.3%        |
| NPAT                    | 24,193              | 21,183              | 14.2%        |
| <b>Gross loan book</b>  | <b>374,000</b>      | <b>252,537*</b>     | <b>48.1%</b> |
| <b>Loans receivable</b> | <b>338,129</b>      | <b>227,116*</b>     |              |

\* does not include comparative information for acquisition of Go Car Finance acquisition

Key highlights include:

- 48.1% increase in gross loan book
- \$63.6m addition to the secured automotive loan book at 30 June 2019 through Go Car Finance acquisition
- SACC exit completed through sale of Branch and Online segment (refer Note 21)
- 15.4% increase in Broker Division Revenue to \$85.0m
- 22.9% increase in Broker Division Loan Book to \$310.3m
- ~\$100m funds available to accelerate loan book growth in FY20
- Final FY19 dividend of 5.00 cents fully franked, taking full year dividend to 10.00 cents fully franked.

# Directors' Report (continued)

## Segment performance

### Broker Division (Australia)

|                         | 30 Jun 19<br>\$'000 | 30 Jun 18<br>\$'000 | % Change     |
|-------------------------|---------------------|---------------------|--------------|
| Total revenue           | 84,923              | 73,618              | 15.4%        |
| EBITDA                  | 49,858              | 45,887              | 8.7%         |
| <b>Gross loan book</b>  | <b>310,369</b>      | <b>252,537</b>      | <b>22.9%</b> |
| <b>Loans receivable</b> | <b>279,203</b>      | <b>227,116</b>      | <b>22.9%</b> |

The Broker division consists primarily of secured automotive loans up to \$35,000 with terms up to 60 months. The Broker division achieved record growth in loans settled, loan book growth and revenue. Over 19,000 loans were settled in FY19 representing 24.6% growth compared to FY18. All financing under the Broker division is provided under the All Other Credit ("AOC") contract, in accordance with the *National Consumer Credit Protection Act 2009*.

The Broker division has partnered with over 150 accredited independent brokers across Australia and they contribute approximately 70% of the new originations. The Broker division also receives leads from various websites and referral partners.

### International (Go Car Finance, New Zealand)

|                         | 30 Jun 19<br>\$'000 |
|-------------------------|---------------------|
| Total revenue           | 6,780               |
| EBITDA                  | 2,757               |
| <b>Gross loan book</b>  | <b>63,631</b>       |
| <b>Loans receivable</b> | <b>58,926</b>       |

Go Car Finance was acquired on 12 March 2019. Go Car Finance has operations across New Zealand and is a provider of secured automotive loans. Since acquisition, Go Car Finance achieved a gross loan book growth of 17.1%. Go Car Finance acquisition fits within the Group's long-term strategy.

### Branch and Online segment (Discontinued)

|                         | 30 Jun 19*<br>\$'000 | 30 Jun 18<br>\$'000 | % Change |
|-------------------------|----------------------|---------------------|----------|
| Total revenue           | 44,679               | 48,258              | (7.4%)   |
| EBITDA                  | 16,223               | 16,073              | 0.9%     |
| <b>Gross loan book</b>  | <b>-</b>             | <b>55,510</b>       | <b>-</b> |
| <b>Loans receivable</b> | <b>-</b>             | <b>41,189</b>       | <b>-</b> |

\* The above represents the performance for the period from 1 July 2018 to 20 May 2019 (being the date of sale of Branch and Online segment)

During FY19, Branch and Online segment contributed positively to the growth of the Group. Total revenue and EBITDA had a growth of 5.8% and 15.4% on an extrapolated basis over FY18 results respectively.

### Significant changes in the state of affairs

Other than the sale of Branch and Online segment (refer Note 21) and acquisition of Go Car Finance (refer Note 20), there were no significant changes in the state of affairs of the Group.

### Significant Matters Subsequent to the Reporting Date

In July 2019, the Group entered into an agreement with Commit Co Pty Ltd to amend certain terms and conditions of the sale including transition arrangements for loan referrals. This included a 2% discount to the sale price as well as crystallising the referral fees to be received by the Group during the transition period. Subsequent to the reporting period, Commit Co Pty Ltd has paid three installments totalling \$5.4million. The above adjustments including its impact on impairment provision have been reflected in Note 21.

Other than the above, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results or the state of affairs of the Group.

### Likely Developments and Expected Results of Operations

The likely developments in the Group's operations, to the extent that such matters can be commented upon, are covered in the 'Review of Operations' section in this Report.

### Environmental Regulation

The operations of the Group are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory law. The Directors are not aware of any breaches of any environmental regulations.

### Indemnification and Insurance of Directors and Officers

The Group has indemnified the Directors and Officers for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the Directors and Executives against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

### Non-Audit Services

There were no non-audit services provided by the auditor during the 2019 or 2018 financial years.

### Proceedings on behalf of the Group

No person has applied to the Court for leave to bring proceedings to which the Group is a party, for taking responsibility on behalf of the Group for all or part of these proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

### Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in some cases, to the nearest dollar.

# Directors' Report (continued)

## Our Board



### **Stuart Robertson**

Non-Executive Director & Chair of the Board

#### **Qualification**

B.Com ACA FINSIA GAICD MBA

#### **Experience**

Stuart brings experience in business advisory, investment banking, alternative investments and funds management. Stuart provides consulting services focused on deal origination and structuring primarily in the unlisted market.

Stuart is also a member of the Audit Committee.

#### **Other directorships**

- Praemium Limited



### **Scott Baldwin**

Executive Director & Chief Executive Officer

#### **Qualification**

Dip. in Finance, B.Eng (Hons), MBA GAICD

#### **Experience**

Scott brings a wealth of experience in sales, marketing and technology. Appointed to the board in 2009, Mr Baldwin established and led the growth of the secured finance division at Money3. Prior to joining Money3, Mr Baldwin spent over a decade in a variety of senior roles with General Electric Healthcare.

Scott is a non-voting member of the Remuneration & Nomination Committee.

#### **Other directorships**

None



### **Leath Nicholson**

Non-Executive Director & Chair of the Audit Committee

#### **Qualification**

B.Ec (Hons) LLB (Hons) LLM (Commercial Law)

#### **Experience**

Leath brings broad commercial and legal experience specifically in the area of mergers and acquisitions. He practises in the consumer credit regulatory sector and has provided legal advice to Money3 on its corporate and consumer credit obligations since 2010.

Leath is also a member of the Remuneration & Nomination Committee.

#### **Other directorships**

- AMA Group Limited
- CCP Technologies Limited



### **Symon Brewis-Weston**

Non-Executive Director & Chair of the Remuneration & Nomination Committee

#### **Qualification**

B.Econ (Hons), Masters in Applied Finance

#### **Experience**

Symon brings extensive international financial services experience and a deep understanding of the consumer finance markets having previously held the senior positions in FlexiGroup Limited, Sovereign Assurance Limited, and the Commonwealth Bank of Australia.

Symon is also a member of the Audit Committee.

#### **Other directorships**

- Stockco Australia Pty Ltd
- Relentless Resources Limited



### **Terri Bakos**

Company Secretary

#### **Qualification**

B.Acc. ACA ACIS

#### **Experience**

Terri has over 20 years' experience providing company secretarial, financial accounting and compliance services to ASX listed and unlisted public companies in the technology, mining and biotech sectors.

#### **Other directorships**

None

# Directors' Report (continued)

## Our management team



### **Craig Harris**

GM - Lending (Australia)

Craig has been with Money3 for over 10 years having held the role of Chief Financial Officer prior to heading the Secured Automotive division. Craig brings a wealth of experience working through varied industries including financial services, mining and manufacturing.

Craig is instrumental in growing the Broker distribution channel and establishing the online distribution channel.



### **Roy Gormley**

Chief Executive Officer - Go Car Finance (New Zealand)

Roy owned the Go Car Finance group prior to Money3's acquisition. Roy continues to act as the Chief Executive Officer for the New Zealand operations.

Roy brings extensive experience in the consumer lending sector. Roy also owned an accounting practice before managing Go Car Finance.



### **Siva Subramani**

Chief Financial Officer

Siva joined Money3 in November 2017 as the Head of Treasury function before being appointed as the Chief Financial Officer in March 2018. Prior to joining Money3 Siva was a Director with PwC providing assurance and advisory services in the banking and capital markets sector specialising in the asset-finance sector. Siva also brings experience from India, UK and the Middle East.



### **Michael Neville**

Chief Operating Officer

Michael joined Money3 in June 2019 and brings a wealth of experience in team leadership, sales, marketing and business strategy development and execution across several industries.

Michael has held senior sales, marketing and commercial roles in leading multinational technology companies including Woodward, GE Healthcare, Becton Dickinson, Mölnlycke Healthcare.



### **Rob Camilleri**

Chief Information Officer

Joining Money3 in January 2017, Rob has over 20 years in senior IT roles across the manufacturing and FMCG sectors.

With strengths across general, operational and IT management, Rob enables delivery of our products and services to our customers including recently implementing the contact centre solutions for better customer engagement.



### **Julian Cook**

Head of Marketing

Joining Money3 in 2015, Julian brings over 18 years of experience in branding, optimising and marketing for the finance industry.

With a customer centric approach, he has demonstrated strengths in maximising customer retention, the customer journey and marketing cost efficiencies for Money3. Julian has also been instrumental in the creation of several brands including PaydayUK and Cashtrain.



## Meetings of Directors

The number of meetings of the Board and of other Committee meetings held during the year ended 30 June 2019 and the numbers of meetings attended by each Director were:

| Director            | Board |          | Audit Committee |          | Remuneration & Nomination Committee |          |
|---------------------|-------|----------|-----------------|----------|-------------------------------------|----------|
|                     | Held  | Attended | Held            | Attended | Held                                | Attended |
| Stuart Robertson    | 15    | 15       | 2               | 2        | *                                   | *        |
| Leath Nicholson     | 15    | 15       | 2               | 2        | 3                                   | 3        |
| Symon Brewis-Weston | 9     | 9        | 1               | 1        | 1                                   | 1        |
| Scott Baldwin       | 15    | 15       | *               | *        | 3                                   | 3        |
| Ray Malone          | 6     | 6        | *               | *        | *                                   | *        |
| Kang Tan            | 2     | 2        | 1               | 1        | 2                                   | 2        |

\* Not a member of the relevant committee during the year

## Directors' Interests

### Share Options

As at the date of this report, there were 5,750,000 options on issue (2018: 6,000,000). On exercise, options convert into one ordinary share of Money3 Corporation Limited. The options carry neither right to dividends nor voting.

Details of unissued ordinary shares in the Group under option at the date of this report are:

| Issuing entity         | Type              | No. of shares under option | Exercise Price \$ | Expiry Date |
|------------------------|-------------------|----------------------------|-------------------|-------------|
| Money3 Corporation Ltd | Directors Options | 3,750,000                  | 1.50000           | 23-Nov-21   |
| Money3 Corporation Ltd | Directors Options | 2,000,000                  | 2.50000           | 27-Nov-23   |

# Directors' Report (continued)



## Dear Shareholder

On behalf of the Board and as the new Chair of the Remuneration and Nomination Committee, I am pleased to present the Money3 Corporation Limited's Remuneration Report for the year ended 30 June 2019 as set out in pages 25 to 33.

The Remuneration Report sets out the remuneration framework for Key Management Personnel (KMP) including directors of Money3 Corporation Limited for the year ending 30 June 2019 (FY19).

## FY19 Remuneration Outcomes

As foreshadowed in the letter from the Chairman and the Managing Director, the Group's management team has delivered strong results in FY19 in line with market expectations. The team also successfully completed two transformational transactions in FY19, positioning Money3 Corporation Limited for significant future growth; the acquisition and integration of Go Car Finance in New Zealand as well as the divestment of the SACC lending business. The financial performance for FY20 is expected to be somewhat subdued with the divestment of the higher margin SACC lending business, however significant progress is expected to be made in cementing the Group's position as a strong player in the \$6 billion vehicle finance market.

The FY19 remuneration outcomes reflect the attainment of market expectations of financial results and the successful re-positioning of the Group through the New Zealand acquisition and the divestment of the SACC lending business. These two important strategic developments provide significant upside for shareholders in the medium term by increasing the market opportunity set for the Group and providing for improved funding terms and alternatives in due course.

The Group's FY19 STI plan reflected the need to reposition the business into vehicle finance (20%), delivering underlying profitable growth (Cash NPAT 60%), continued growth of our gross loan book (20%). In FY19 the Board also implemented a gate opener philosophy to other important measures such as risk management and the whole of loan life experience of our customers. The Board is acutely aware that strong risk management and great customer experience protect and grow shareholder value over time.

The Group has retained the Employee Share Plan (ESP) as approved by shareholders at the 2018 AGM as its Long-Term Incentive Plan (LTI).

## FY20 Outlook

The Group continues to evolve and has grown significantly over recent years. The Board remains cognisant of the need to ensure the remuneration mix for Executive KMPs appropriately reflects its current market position, opportunities and challenges. Our underlying approach to remuneration is transparent measures that incentivise the management team to capture the opportunities and manage challenges to deliver long term shareholder value creation.

As a result, the Board will move the LTI component of the remuneration package for KMPs (inclusive of the Managing Director) to Performance Rights vesting after a 3-year period with TSR as the key performance criteria.

The Board will continue to set short term incentives targets which reflect the Group's focus on delivering higher risk adjusted returns for investors and sustained performance over the long term. The Board will also monitor the Group's culture to ensure behaviours reflect our values and decisions are made in the best interests of all stakeholders.

There is no planned increase to Non-Executive Directors remuneration in FY20. We do however anticipate the addition of at least one director during FY20 and as a result we anticipate requesting an increase in the remuneration pool. We also anticipate that the CEO will step down from the Remuneration & Nomination committee upon the successful recruitment of an additional director.

Yours sincerely



**Symon Brewis-Weston**  
(Chairman Remuneration & Nomination Committee)  
19 August 2019

# Remuneration Report

## Remuneration Report

The Directors of Money3 Corporation Limited (“the Company” or “Money3”) present the Remuneration Report for the Company and its controlled entities (“the Group”) for the financial year ended 30 June 2019 prepared in accordance with the requirements of the Corporations Act 2001 (“the Act”) and audited as required by section 308(3C) of the Act.

## Key Management Personnel

The Key Management Personnel (“KMP”) covered in this Remuneration Report are those people having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The table below outlines the KMP at any time during the financial year and unless otherwise indicated, were KMP for the entire year.

| Name                                   | Role   |
|--|--|
| <b>Non-Executive Directors (“NED”)</b> |  |
| Stuart Robertson                       | Independent Non-Executive Director Chairman (appointed as Chairman on 27 November 2018)    |
| Symon Brewis-Weston                    | Independent Non-Executive Director (appointed 27 November 2018)                            |
| Leath Nicholson                        | Non-Executive Director   |
| Kang Tan                               | Non-Executive Director (resigned 27 August 2018)   |
| <b>Executive Directors</b>             |  |
| Scott Baldwin                          | Managing Director and Chief Executive Officer  |
| Ray Malone                             | Executive Chairman (resigned 27 November 2018)   |
| <b>Executives</b>                      |  |
| Siva Subramani                         | Chief Financial Officer  |
| Craig Harris                           | General Manager – Lending Division   |
| Michael Rudd                           | General Manager – Branch and Online Division (resigned as part of the sale on 20 May 2019) |
| Rob Camilleri                          | Chief Information Officer  |

## Remuneration Philosophy

The performance of the Group depends upon the quality of its Directors and Executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To that end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value;
- Significant portion of executive remuneration at risk, and aligned with shareholder interests; and
- Differentiation of individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential.

The Remuneration & Nomination Committee is responsible for determining and reviewing compensation arrangements for the Directors, Managing Director (MD) and the senior management team. The Remuneration & Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

# Remuneration Report (continued)

## Remuneration Structure

### NED Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of NEDs shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the NEDs as agreed. The current approved aggregate remuneration is \$500,000 (2018: \$500,000). The board has resolved to ask the shareholders to increase the limit to \$750,000 in 2020 to provide flexibility in the appointment of and remuneration of all future independent NEDs.

### Senior Management and Managing Director Remuneration

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities to:

- Reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

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

- Fixed remuneration component; and
- Variable remuneration component including short term incentive ("STI") and long-term incentive ("LTI").

### Fixed Remuneration

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles.

### Variable Remuneration – Short Term Incentive

The objective of the STI program is to link the achievement of operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set as either a fixed amount or a percentage of their fixed remuneration depending on their individual employment contract. STI's are set to provide enough incentive to the senior managers to achieve the operational targets and such that the cost to the Group is reasonable.

The individual performance of each executive is also rated and considered when determining the amount, if any, of the short-term incentive pool allocated to each executive. The aggregate of annual STI payments available for executives across the Group are usually delivered in the form of an annual cash bonus paid after completion of the audited accounts.

While each executive is remunerated individually, STI eligibility requires a delivery of a minimum of 90% of budgeted performance with maximum payment being achieved for 100% to 110% of budgeted performance.

Looking forward, it is the view of the Board to set incentives that is highly correlated to top line revenue growth, this is not to diminish the overall importance of profitability and Earnings Per Share Growth. As Money3 has exited the provision of Small Amount Credit Contracts the Board expects the Group to be able to access greater amounts of debt capital that once deployed will deliver longer term NPAT growth. The Board acknowledges FY20 is a year where there will be a change in the quality of earnings rather than NPAT growth. With this in mind, the Board will incentivise growth that underpins the long term profitability of the Group.

### Variable Remuneration – Long Term Incentive

The objective of the LTI plan is to reward senior managers in a manner which aligns remuneration with the creation of shareholder wealth over the long term. As such, LTI grants are only made to executives who can influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant long-term performance hurdles.

During the year, 2,000,000 options were granted (2018: nil) to the Managing Director and 328,178 performance rights (2018: 344,871) were issued to key executives.

### Contract of Employment

All executives of the Group are employed under a letter of appointment with various notice periods from 1 to 6 months required to terminate their appointment.

The Managing Director's and the Chief Financial Officer's letter of appointment contain specified LTI entitlements in their contracts. Other executives' letters of appointment do not contain specified LTI entitlements, however, they may have been granted an LTI to encourage longevity of employment and to align financial outcomes with long term shareholder wealth creation.

Granting of out of the money options requiring executives to contribute real funds for conversion were considered in the period post listing as the best way to align executive interests with those of shareholders over the long term.

Currently, the Board believe granting performance rights vesting over a 3-year period is the best way to encourage long term alignment with the Group's strategic direction and to align financial reward with shareholders.

Key terms of these letters of appointment are outlined below:

| Name           | Type of agreement | Base salary including superannuation | STI (on target) | Termination notice period |
|----------------|-------------------|--------------------------------------|-----------------|---------------------------|
| Scott Baldwin  | Permanent         | \$475,000                            | \$475,000       | 6 months                  |
| Siva Subramani | Permanent         | \$250,000                            | \$75,000        | 6 months                  |
| Craig Harris   | Permanent         | \$285,000                            | \$142,500       | 3 months                  |
| Michael Rudd   | Permanent         | \$210,000                            | \$63,000        | 1 month                   |
| Rob Camilleri  | Permanent         | \$230,000                            | \$64,500        | 1 month                   |

### Relationship Between Remuneration Policy and Group Performance

The Managing Director and other KMP receive a base salary, superannuation and fringe benefits.

In considering the Group's performance and creation of shareholder wealth, the Directors have regard to the indices in respect of the current financial year and the previous four financial years. The following table shows revenue, profits, dividends, share price, Earnings per Share ("EPS") and KMP remuneration at the end of each year.

Financial performance for the past five years is indicated by the following table:

|                                 | 30 June 2019 | 30 June 2018 | 30 June 2017 | 30 June 2016 | 30 June 2015 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue (\$'000)                | 136,382      | 121,876      | 109,638      | 96,661       | 69,035       |
| NPAT (\$'000)                   | 29,210       | 32,028       | 29,086       | 20,134       | 13,941       |
| Closing share price             | \$2.12       | \$1.95       | \$1.28       | \$1.20       | \$1.14       |
| Price increase/(decrease) \$    | \$0.17       | \$0.67       | \$0.08       | \$0.06       | \$0.06       |
| Price increase/(decrease) %     | 9%           | 52%          | 7%           | 5%           | 6%           |
| Earnings per share (cents)      | 16.27        | 19.91        | 18.81        | 14.21        | 11.82        |
| Dividend paid per share (cents) | 10.00        | 9.50         | 5.65         | 5.25         | 5.25         |

# Remuneration Report (continued)

## Details of Remuneration

The compensation of each member of the KMP of the Group is set out below:

|                         | Short term employee benefits |                | Post-employment benefits | Long term benefits    |                |                         | Total \$         |
|-------------------------|------------------------------|----------------|--------------------------|-----------------------|----------------|-------------------------|------------------|
|                         | Salary & fees \$             | Bonus \$       | Super \$                 | Long service leave \$ | Termination \$ | Share based payments \$ |                  |
| <b>2019</b>             |                              |                |                          |                       |                |                         |                  |
| <b>NEDs</b>             |                              |                |                          |                       |                |                         |                  |
| Stuart Robertson        | 162,634                      | -              | -                        | -                     | -              | 89,000                  | 251,634          |
| Leath Nicholson         | 121,000                      | -              | -                        | -                     | -              | 111,250                 | 232,250          |
| Symon Brewis-Weston     | 58,167                       | -              | 5,526                    | -                     | -              | -                       | 63,693           |
| Kang Tan                | 17,386                       | -              | 1,652                    | -                     | -              | -                       | 19,038           |
| <b>NEDs Total</b>       | <b>359,187</b>               | <b>-</b>       | <b>7,178</b>             | <b>-</b>              | <b>-</b>       | <b>200,250</b>          | <b>566,615</b>   |
| <b>Executives</b>       |                              |                |                          |                       |                |                         |                  |
| Scott Baldwin           | 487,056                      | 427,500        | 25,000                   | 34,292                | -              | 430,667                 | 1,404,515        |
| Ray Malone              | 315,000                      | -              | -                        | -                     | -              | 262,674                 | 577,674          |
| Siva Subramani          | 238,088                      | 67,500         | 21,690                   | -                     | -              | 146,864                 | 474,142          |
| Craig Harris            | 273,471                      | 128,250        | 24,726                   | 8,420                 | -              | 150,156                 | 585,023          |
| Rob Camilleri           | 210,959                      | 62,100         | 18,639                   | -                     | -              | 58,953                  | 350,651          |
| Michael Rudd            | 165,228                      | -              | 16,808                   | 12,272                | -              | 350,675                 | 544,983          |
| <b>Executives Total</b> | <b>1,689,802</b>             | <b>685,350</b> | <b>106,863</b>           | <b>54,984</b>         | <b>-</b>       | <b>1,399,989</b>        | <b>3,936,988</b> |
| <b>Total</b>            | <b>2,048,989</b>             | <b>685,350</b> | <b>114,041</b>           | <b>54,984</b>         | <b>-</b>       | <b>1,600,239</b>        | <b>4,503,603</b> |

|                         | Short term employee benefits |                | Post-employment benefits | Long term benefits    |                |                         | Total \$         |
|-------------------------|------------------------------|----------------|--------------------------|-----------------------|----------------|-------------------------|------------------|
|                         | Salary & fees \$             | Bonus \$       | Super \$                 | Long service leave \$ | Termination \$ | Share based payments \$ |                  |
| <b>2018</b>             |                              |                |                          |                       |                |                         |                  |
| <b>NEDs</b>             |                              |                |                          |                       |                |                         |                  |
| Stuart Robertson        | 105,024                      | -              | 9,976                    | -                     | -              | 89,000                  | 204,000          |
| Leath Nicholson         | 121,000                      | -              | -                        | -                     | -              | 111,250                 | 232,250          |
| Kang Tan                | 82,192                       | -              | 7,808                    | -                     | -              | -                       | 90,000           |
| <b>NEDs Total</b>       | <b>308,216</b>               | <b>-</b>       | <b>17,784</b>            | <b>-</b>              | <b>-</b>       | <b>200,250</b>          | <b>526,250</b>   |
| <b>Executives</b>       |                              |                |                          |                       |                |                         |                  |
| Scott Baldwin           | 382,792                      | 375,000        | 25,000                   | 10,916                | -              | 356,000                 | 1,149,708        |
| Ray Malone              | 300,000                      | -              | -                        | -                     | -              | 185,417                 | 485,417          |
| Siva Subramani          | 66,816                       | -              | 4,671                    | 50                    | -              | 61,545                  | 133,082          |
| Brett Coventry          | 195,076                      | 36,301         | 20,010                   | -                     | -              | 101,573                 | 352,960          |
| Craig Harris            | 257,307                      | 79,497         | 25,000                   | 4,672                 | -              | 150,156                 | 516,632          |
| Michael Rudd            | 195,696                      | 58,000         | 23,219                   | 2,897                 | -              | 235,958                 | 515,770          |
| Rob Camilleri           | 214,101                      | 13,699         | 19,411                   | 86                    | -              | 135,480                 | 382,777          |
| <b>Executives Total</b> | <b>1,611,788</b>             | <b>562,497</b> | <b>117,311</b>           | <b>18,621</b>         | <b>-</b>       | <b>1,226,129</b>        | <b>3,536,346</b> |
| <b>Total</b>            | <b>1,920,004</b>             | <b>562,497</b> | <b>135,095</b>           | <b>18,621</b>         | <b>-</b>       | <b>1,426,379</b>        | <b>4,062,596</b> |

The following table shows the Executive remuneration received in each of the years, the relevant percentages for fixed remuneration, STI and LTI:

|                | Fixed Remuneration |      | At risk -STI |      | At risk -LTI |      |
|----------------|--------------------|------|--------------|------|--------------|------|
|                | 2019               | 2018 | 2019         | 2018 | 2019         | 2018 |
| Scott Baldwin  | 39%                | 39%  | 30%          | 28%  | 31%          | 33%  |
| Ray Malone     | 55%                | 62%  | -            | n/a  | 45%          | 38%  |
| Siva Subramani | 55%                | 54%  | 14%          | n/a  | 31%          | 46%  |
| Craig Harris   | 52%                | 51%  | 22%          | 15%  | 26%          | 34%  |
| Rob Camilleri  | 65%                | 61%  | 18%          | 4%   | 17%          | 35%  |
| Michael Rudd   | 36%                | 43%  | -            | 11%  | 64%          | 46%  |

# Remuneration Report (continued)

The following table outlines the percentage of target STI achieved (and forfeited) and the total STI awarded, for each Executive KMP for 2019:

|                | STI On Target Opportunity<br>\$ | Achieved*<br>% | Forfeited<br>% | STI Awarded<br>\$ |
|----------------|---------------------------------|----------------|----------------|-------------------|
| Scott Baldwin  | \$475,000                       | 90%            | -              | \$427,500         |
| Siva Subramani | \$75,000                        | 90%            | -              | \$67,500          |
| Craig Harris   | \$142,500                       | 90%            | -              | \$128,250         |
| Rob Camilleri  | \$64,500                        | 90%            | -              | \$58,050          |
| Michael Rudd   | \$63,000                        | -              | 100%           | -                 |

\* The Board approved the retention of 10% of the STI for executives pending collection of receivables from the sale of subsidiaries.

## Other Transactions Related to KMP

Leath Nicholson is a director of Nicholson Ryan Lawyers and Panorama Pty Limited which Money3 has engaged to perform legal services and compliance services respectively. Legal expenses for the current year amounted to \$670,276 (2018: \$350,655) and compliance expenses for the current year amounted to \$158,400 (2018: \$52,800) during the year. Amounts payable at 30 June 2019 was \$16,500 (2018: Nil).

Transactions between the Group and these parties are conducted on normal commercial terms.

## Loans with KMP

There were no loans with KMP during the current financial year or as at 30 June 2019 (2018: Nil).

## Value of Options

The value of options is determined at grant date using the Binomial Option Pricing Model considering factors including exercise price, expected volatility and option life and is included in remuneration on a proportional basis from grant date to vesting date.

As the options vest over time, the cost is expensed in accordance with AASB2 *Share Based Payments* over the vesting period. In the 2019 financial year, the expense for KMP was \$893,590 (2018: \$741,667). Inputs into the determination of the fair value of options issued to KMP are set out below:

|                           | Employee<br>- Expires<br>20-Oct-2019 | Employee<br>- Expires<br>14-Apr-2020 | Director<br>- Expires<br>23-Nov-2021 | Director<br>- Expires<br>27-Nov-2023 |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Exercise price            | \$1.4961                             | \$1.6961                             | \$1.5000                             | \$2.5000                             |
| Grant date                | 20-Oct-2014                          | 15-Apr-2015                          | 28-Nov-2016                          | 28-Nov-2018                          |
| Expiry date               | 20-Oct-2019                          | 14-Apr-2020                          | 23-Nov-2021                          | 27-Nov-2023                          |
| Share price at grant date | \$1.2000                             | \$1.5200                             | \$1.6900                             | \$1.6950                             |
| Expected volatility       | 31%                                  | 31%                                  | 37%                                  | 30%                                  |
| Expected dividend yield   | 3.50%                                | 3.50%                                | 3.33%                                | 4.40%                                |
| Risk free rate            | 1.84%                                | 1.84%                                | 2.13%                                | 2.29%                                |



## Share Based Compensation

The following table discloses terms and conditions of each grant of options provided as compensation, as well as details of options exercised during the year:

| Name             | Issue Date | Options Granted | Exercise Price | Expiry Date | Vesting Date | Total value of options exercised during year \$ | Maximum total value of issue yet to vest or exercise \$ |
|------------------|------------|-----------------|----------------|-------------|--------------|---|---|
| Craig Harris     | 21-Oct-13  | 500,000         | \$0.9961       | 21-Oct-18   | 21-Oct-16    | 109,500   | -   |
| Craig Harris     | 30-Nov-13  | 1,000,000       | \$1.4961       | 30-Nov-18   | 30-Nov-16    | 74,000  | -   |
| Scott Baldwin    | 30-Nov-13  | 1,000,000       | \$1.4961       | 30-Nov-18   | 30-Nov-16    | 74,000  | -   |
| Michael Rudd*    | 20-Oct-14  | 500,000         | \$1.4961       | 20-Oct-19   | 21-Oct-17    | -   | 87,000  |
| Michael Rudd*    | 15-Apr-15  | 200,000         | \$1.6961       | 14-Apr-20   | 14-Apr-18    | -   | 43,620  |
| Scott Baldwin    | 28-Nov-16  | 2,400,000       | \$1.5000       | 23-Nov-21   | 24-Nov-19    | -   | 1,068,000   |
| Ray Malone       | 28-Nov-16  | 1,250,000       | \$1.5000       | 23-Nov-21   | 24-Nov-19    | -   | 556,250   |
| Leath Nicholson  | 28-Nov-16  | 750,000         | \$1.5000       | 23-Nov-21   | 24-Nov-19    | -   | 333,750   |
| Stuart Robertson | 28-Nov-16  | 600,000         | \$1.5000       | 23-Nov-21   | 24-Nov-19    | -   | 267,000   |
| Scott Baldwin    | 28-Nov-18  | 2,000,000       | \$2.5000       | 27-Nov-23   | 27-Nov-20    | -   | 256,000   |

\* Michael Rudd was given the option to do a cashless conversion of his options pursuant to the sale of Branch and Online division in May 2019

The options will vest if an event occurs which gives rise to a change in control of the Group. Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional requirements of the allocation.

## Performance Rights Granted to KMP

| Name           | Grant Date | Rights Granted | Expiry Date | Vesting Date | Value of Rights Granted |
|----------------|------------|----------------|-------------|--------------|-------------------------|
| Rob Camilleri  | 01-Dec-17  | 194,871        | 30-Jun-22   | 30-Jun-21    | 222,445                 |
| Siva Subramani | 01-Jan-18  | 150,000        | 31-Dec-22   | 31-Dec-21    | 197,288                 |
| Siva Subramani | 03-Dec-18  | 328,178        | 31-Dec-21   | 02-Dec-21    | 349,411                 |

The performance rights have been valued by reference to the underlying value of ordinary Money3 shares, adjusted for the impact of the vesting conditions, including the rights to dividends, where appropriate.

# Remuneration Report (continued)

## KMP Equity Holdings

Details of KMP equity holdings of the Group, including their personally related parties are disclosed below.

| Name                | Balance at 1 July 2018 | On exercise of options* | On vesting of performance rights | Net change other   | Balance on termination | Balance as at 30 June 2019 |
|---------------------|------------------------|-------------------------|----------------------------------|--------------------|------------------------|----------------------------|
| Ray Malone          | 2,452,225              | -                       | -                                | (1,282,447)        | 1,169,778              | -                          |
| Kang Tan            | 5,387,376              | -                       | -                                | 10,624             | 5,398,000              | -                          |
| Leath Nicholson     | 93,727                 | -                       | -                                | -                  | -                      | 93,727                     |
| Stuart Robertson    | 119,838                | -                       | -                                | 6,219              | -                      | 126,057                    |
| Symon Brewis-Weston | -                      | -                       | -                                | 15,387             | -                      | 15,387                     |
| Siva Subramani      | 1,925                  | -                       | 37,500                           | 10,285             | -                      | 49,710                     |
| Scott Baldwin       | 4,170,870              | 667,543                 | -                                | (58,307)           | -                      | 4,780,106                  |
| Craig Harris        | 1,925,810              | 835,086                 | -                                | 70,437             | -                      | 2,831,333                  |
| Rob Camilleri       | -                      | -                       | 48,717                           | -                  | -                      | 48,717                     |
| Michael Rudd        | 1,186,047              | -                       | -                                | -                  | 1,186,047              | -                          |
| <b>Total</b>        | <b>15,337,818</b>      | <b>1,502,629</b>        | <b>86,217</b>                    | <b>(1,227,802)</b> | <b>7,753,825</b>       | <b>7,945,037</b>           |

\* Options exercised include tranches exercised under a cashless conversion.

## Options Over Ordinary Shares in the Group held by KMP

| Name             | Balance as at 1 July 2018 | Options exercised  | Options granted  | Balance as at 30 June 2019 | Total exercisable and vested | Total options unvested |
|------------------|---------------------------|--------------------|------------------|----------------------------|------------------------------|------------------------|
| Scott Baldwin    | 3,400,000                 | (1,000,000)        | 2,000,000        | 4,400,000                  | -                            | 4,400,000              |
| Craig Harris     | 1,500,000                 | (1,500,000)        | -                | -                          | -                            | -                      |
| Michael Rudd     | 700,000                   | -                  | -                | 700,000                    | 700,000                      | -                      |
| Ray Malone       | 1,250,000                 | -                  | -                | 1,250,000                  | -                            | 1,250,000              |
| Leath Nicholson  | 750,000                   | -                  | -                | 750,000                    | -                            | 750,000                |
| Stuart Robertson | 600,000                   | -                  | -                | 600,000                    | -                            | 600,000                |
| <b>Total</b>     | <b>8,200,000</b>          | <b>(2,500,000)</b> | <b>2,000,000</b> | <b>7,700,000</b>           | <b>700,000</b>               | <b>7,000,000</b>       |

### Restricted Shares in the Group held by KMP

| Name          | Grant Date | Restricted Shares Held | Issue Price | Expiry Date | Vesting Date | Value of Restricted Shares Granted |
|---------------|------------|------------------------|-------------|-------------|--------------|------------------------------------|
| Craig Harris  | 01-Jul-16  | 484,373                | \$1.0320    | 30-Jun-21   | 30-Jun-20    | 600,623                            |
| Michael Rudd* | 01-Jul-16  | 56,525                 | \$1.0320    | 30-Jun-21   | 30-Jun-20    | 73,271                             |
| <b>Total</b>  |            | <b>540,898</b>         |             |             |              | <b>673,894</b>                     |

\* In July 2019, the restriction was released following payment for these shares.

The restricted shares have been valued by reference to the underlying value of ordinary Money3 shares, adjusted for the impact of the vesting conditions, including the rights to dividends, where appropriate.

Restricted shares have rights including entitlement to dividends and voting.

### End of Remuneration Report (Audited)

# Directors' Report (continued)

## Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35 of the financial report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Stuart Robertson', written in a cursive style.

**Stuart Robertson**  
Chairman

Melbourne  
Dated 19 August 2019

# Auditor's Independence Declaration



Tel: +61 3 9603 1700  
Fax: +61 3 9602 3870  
www.bdo.com.au

Collins Square, Tower Four  
Level 18, 727 Collins Street  
Melbourne VIC 3008  
GPO Box 5099 Melbourne VIC 3001  
Australia

## DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF MONEY3 CORPORATION LIMITED

As lead auditor of Money3 Corporation Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Money3 Corporation Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'J Mooney', is written over a light blue horizontal line.

James Mooney  
Partner

**BDO East Coast Partnership**

Melbourne, 19 August 2019

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

# Directors' Declaration

The Directors of Money3 Corporation Limited declare that:

1. in the Directors' opinion, the financial statements and the accompanying notes set out on pages 37 to 78 and the Remuneration Report in the Directors' Report set out on pages 25 to 33, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance, for the financial year ended on that date; and
  - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and other mandatory professional reporting requirements;
2. the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1; and
3. there are reasonable grounds to believe that the consolidated entity 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* by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2019.

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

On behalf of the Directors



**Stuart Robertson**  
Chairman

Melbourne  
Dated 19 August 2019

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

|  | Note  | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--|-------|--------------------------------|--------------------------------|
| <b>Revenue from continuing operations</b>  | 3     | <b>91,703</b>                  | <b>73,618</b>                  |
| <b>Expenses from operating activities:</b>   |       |                                |                                |
| Bad debts expense (net of recoveries)  |       | 11,917                         | 7,722                          |
| Movement in provision for doubtful debts expense   |       | 2,551                          | 1,958                          |
| Bank fees and credit checks  |       | 2,137                          | 1,058                          |
| Employee related expenses  |       | 21,375                         | 17,253                         |
| Professional fees  |       | 1,916                          | 1,869                          |
| Occupancy expenses   |       | 726                            | 1,058                          |
| Technology expenses  |       | 1,292                          | 568                            |
| Advertising expenses   |       | 1,542                          | 951                            |
| Administration expenses  |       | 728                            | 658                            |
| Loss on disposal of assets   |       | 25                             | 25                             |
| Net finance costs  |       | 11,540                         | 9,057                          |
| Depreciation and amortisation  |       | 619                            | 259                            |
| <b>Total expenses</b>  |       | <b>56,368</b>                  | <b>42,436</b>                  |
| <b>Profit before income tax from continuing operations</b>   |       | <b>35,335</b>                  | <b>31,182</b>                  |
| Income tax expense   | 4(a)  | 11,142                         | 9,999                          |
| <b>Profit after income tax from continuing operations</b>  |       | <b>24,193</b>                  | <b>21,183</b>                  |
| Profit from discontinued operations (attributable to equity holders of the company)  | 21(b) | 5,017                          | 10,845                         |
| <b>Profit for the year</b>   |       | <b>29,210</b>                  | <b>32,028</b>                  |
| <b>Profit attributable to:</b>   |       |                                |                                |
| Owners of Money3 Corporation Limited   |       | 29,210                         | 32,028                         |
| <b>Other Comprehensive income/(loss)</b>   |       |                                |                                |
| Exchange differences on translation of foreign operations  |       | 19                             | -                              |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>  |       | <b>19</b>                      | <b>-</b>                       |
| <b>Total comprehensive income for the year</b>   |       | <b>29,229</b>                  | <b>32,028</b>                  |
| <b>Total comprehensive income for the year is attributable to:</b>   |       |                                |                                |
| Owners of Money3 Corporation Limited   |       | 29,229                         | 32,028                         |
| <b>Total comprehensive income for the year attributable to owners of Money3 Corporation Limited arises from:</b>           |       |                                |                                |
| Continuing operations  |       | 24,212                         | 21,183                         |
| Discontinued operations  |       | 5,017                          | 10,845                         |
|  |       | <b>29,229</b>                  | <b>32,028</b>                  |
| <b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company</b> |       |                                |                                |
| Basic earnings per share (cents)   | 17    | 13.48                          | 13.17                          |
| Diluted earnings per share (cents)   | 17    | 13.28                          | 12.87                          |
| <b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>                            |       |                                |                                |
| Basic earnings per share (cents)   | 17    | 16.27                          | 19.91                          |
| Diluted earnings per share (cents)   | 17    | 16.03                          | 19.45                          |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

# Consolidated Statement of Financial Position

as at 30 June 2019

|                                      | Note      | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--------------------------------------|-----------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                        |           |                                |                                |
| <b>Current assets</b>                |           |                                |                                |
| Cash and cash equivalents            | 5         | 36,308                         | 46,308                         |
| Loans receivable                     | 6         | 166,238                        | 130,607                        |
| Receivable from sale of subsidiaries |           | 7,725                          | -                              |
| Current tax receivable               |           | -                              | 2,222                          |
| Other assets                         |           | 434                            | 348                            |
| <b>Total current assets</b>          |           | <b>210,705</b>                 | <b>179,485</b>                 |
| <b>Non-current assets</b>            |           |                                |                                |
| Loans receivable                     | 6         | 151,689                        | 116,841                        |
| Other assets                         |           | 180                            | 424                            |
| Property, plant & equipment          | 7         | 1,853                          | 2,062                          |
| Intangible assets                    | 8         | 23,572                         | 18,722                         |
| Deferred tax assets, net             | 4(b)      | 6,502                          | 9,172                          |
| <b>Total non-current assets</b>      |           | <b>183,796</b>                 | <b>147,221</b>                 |
| <b>Total assets</b>                  |           | <b>394,501</b>                 | <b>326,706</b>                 |
| <b>LIABILITIES</b>                   |           |                                |                                |
| <b>Current liabilities</b>           |           |                                |                                |
| Trade and other payables             | 9         | 7,165                          | 7,313                          |
| Borrowings                           | 12        | 3,437                          | -                              |
| Current tax payable                  |           | 2,388                          | -                              |
| Employee benefit obligations         | 10        | 1,412                          | 1,622                          |
| Contingent consideration             | 20(c)     | 1,783                          | -                              |
| Provisions                           | 11        | 285                            | 308                            |
| <b>Total current liabilities</b>     |           | <b>16,470</b>                  | <b>9,243</b>                   |
| <b>Non-current liabilities</b>       |           |                                |                                |
| Borrowings                           | 12        | 132,570                        | 97,825                         |
| Employee benefit obligations         | 10        | 248                            | 303                            |
| Contingent consideration             | 20(c)     | 4,360                          | -                              |
| Provisions                           | 11        | 150                            | 156                            |
| <b>Total non-current liabilities</b> |           | <b>137,328</b>                 | <b>98,284</b>                  |
| <b>Total liabilities</b>             |           | <b>153,798</b>                 | <b>107,527</b>                 |
| <b>Net assets</b>                    |           | <b>240,703</b>                 | <b>219,179</b>                 |
| <b>EQUITY</b>                        |           |                                |                                |
| Share capital                        | 13        | 163,722                        | 153,969                        |
| Reserves                             | 14(a),(b) | 4,560                          | 4,092                          |
| Retained earnings                    | 15        | 72,421                         | 61,118                         |
| <b>Total equity</b>                  |           | <b>240,703</b>                 | <b>219,179</b>                 |

The consolidated statement of financial position is to be read in conjunction with the attached notes.



# Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

|  | Note  | Share Capital<br>\$'000 | Retained<br>Earnings<br>\$'000 | Reserves<br>\$'000 | Total<br>\$'000 |
|--|-------|-------------------------|--------------------------------|--------------------|-----------------|
| <b>Total equity at 1 July 2017</b>                           |       | <b>125,761</b>          | <b>51,482</b>                  | <b>4,816</b>       | <b>182,059</b>  |
| Early adoption of accounting policy (net of tax)             |       | -                       | (10,196)                       | -                  | (10,196)        |
| <b>Restated total equity at the beginning of the year</b>    |       | <b>125,761</b>          | <b>41,286</b>                  | <b>4,816</b>       | <b>171,863</b>  |
| Profit after income tax expense for the year                 |       | -                       | 32,028                         | -                  | 32,028          |
| Total comprehensive income for the year                      |       | -                       | 32,028                         | -                  | 32,028          |
| <b>Transactions with owners in their capacity as owners:</b> |       |                         |                                |                    |                 |
| Share based expenses, net                                    |       | 1,420                   | -                              | 2,022              | 3,442           |
| Options exercised  |       | 24,091                  | -                              | (2,746)            | 21,345          |
| Dividends paid   |       | 2,697*                  | (12,196)                       | -                  | (9,499)         |
| <b>Closing balance as at 30 June 2018</b>                    |       | <b>153,969</b>          | <b>61,118</b>                  | <b>4,092</b>       | <b>219,179</b>  |
| <b>Total equity at 1 July 2018</b>                           |       | <b>153,969</b>          | <b>61,118</b>                  | <b>4,092</b>       | <b>219,179</b>  |
| Profit after income tax expense for the year                 |       | -                       | 29,210                         | -                  | 29,210          |
| Other comprehensive income                                   |       | -                       | -                              | 19                 | 19              |
| Total comprehensive income for the year                      |       | -                       | 29,210                         | 19                 | 29,229          |
| <b>Transactions with owners in their capacity as owners:</b> |       |                         |                                |                    |                 |
| Share based expenses, net                                    |       | 778                     | -                              | 2,380              | 3,158           |
| Transfer to share capital on vesting                         |       | 793                     | -                              | (793)              | -               |
| Options exercised  |       | 1,646                   | -                              | (1,138)            | 508             |
| New issue  | 20(a) | 1,920                   | -                              | -                  | 1,920           |
| Dividends paid   |       | 4,616*                  | (17,907)                       | -                  | (13,291)        |
| <b>Closing balance as at 30 June 2019</b>                    |       | <b>163,722</b>          | <b>72,421</b>                  | <b>4,560</b>       | <b>240,703</b>  |

\* Shares issued to shareholders that elected to participate in the Dividend Reinvestment Plan.

The consolidated statement of changes in equity is to be read in conjunction with the attached notes.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2019

|  | Note  | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--|-------|--------------------------------|--------------------------------|
| <b>Cash flows from operating activities</b>                                  |       |                                |                                |
| Interest, fees and charges from customers                                    |       | 138,536                        | 120,243                        |
| Payments to suppliers and employees (GST Inclusive)                          |       | (51,336)                       | (39,667)                       |
| Interest received from banks   |       | 459                            | 168                            |
| Finance costs  |       | (12,227)                       | (8,420)                        |
| Income tax paid  |       | (14,231)                       | (20,777)                       |
| Net cash provided by operating activities before changes in operating assets |       | 61,201                         | 51,547                         |
| Loan principal advanced to customers net of repayments                       |       | (89,163)                       | (56,126)                       |
| <b>Net cash inflows/(outflows) from operating activities</b>                 | 18    | <b>(27,962)</b>                | <b>(4,579)</b>                 |
| <b>Cash flows from investing activities</b>                                  |       |                                |                                |
| Payment for property, plant and equipment                                    |       | (294)                          | (347)                          |
| Proceeds from sale of investments (net of cash equivalents on hand)          |       | 33,995                         | -                              |
| Payments for purchase of business  | 20(b) | (12,701)                       | -                              |
| <b>Net cash inflows/(outflows) from investing activities</b>                 |       | <b>21,000</b>                  | <b>(347)</b>                   |
| <b>Cash flows from financing activities</b>                                  |       |                                |                                |
| Proceeds from share issue  |       | 1,245                          | 22,280                         |
| Proceeds from borrowings   |       | 8,076                          | 97,347                         |
| Repayment of borrowings  |       | -                              | (80,000)                       |
| Dividends paid   |       | (13,291)                       | (9,499)                        |
| <b>Net cash inflows/(outflows) from financing activities</b>                 |       | <b>(3,970)</b>                 | <b>30,128</b>                  |
| <b>Net increase/(decrease) in cash held</b>                                  |       | <b>(10,932)</b>                | <b>25,202</b>                  |
| Cash and cash equivalents at the beginning of the year                       |       | 46,308                         | 21,106                         |
| <b>Cash and cash equivalents at end of the year</b>                          | 5     | <b>35,376</b>                  | <b>46,308</b>                  |

The statement of cash flows is to be read in conjunction with the attached notes.

# Notes to the Consolidated Statements

for the year ended 30 June 2019

## Introduction

The financial report covers Money3 Corporation Limited (“Money3” or “the Company”) and its controlled entities (“the Group”). Money3 is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX). Money3 is incorporated and domiciled in Australia. Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the functional and presentation currency of Money3 Corporation Limited and amounts are rounded to the nearest thousand dollars, unless otherwise indicated.

The financial report was authorised for issue by the Board of the Company at a Directors meeting on the date shown on the Declaration by the Board attached to the Financial Statements.

## 1. Summary of Significant Accounting Policies

### (a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations and complies with other requirements of the law, as appropriate for profit oriented entities. The financial report comprises the consolidated financial statements of the Group.

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The financial statements have been prepared in accordance with Australian Accounting Standards, which are based on the Group continuing as a going concern which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

### (b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2019 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless a transaction provides evidence of impairment to the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (c) Rounding of amounts

The Group and the Company are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, unless otherwise indicated.

### (d) Critical accounting estimates, assumptions and judgements

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent

# Notes to the Consolidated Statements (continued)

from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The 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 revisions affect both current and future periods.

Judgements and estimates which are material to the financial report are found in the following notes:

|            |                          |
|------------|--------------------------|
| Note 3     | Revenue                  |
| Note 6     | Loans receivable         |
| Note 8     | Intangible assets        |
| Note 20(c) | Contingent consideration |

## **(e) Notes to the financial statements**

The notes to the financial statements were restructured to make the financial report more relevant and readable, with a focus on information that is material to the operations, financial position and performance of the Group. Additional information has also been included where it is important for understanding the Group's performance.

Notes relating to individual line items in the financial statements now include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements. Details of the impact of new accounting policies and all other accounting policy information are disclosed at the end of the financial report in Note 31.

## **2. Segment Information**

The Group has identified its operating segments based on internal reports and components of Money3 that are regularly reviewed by the chief operating decision makers in order to allocate resources to the segments and to assess their performance.

### **Broker**

This segment provides lending facilities in Australia generally based on the provision of an underlying asset as security, generally referred through a broker.

### **International**

This segment was created with the acquisition of Go Car Finance in New Zealand in March 2019, provides lending facilities generally based on the provision of an underlying asset as security, generally referred through a dealer.

### **Branch (Discontinued)**

This segment provided services and lending facilities in Australia generally without the provision of an underlying asset as security through the branch network. With the disposal of Money3 Branches Pty Ltd, this segment is designated as discontinued.

### **Online (Discontinued)**

This segment provided lending facilities in Australia without the provision of an underlying asset as security through the internet. With the disposal of Money3 Services Pty Ltd, this segment is designated as discontinued.

Segment profit earned by each segment represents earnings without the allocation of central administration costs and directors' salaries, interest income and expense in relation to corporate facilities, bad debt collection and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Corporate costs have not been allocated to the underlying segments.

| Consolidated – 2019                               | Broker<br>\$'000 | Branch (Dis-<br>continued)<br>\$'000 | Online (Dis-<br>continued)<br>\$'000 | International<br>\$'000 | Unallocated<br>\$'000 | Total<br>\$'000 |
|---|------------------|--------------------------------------|--------------------------------------|-------------------------|-----------------------|-----------------|
| <b>Segment revenue</b>                            | 84,923           | 33,528                               | 11,151                               | 6,780                   | -                     | 136,382         |
| EBITDA/Segment result                             | 49,858           | 13,002                               | 3,221                                | 2,757                   | (5,121)               | 63,717          |
| Depreciation and amortisation                     | (253)            | (76)                                 | (647)                                | (66)                    | (300)                 | (1,342)         |
| Net finance costs                                 | -                | -                                    | -                                    | (1,216)                 | (10,324)              | (11,540)        |
| <b>Profit before tax</b>                          | <b>49,605</b>    | <b>12,926</b>                        | <b>2,574</b>                         | <b>1,475</b>            | <b>(15,745)</b>       | <b>50,835</b>   |
| Income tax expense                                | -                | -                                    | -                                    | -                       | -                     | (16,112)        |
| Loss on sale of the subsidiaries after income tax |                  |                                      |                                      |                         |                       | (5,513)         |
| Profit after tax                                  | -                | -                                    | -                                    | -                       | -                     | 29,210          |
| Loans receivable                                  | 279,203          | -                                    | -                                    | 58,926                  | -                     | 338,129         |

Corporate expenditure is regularly reviewed throughout the year with a view to better align costs to business units.

| Consolidated – 2018           | Broker<br>\$'000 | Branch<br>\$'000 | Online<br>\$'000 | Unallocated<br>\$'000 | Total<br>\$'000 |
|-------------------------------|------------------|------------------|------------------|-----------------------|-----------------|
| <b>Segment revenue</b>        | 73,618           | 34,466           | 13,792           | -                     | 121,876         |
| EBITDA/Segment result         | 45,887           | 11,231           | 4,843            | (5,389)               | 56,572          |
| Depreciation and amortisation | (159)            | (122)            | (459)            | (100)                 | (840)           |
| Net finance costs             | -                | -                | -                | (9,057)               | (9,057)         |
| <b>Profit before tax</b>      | <b>45,728</b>    | <b>11,109</b>    | <b>4,384</b>     | <b>(14,546)</b>       | <b>46,675</b>   |
| Income tax expense            | -                | -                | -                | -                     | (14,647)        |
| <b>Profit after tax</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>              | <b>32,028</b>   |
| Loans receivable              | 227,116          | 33,889           | 7,300            | -                     | 268,305         |

# Notes to the Consolidated Statements (continued)

## 3. Revenue

|                            | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|----------------------------|--------------------------------|--------------------------------|
| Interest, fees and charges | 91,500                         | 73,618                         |
| Other                      | 203                            | -                              |
| <b>Total revenue</b>       | <b>91,703</b>                  | <b>73,618</b>                  |

### Key Estimate

The deferral of loan fees and charges assumes that the loan will be repaid in line with the agreed repayments schedule. This key estimate is regularly reviewed, and it is unlikely any change in the estimate will have a material impact.

### Recognition and Measurement

Revenue is measured at the fair value of the consideration received or receivable and recognised to the extent that it is probable that the economic benefits will flow to the economic entity and the revenue can be reliably measured.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement and contract.

### Interest, Fees and Charges

Interest, fees and charges include interest on loan products, application and credit fees, and other period fees including arrears, default and variation fees. Revenue associated with loans is deferred and recognised over the life of the loans using the effective interest rate method over the loan term.

#### 4.(a) Income Tax

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| <b>Income tax expense</b>   |                                |                                |
| Current tax   | 18,397                         | 13,287                         |
| Deferred tax  | (2,216)                        | 1,360                          |
| Prior year adjustments  | (69)                           | -                              |
|   | <b>16,112</b>                  | <b>14,647</b>                  |
| <b>Deferred tax expense</b>   |                                |                                |
| Increase/(decrease) in deferred tax assets  | (2,238)                        | 1,096                          |
| Increase/(decrease) in deferred tax liabilities                                       | 22                             | 264                            |
| <b>Deferred tax expenses</b>  | <b>(2,216)</b>                 | <b>1,360</b>                   |
| Income tax expense is attributable to:  |                                |                                |
| Profit from continuing operations   | 11,142                         | 9,999                          |
| Profit from discontinued operations   | 4,970                          | 4,648                          |
|   | <b>16,112</b>                  | <b>14,647</b>                  |
| <b>Reconciliation of income tax expense to prima facie tax payable</b>                |                                |                                |
| Profit from continuing operations before income tax expense                           | 35,335                         | 31,182                         |
| Profit from discontinuing operations before income tax expense                        | 15,500                         | 15,493                         |
|   | <b>50,835</b>                  | <b>46,675</b>                  |
| Tax at the Australian tax rate of 30%   | 15,250                         | 14,003                         |
| <b>Tax effect of amounts which are not deductible/(taxable)</b>                       |                                |                                |
| Share based payments  | 713                            | 621                            |
| Other (deductible expenses)/(non-assessable income)/non-deductible expenses           | 231                            | 23                             |
| Adjustments recognised in the current year into tax of prior years                    | (69)                           | -                              |
| Adjustments recognised in the current year in relation to deferred tax of prior years | -                              | -                              |
| Difference in overseas tax rates  | (13)                           | -                              |
| <b>Income tax expense</b>   | <b>16,112</b>                  | <b>14,647</b>                  |

# Notes to the Consolidated Statements (continued)

## 4.(b) Deferred Tax Assets, Net

|  | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--|--------------------------------|--------------------------------|
| <b>Deferred tax balance comprises temporary differences attributable to:</b> |                                |                                |
| Employee leave benefits  | 1,218                          | 1,528                          |
| Allowance for impairment losses  | 6,591                          | 7,408                          |
| Accruals and lease incentives  | 906                            | 231                            |
| Borrowings   | 48                             | 198                            |
| Acquisition costs capitalised  | (539)                          | -                              |
| Intangibles  | (1,722)                        | (193)                          |
| <b>Net balance disclosed as deferred tax assets</b>                          | <b>6,502</b>                   | <b>9,172</b>                   |

## 4.(c) Deferred Tax Assets

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| Unused tax losses for which no deferred tax asset has been recognised | 2,478                          | 80                             |
| <b>Potential tax benefit @ 30%</b>                                    | <b>743</b>                     | <b>24</b>                      |

The unused tax losses represent capital losses on the sale of subsidiaries. These losses can be carried forward indefinitely and can be utilised to offset any capital gains in future.

### Recognition and Measurement

#### Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred Tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances, they relate to are levied by the same taxation authority.

#### Tax Consolidation

On 1 July 2010, Money3 Corporation Limited (“the head entity”) and its wholly owned Australian controlled entities formed a tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.



Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by subsidiaries to the head entity.

## 5. Cash and cash equivalents

|  | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--|--------------------------------|--------------------------------|
| Cash in hand                           | -                              | 548                            |
| Petty cash                             | -                              | 4                              |
| Cash at bank and on call*              | 16,308                         | 35,755                         |
| Term deposit*                          | 20,000                         | 10,001                         |
| <b>Total cash and cash equivalents</b> | <b>36,308</b>                  | <b>46,308</b>                  |

\* The interest rate on term deposits was 1.5% (2018: 2.55%); these deposits have an average maturity of 3 months. The deposits on call (11am) have an effective interest rate of 1.4% (2018: 1.6%).

|  | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--|--------------------------------|--------------------------------|
| <b>Reconciliation to cash flow statements</b>      |                                |                                |
| Cash and cash equivalents                          | 36,308                         | 46,308                         |
| Bank overdrafts                                    | (932)                          | -                              |
| <b>Cash and cash equivalents as per cash flows</b> | <b>35,376</b>                  | <b>46,308</b>                  |

### Recognition and Measurement

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

## 6. Loans Receivable

|                                 | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---------------------------------|--------------------------------|--------------------------------|
| <b>Loans receivable</b>         | <b>338,129</b>                 | <b>268,305</b>                 |
| Allowance for impairment losses | (20,202)                       | (20,857)                       |
| <b>Total loans receivable</b>   | <b>317,927</b>                 | <b>247,448</b>                 |
| Current loans receivable        | 166,238                        | 130,607                        |
| Non-current loans receivable    | 151,689                        | 116,841                        |
| <b>Total loans receivable</b>   | <b>317,927</b>                 | <b>247,448</b>                 |

Gross written loans represent cash to be received at balance date. Deferred revenue represents interest, fees and charges accumulated on individual loans which will be recognised as revenue in future periods using the effective interest rate method. Gross written loans less deferred revenue represents the loans receivable calculated in accordance with the accounting policy.

# Notes to the Consolidated Statements (continued)

## 6. Loans Receivable (continued)

|                         | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|-------------------------|--------------------------------|--------------------------------|
| Gross written loans     | 374,000                        | 308,047                        |
| Deferred revenue        | (35,871)                       | (39,742)                       |
| <b>Loans receivable</b> | <b>338,129</b>                 | <b>268,305</b>                 |

### Key Estimate

Recognition of income and classification of current and non-current is in line with the expected repayment profile of loans. Also refer Note 19(b).

### Recognition and Measurement

Loans and other receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. Loans and other receivables are initially recognised at fair value, including direct transaction costs and are subsequently measured at amortised cost using the effective interest method.

Loans and other receivables are due for settlement at various times in line with the terms of their contracts.

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for loans receivable measured at amortised cost. Loans receivable move through the following three stages based on the change in credit risk since initial recognition:

#### Stage 1: 12-months ECL

The Group collectively assesses ECLs on loans receivable where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these loans receivable, the Group recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. The Group does not conduct an individual assessment of exposures in Stage 1 as there is no evidence of one or more events occurring that would have a detrimental impact on estimated future cash flows.

#### Stage 2: Lifetime ECL - not credit impaired

The Group collectively assesses ECLs on loans receivable where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these loans receivable, the Group recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining term of the loans receivable). Like Stage 1, the Group does not conduct an individual assessment on Stage 2 loans receivable as the increase in credit risk is not, of itself, an event that could have a detrimental impact on future cash flows.

#### Stage 3: Lifetime ECL - credit impaired

The Group identifies, both collectively and individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised as a collective or specific provision.

A loan receivable balance is written off when the customer is unlikely to pay their obligation and the Group determines there is no reasonable expectation of recovery. In assessing whether reasonable expectation of recovery exists, multiple factors are considered including days past due without repayment, recourse available to the Group such as realisability of security, insurance payout and other related factors.

#### Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for loans receivable since initial recognition by comparing the risk of default occurring over the remaining

expected life from the reporting date and the date of initial recognition. This includes quantitative and qualitative information. Refer to Note 19. Loans receivable will move through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the allowance for impairment losses reverts from lifetime ECL to 12-months ECL. Loans receivable that have not deteriorated significantly since origination are considered to have a low credit risk. The allowance for impairment losses for these loans receivable is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

#### **Measurement of Expected Credit Losses (ECLs)**

ECLs are derived from unbiased and probability-weighted estimates of expected loss and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at reporting date.

The Group calculates ECL using three main components, a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the total value the Group is exposed to when the loan receivable defaults. The LGD represents the unrecovered portion of the EAD considering mitigating effect of realisable value of security. For further details on how the Group calculates ECLs including the use of forward-looking information, refer to the Credit quality of financial assets section in Note 19.

## **7. Property, Plant and Equipment**

| Year ended 30 June 2019                    | Motor vehicles<br>\$'000 | Rental Assets<br>\$'000 | Leasehold Improvements<br>\$'000 | Furniture & Equipment<br>\$'000 | Total<br>\$'000 |
|--|--------------------------|-------------------------|----------------------------------|---------------------------------|-----------------|
| <b>Gross carrying amount</b>               |                          |                         |                                  |                                 |                 |
| Balance at 1 July 2018                     | 62                       | -                       | 2,981                            | 3,442                           | 6,485           |
| Acquisition of subsidiary*                 | 28                       | -                       | -                                | 1,103                           | 1,131           |
| Additions                                  | -                        | -                       | -                                | 393                             | 393             |
| Disposals                                  | (31)                     | -                       | (2,355)                          | (1,083)                         | (3,469)         |
| <b>Balance at 30 June 2019</b>             | <b>59</b>                | <b>-</b>                | <b>626</b>                       | <b>3,855</b>                    | <b>4,540</b>    |
| <b>Accumulated depreciation</b>            |                          |                         |                                  |                                 |                 |
| Balance at 1 July 2018                     | 55                       | -                       | 1,901                            | 2,467                           | 4,423           |
| Acquisition of subsidiary*                 | 3                        | -                       | -                                | 321                             | 324             |
| Depreciation expense                       | 3                        | -                       | 133                              | 319                             | 455             |
| Disposals                                  | (28)                     | -                       | (1,690)                          | (797)                           | (2,515)         |
| <b>Balance at 30 June 2019</b>             | <b>33</b>                | <b>-</b>                | <b>344</b>                       | <b>2,310</b>                    | <b>2,687</b>    |
| <b>Net carrying amount at 30 June 2019</b> | <b>26</b>                | <b>-</b>                | <b>282</b>                       | <b>1,545</b>                    | <b>1,853</b>    |

\* Acquired on purchase of Go Car Finance. Refer Note 20.

# Notes to the Consolidated Statements (continued)

## 7. Property, Plant and Equipment *(continued)*

| Year ended 30 June 2018                    | Motor vehicles<br>\$'000 | Rental Assets<br>\$'000 | Leasehold Improvements<br>\$'000 | Furniture, & Equipment<br>\$'000 | Total<br>\$'000 |
|--|--------------------------|-------------------------|----------------------------------|----------------------------------|-----------------|
| <b>Gross carrying amount</b>               |                          |                         |                                  |                                  |                 |
| Balance at 1 July 2017                     | 62                       | 422                     | 3,260                            | 3,703                            | 7,447           |
| Additions                                  | -                        | -                       | 16                               | 331                              | 347             |
| Disposals                                  | -                        | (422)                   | (295)                            | (592)                            | (1,309)         |
| <b>Balance at 30 June 2018</b>             | <b>62</b>                | <b>-</b>                | <b>2,981</b>                     | <b>3,442</b>                     | <b>6,485</b>    |
| <b>Accumulated depreciation</b>            |                          |                         |                                  |                                  |                 |
| Balance at 1 July 2017                     | 54                       | 422                     | 2,019                            | 2,730                            | 5,225           |
| Depreciation expense                       | 1                        | -                       | 123                              | 263                              | 387             |
| Disposals                                  | -                        | (422)                   | (241)                            | (526)                            | (1,189)         |
| <b>Balance at 30 June 2018</b>             | <b>55</b>                | <b>-</b>                | <b>1,901</b>                     | <b>2,467</b>                     | <b>4,423</b>    |
| <b>Net carrying amount at 30 June 2018</b> | <b>7</b>                 | <b>-</b>                | <b>1,080</b>                     | <b>975</b>                       | <b>2,062</b>    |

### Recognition and Measurement

#### *Property, Plant and Equipment at Cost*

Property, plant and equipment is recorded at cost less accumulated depreciation and cumulative impairment charges. Cost includes those costs directly attributable to bringing the assets into the location and working condition necessary for the asset to be capable of operating in the manner intended by management. Additions, renewals and improvements are capitalised, while maintenance and repairs are expensed.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

#### *Depreciation*

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain plant and equipment, the shorter lease term.

Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of plant and equipment is as follows:

|                                   |               |
|-----------------------------------|---------------|
| Leasehold improvements            | 2 to 10 years |
| Furniture, fittings and equipment | 3 to 10 years |
| Motor vehicles                    | 4 to 5 years  |

## 8. Intangible Assets

| Year ended<br>30 June 2019         | Goodwill<br>\$'000 | Brand<br>\$'000 | Dealer<br>relationships<br>\$'000 | Internally<br>generated<br>software<br>\$'000 | Customer<br>lists<br>\$'000 | Total<br>\$'000 |
|------------------------------------|--------------------|-----------------|-----------------------------------|---|-----------------------------|-----------------|
| Cost                               | 18,136             | 776             | 3,988                             | 973   | -                           | 23,873          |
| Accumulated<br>amortisation        | -                  | -               | (231)                             | (70)  | -                           | (301)           |
| <b>Net book amount</b>             | <b>18,136</b>      | <b>776</b>      | <b>3,757</b>                      | <b>903</b>                                    | <b>-</b>                    | <b>23,572</b>   |
| Balance at<br>1 July 2018          | 18,080             | -               | -                                 | -   | 642                         | 18,722          |
| Assets acquired*                   | 7,841              | 776             | 3,988                             | 973   | -                           | 13,578          |
| Additions                          | -                  | -               | -                                 | -   | -                           | -               |
| Amortisation charge                | -                  | -               | (231)                             | (70)  | (642)                       | (943)           |
| Disposals                          | (7,785)            | -               | -                                 | -   | -                           | (7,785)         |
| <b>Balance at<br/>30 June 2019</b> | <b>18,136</b>      | <b>776</b>      | <b>3,757</b>                      | <b>903</b>                                    | <b>-</b>                    | <b>23,572</b>   |

\* Acquired on purchase of Go Car Finance. Refer Note 20.

| Year ended<br>30 June 2018         | Goodwill<br>\$'000 | Brand<br>\$'000 | Dealer<br>relationships<br>\$'000 | Internally<br>generated<br>software<br>\$'000 | Customer<br>lists<br>\$'000 | Total<br>\$'000 |
|------------------------------------|--------------------|-----------------|-----------------------------------|---|-----------------------------|-----------------|
| Cost                               | 18,080             | -               | -                                 | -   | 2,265                       | 20,345          |
| Accumulated<br>amortisation        | -                  | -               | -                                 | -   | (1,623)                     | (1,623)         |
| <b>Net book amount</b>             | <b>18,080</b>      | <b>-</b>        | <b>-</b>                          | <b>-</b>                                      | <b>642</b>                  | <b>18,722</b>   |
| Balance at<br>1 July 2017          | 18,080             | -               | -                                 | -   | 1,095                       | 19,175          |
| Additions                          | -                  | -               | -                                 | -   | -                           | -               |
| Amortisation charge                | -                  | -               | -                                 | -   | (453)                       | (453)           |
| Disposals                          | -                  | -               | -                                 | -   | -                           | -               |
| <b>Balance at<br/>30 June 2018</b> | <b>18,080</b>      | <b>-</b>        | <b>-</b>                          | <b>-</b>                                      | <b>642</b>                  | <b>18,722</b>   |

### Recognition and Measurement

All intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Goodwill represents the excess of the cost of acquisition over the fair value of the entity's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

# Notes to the Consolidated Statements (continued)

## 8. Intangible Assets *(continued)*

Acquired brands, customer lists and dealer relationships represent separately identifiable intangible assets from goodwill and are recognised at their fair value at acquisition date. Subsequently, they are carried at cost less accumulated amortisation and impairment losses.

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

|                               |                |
|-------------------------------|----------------|
| Brand                         | 10 to 15 years |
| Customer lists                | 5 to 8 years   |
| Dealer relationships          | 7 to 10 years  |
| Internally generated software | 5 to 8 years   |

### Cash generating units

Goodwill is allocated for impairment testing purposes to the Cash Generating Units (“CGU’s”) as given below.

|                               | 2019<br>\$'000 | 2018<br>\$'000 |
|-------------------------------|----------------|----------------|
| <b>Goodwill allocated to:</b> |                |                |
| Broker                        | 10,295         | 10,295         |
| International                 | 7,841          | -              |
| Branch                        | -              | 5,068          |
| Online                        | -              | 2,717          |
| <b>Total Goodwill</b>         | <b>18,136</b>  | <b>18,080</b>  |

### Impairment testing and key assumptions

Goodwill is tested annually as to whether it has suffered impairment. The recoverable amounts of CGU’s have been determined based on value in use calculations. These calculations require the use of assumptions.

The recoverable amount of the CGU is based on several key assumptions as detailed below.

The Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment, and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates. There are also judgements involved in determination of CGU’s.

The recoverable amount of Broker and International was determined based on a value in use discounted cash flow (“DCF”) model. The ‘value in use’ calculations use cash flow projections based on the 2020 financial budgets extended over the subsequent four-year period (“Forecast Period”) and applies a terminal value calculation using estimated growth rates approved by the Board for the business relevant to each CGU. The following are the key assumptions used in determining the recoverable value:

|  | Broker | International |
|--|--------|---------------|
| 2020 Budget revenue growth                 | 20%    | 34%           |
| 2020 Budget expense growth/(reduction)     | 15%    | 21%           |
| Terminal value > 5 years                   | 2%     | 2%            |
| Revenue growth rate > 1 year               | 5%     | 24%           |
| Expense growth rate > 1 year               | 3%     | 18%           |
| Pre-tax discount rate applied to cash flow | 13.6%  | 11.1%         |

The Directors concluded that, based on these assumptions, the recoverable amount exceeds the carrying amount and as such, there is no impairment of goodwill in the current year (2018: \$nil).

Management believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the CGU's.

## 9. Trade and other payables

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| <b>Current liabilities (Unsecured):</b> |                                |                                |
| Trade payables                          | 1,891                          | 1,085                          |
| Accrued expenses                        | 5,274                          | 6,228                          |
| <b>Total trade and other payables</b>   | <b>7,165</b>                   | <b>7,313</b>                   |

### Recognition and Measurement

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

## 10. Employee Benefit Obligations

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| <b>Current</b>                            |                                |                                |
| Employee leave obligations - Current      | 1,412                          | 1,622                          |
|   | 1,412                          | 1,622                          |
| <b>Non-Current</b>                        |                                |                                |
| Employee leave obligations - Non-current  | 248                            | 303                            |
|   | 248                            | 303                            |
| <b>Total employee benefit obligations</b> | <b>1,660</b>                   | <b>1,925</b>                   |

### Recognition and Measurement

The Leave obligations cover the Group's liability for long service and annual leave.

The current portion of this liability includes all the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances.

Liabilities for unpaid salaries, salary related costs and provisions for annual leave are recorded in the statement of financial position at the salary rates which are expected to be paid when the liability is settled. Obligations for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made. In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using Milliman corporate bond rates.

# Notes to the Consolidated Statements (continued)

## 10. Employee Benefit Obligations *(continued)*

### *Other Employee Obligations - Defined Contribution Superannuation Benefits*

Eligible employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position. The defined contribution plan expense for the year was \$1,820,334 (2018: \$1,708,549) and is included in employee expenses.

## 11. Provisions

|                          | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--------------------------|--------------------------------|--------------------------------|
| Provisions - Current     | 285                            | 308                            |
| Provisions - Non current | 150                            | 156                            |
| <b>Total provisions</b>  | <b>435</b>                     | <b>464</b>                     |

### Movements in Provisions

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| <b>Carrying amount at the start of the year</b> | 464                            | 308                            |
| Acquired during the year*                       | 349                            | -                              |
| Additional provision charged                    | 792                            | -                              |
| Charged/(credited) to profit and loss           | (309)                          | 179                            |
| Amounts used during the year                    | (861)                          | (23)                           |
| <b>Carrying amount at the end of the year</b>   | <b>435</b>                     | <b>464</b>                     |

\* Acquired on purchase of Go Car Finance. Refer Note 20.

### Recognition and Measurement

Provisions are recognised when the Group has a present obligation (legal, equitable or constructive) as a result of a present or past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the discounted present value of those cash flows. As that discount is unwound it is expensed in the statement of profit or loss.



## 12. Borrowings

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| <b>Current</b>                              |                                |                                |
| Overdraft facility                          | 932                            | -                              |
| Finance facility                            | 2,505                          | -                              |
|   | <b>3,437</b>                   | <b>-</b>                       |
| <b>Non-current</b>                          |                                |                                |
| Finance facility (net of unamortised costs) | 132,570                        | 97,825                         |
|   | 132,570                        | 97,825                         |
| <b>Total borrowings</b>                     | <b>136,007</b>                 | <b>97,825</b>                  |

### Recognition and Measurement

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method including the borrowing costs.

### Finance Facility

In December 2017, the Company entered into a variable rate \$150m finance facility for the Australian operations. The facility agreement is for three years from the date of the initial advance, being 15 December 2017. The facility is subject to a first ranking General Security Agreement (fixed and floating charge) over all present and after acquired assets of the Australian operations.

In March 2019, the Go Car Finance entered into a variable rate \$35.8m funding facility and \$1.0m overdraft facility for the New Zealand operations. The facility terminates in April 2022 and has a security over the property of the entities within the Go Car Finance group.

### Financing Facilities Available

|                               | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|-------------------------------|--------------------------------|--------------------------------|
| Finance facility              | 186,800                        | 150,000                        |
| Used at balance date          | (130,563)                      | (100,000)                      |
| <b>Unused at balance date</b> | <b>56,237</b>                  | <b>50,000</b>                  |

# Notes to the Consolidated Statements (continued)

## 12. Borrowings *(continued)*

### Assets Pledged as Security

Under the terms of the financing facilities, there are general security agreements (fixed and floating charges) over all present and after acquired assets of the Group. The carrying amounts of assets pledged as security for borrowings are:

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| <b>Current assets</b>                           |                                |                                |
| - Cash and cash equivalents                     | 36,308                         | 46,308                         |
| - Receivables                                   | 166,238                        | 130,607                        |
| <b>Total current assets pledged as security</b> | <b>202,546</b>                 | <b>176,915</b>                 |
| <b>Non-current assets</b>                       |                                |                                |
| - Receivables                                   | 151,689                        | 116,841                        |
| - Property, plant and equipment                 | 1,853                          | 2,062                          |
| - Intangible assets                             | 23,572                         | 18,722                         |
| Total non-current assets pledged as security    | 177,114                        | 137,625                        |
| <b>Total assets pledged as security</b>         | <b>379,660</b>                 | <b>314,540</b>                 |

### Compliance with Loan Covenants

Money3 Corporation Limited has complied with the financial covenants of its borrowing facilities during the 2019 and 2018 reporting periods.

## 13. Share Capital

|                            | Number of<br>Shares<br>2019 | Number of<br>Shares<br>2018 | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|----------------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| Fully paid ordinary shares | 182,124,820                 | 176,264,520                 | 163,722                        | 153,969                        |

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### 13. Share Capital (continued)

#### Movement in Shares on Issue

Movement in the shares on issue of the Company during the financial year are summarised below:

|  | Consolidated 2019              |                | Consolidated 2018              |                |
|--|--------------------------------|----------------|--------------------------------|----------------|
|  | Number of ordinary shares '000 | Value \$'000   | Number of ordinary shares '000 | Value \$'000   |
| Balance at the beginning of the financial year | 176,265                        | 153,969        | 155,889                        | 125,761        |
| <b>Issued during the year:</b>                 |                                |                |                                |                |
| New issue on acquisition of Go Car Finance     | 1,055                          | 1,920          | -                              | -              |
| Issue of shares - exercise of options          | 1,658                          | 1,646          | 16,752                         | 24,091         |
| Issue of shares - employees share scheme       | 791                            | 778            | 1,950                          | 1,420          |
| Transfer from reserves on vesting              | -                              | 793            | -                              | -              |
| Issue of shares - DRP                          | 2,356                          | 4,616          | 1,674                          | 2,697          |
| <b>Balance at end of the financial year</b>    | <b>182,125</b>                 | <b>163,722</b> | <b>176,265</b>                 | <b>153,969</b> |

#### Recognition and Measurement

##### Ordinary Shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. The Company does not have limited authorised capital and issued shares have no par value.

##### Dividend Reinvestment Plan

Money3 Corporation Limited has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by issue of new ordinary shares rather than being paid in cash. Shares are issued under the plan at a 2.5% discount to the market price.

##### Options

Information relating to the Money3 Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the year is set out in Note 25.

# Notes to the Consolidated Statements (continued)

## 14. Reserves

### 14.(a) Option and rights reserve

|  | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--|--------------------------------|--------------------------------|
| Balance at the beginning of the financial year                 | 4,092                          | 4,816                          |
| Share based payments expensed for the year, net of forfeitures | 2,380                          | 2,022                          |
| Transferred to share capital on vesting                        | (793)                          | -                              |
| Options exercised  | (1,138)                        | (2,746)                        |
| <b>Balance at the end of the financial year</b>                | <b>4,541</b>                   | <b>4,092</b>                   |

The share option reserve is used to recognise the grant date fair value of options and rights issued to employees and directors but not exercised.

### 14.(b) Foreign currency translation reserve

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| Balance at the beginning of the financial year  | -                              | -                              |
| Translation differences                         | 19                             | -                              |
| <b>Balance at the end of the financial year</b> | <b>19</b>                      | <b>-</b>                       |

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

## 15. Retained earnings

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| <b>Balance at the beginning of the financial year</b> | <b>61,118</b>                  | <b>51,482</b>                  |
| Net profit for the year                               | 29,210                         | 32,028                         |
| Dividends paid  | (17,907)                       | (12,196)                       |
| Adj- Changes in accounting policies (net of Tax)      | -                              | (10,196)                       |
| <b>Balance at the end of the financial year</b>       | <b>72,421</b>                  | <b>61,118</b>                  |

## 16. Dividends

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| <b>Recognised amounts</b>  |                |                |
| Fully paid ordinary shares   |                |                |
| Final dividend for the year ended 30 June 2018 of 5.00 cents (2017: 3.15 cents), fully franked at 30% tax rate   | 8,895          | 4,993          |
| Interim dividend for the year ended 30 June 2019 of 5.00 cents (2018: 4.50 cents), fully franked at 30% tax rate | 9,012          | 7,203          |
| <b>Total</b>   | <b>17,907</b>  | <b>12,196</b>  |
| <b>Unrecognised amounts</b>  |                |                |
| Final dividend of 5.00 cents (2018: 5.00 cents) fully franked at 30% tax rate                                    | 9,106          | 8,895          |

On 19 August 2019, the Directors declared a fully franked final dividend of 5.00 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2019, to be paid to shareholders on 22 October 2019. The dividend will be paid to shareholders based on the Register of Members on 24 September 2019. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$9.1m. The Group has \$53.8m of franking credits at 30 June 2019 (2018: \$38.3m).

## 17. Earnings per share

|  | Consolidated<br>2019<br>Cents | Consolidated<br>2018<br>Cents |
|--|-------------------------------|-------------------------------|
| <b>(a) Basic earnings per share</b>  |                               |                               |
| From continuing operations attributable to the ordinary equity holders of the Group              | 13.48                         | 13.17                         |
| From discontinued operations   | 2.79                          | 6.74                          |
| <b>Total basic earnings per share attributable to the ordinary equity holders of the Group</b>   | <b>16.27</b>                  | <b>19.91</b>                  |
| <b>(b) Diluted earnings per share</b>  |                               |                               |
| From continuing operations attributable to the ordinary equity holders of the Group              | 13.28                         | 12.87                         |
| From discontinued operations   | 2.75                          | 6.58                          |
| <b>Total diluted earnings per share attributable to the ordinary equity holders of the Group</b> | <b>16.03</b>                  | <b>19.45</b>                  |

# Notes to the Consolidated Statements (continued)

## 17. Earnings per share *(continued)*

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| <b>(c) Reconciliations of earnings used in calculating earnings per share</b> |                                |                                |
| Basic earnings per share  |                                |                                |
| Profit attributable to the ordinary equity holders of the Group               |                                |                                |
| From continuing operations  | 24,193                         | 21,183                         |
| From discontinued operations  | 5,017                          | 10,845                         |
|   | <b>29,210</b>                  | <b>32,028</b>                  |

## **(d) Weighted average number of shares used as the denominator**

|  | 2019<br>Number | 2018<br>Number |
|--|----------------|----------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share                 | 179,533,057    | 160,890,627    |
| Dilutive potential ordinary shares   | 2,629,000      | 3,764,000      |
| Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share | 182,162,057    | 164,654,627    |

### Recognition and Measurement

#### **Basic Earnings per Share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

#### **Diluted Earnings per Share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Options granted to employees and directors are considered to be ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

## 18. Reconciliation of Operating Profit after Income Tax to Net Cash Flows used in Operating Activities

|  | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--|--------------------------------|--------------------------------|
| Net profit after tax   | 29,210                         | 32,028                         |
| <b>Non-cash items:</b>                                       |                                |                                |
| Depreciation and amortisation expense                        | 1,342                          | 840                            |
| Loss/(Profit) on sale of property, plant and equipment       | 32                             | 120                            |
| Allowance for impairment losses                              | 3,265                          | 2,717                          |
| Amortisation of borrowing costs                              | 885                            | 967                            |
| Net exchange differences                                     | 35                             | -                              |
| Loss on sale of subsidiaries                                 | 5,310                          | -                              |
| Share based payments   | 2,419                          | 2,507                          |
| <b>Changes in Movements in assets and liabilities:</b>       |                                |                                |
| <b>(Increase)/decrease in assets</b>                         |                                |                                |
| Loans receivable   | (64,479)                       | (39,660)                       |
| Other assets   | (67)                           | -                              |
| Other receivables  | 100                            | 114                            |
| Deferred tax assets  | (1,318)                        | (2,932)                        |
| <b>Increase/(decrease) in liabilities</b>                    |                                |                                |
| Trade and other payables                                     | (7,340)                        | 1,515                          |
| Current tax payable  | 3,130                          | (3,198)                        |
| Provisions and employee entitlements                         | (486)                          | 403                            |
| <b>Net cash inflows/(outflows) from operating activities</b> | <b>(27,962)</b>                | <b>(4,579)</b>                 |

# Notes to the Consolidated Statements (continued)

## 19. Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Group's objectives, policies and processes for managing and measuring these risks.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Board ensures that the Group maintains a competent management structure capable of defining, analysing, measuring and reporting on the effective control of risk inherent in the Group's underlying financial activities and the instruments used to manage risk. Key financial risks including interest rate risk and credit risk are reviewed by management on a regular basis and are communicated to the Board so that it can evaluate and impose its oversight responsibility. The Group does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

### *Specific Risks*

- Market risk
- Credit risk
- Liquidity risk

### **Financial Assets/Liabilities Used**

The principal categories of financial assets/liabilities used by the Group are:

#### *Financial assets*

- Cash and cash equivalents – Note 5
- Loans and other receivables – Note 6

#### *Financial liabilities*

- Trade and other payables – Note 9
- Borrowings – Note 12
- Contingent consideration – Note 20(c)

### **Objectives, Policies and Processes**

The risk management policies of the Group seek to mitigate the above risks and reduce volatility on the financial performance of the Group. Financial risk management is carried out centrally by the Finance Department of the Group.

### **Capital Risk Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group overall strategy remains unchanged from 2018.

In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### **Gearing Ratio**

The Board reviews the capital structure on a semi-annual basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.



## 19. Financial Risk Management (continued)

|  | Note | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|--|------|--------------------------------|--------------------------------|
| Financial assets                           |      |                                |                                |
| Debt (long term and short-term borrowings) | 12   | 136,007                        | 97,825                         |
| Cash and cash equivalents                  | 5    | (36,308)                       | (46,308)                       |
| <b>Net debt</b>                            |      | <b>99,699</b>                  | <b>51,517</b>                  |
| Total equity                               |      | 240,703                        | 219,179                        |
| Debt to equity ratio                       |      | 41.4%                          | 23.5%                          |

### (a) Market Risk

#### (i) Price risk

The Group does not hold financial assets or liabilities that are subject to price risk.

#### (ii) Interest Rate Risk

The Group's exposure to market interest rates relates primarily to the Group's short-term deposits held, deposits at call and borrowings. The interest income earned or paid on these balances can vary due to interest rate changes.

The Group policy is to maintain at least 60% of its borrowings at fixed rate. Where necessary, the Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. During the current year, there did not arise a need to take interest rate swaps.

#### Impact on post tax profit

##### Impact on equity

|  | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|----------------|----------------|
| Interest rates - increase by 25 bps<br>(100 bps) | (174)          | (376)          | (174)          | (376)          |
| Interest rates - decrease by 100 bps<br>(50 bps) | 698            | 188            | 698            | 188            |

#### (iii) Foreign exchange risk

The Group operates in Australia and New Zealand but the exposure to significant foreign currency risk is not significant. The entities within the Group do not have any significant financial instruments that are denominated in a currency other than their functional currency. Translation related risks are not included in the assessment of the Group's exposure to currency risks. However, foreign currency denominated inter-company receivables and payables which do not form part of a net investment in a foreign operation would be included in the sensitivity analysis for foreign currency risks.

|                                      | Impact on post tax profit |                | Impact on equity |                |
|--------------------------------------|---------------------------|----------------|------------------|----------------|
|                                      | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000   | 2018<br>\$'000 |
| NZD/AUD exchange rate increase by 5% | (17)                      | -              | (17)             | -              |
| NZD/AUD exchange rate decrease by 5% | 17                        | -              | 17               | -              |

# Notes to the Consolidated Statements (continued)

## 19. Financial Risk Management *(continued)*

### (b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables, net of any allowance for impairment losses, as disclosed in the statement of financial position and notes to the financial report.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Except for its dealings with core customers, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

#### (i) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Explanation of terms: 12-month ECL, lifetime ECL and credit impaired are included in Note 6.

|   | Consolidated<br>2019<br>\$'000 |   |                                      | Consolidated<br>2018<br>\$'000 |                 |
|---|--------------------------------|---|--------------------------------------|--------------------------------|-----------------|
|   | 12-month<br>ECL                | Lifetime ECL<br>- not credit-<br>impaired | Lifetime<br>ECL - credit<br>impaired | Total                          | Total           |
| Loans receivable  |                                |   |                                      |                                |                 |
| Strong  | 162,355                        | -   | -                                    | 162,355                        | 131,851         |
| Good  | 87,673                         | -   | -                                    | 87,673                         | 63,096          |
| Watch list  | 3,634                          | 72,058                                    | -                                    | 75,692                         | 62,779          |
| Sub-standard  | 108                            | 7,471                                     | -                                    | 7,579                          | 4,779           |
| Credit impaired   | -                              | -   | 4,830                                | 4,830                          | 5,800           |
| <b>Gross carrying amount, net<br/>of deferred revenue</b> | <b>253,770</b>                 | <b>79,529</b>                             | <b>4,830</b>                         | <b>338,129</b>                 | <b>268,305</b>  |
| <b>Allowance for impairment</b>                           | <b>(8,389)</b>                 | <b>(11,123)</b>                           | <b>(690)</b>                         | <b>(20,202)</b>                | <b>(20,857)</b> |
| <b>Carrying amount</b>                                    | <b>245,381</b>                 | <b>68,406</b>                             | <b>4,140</b>                         | <b>317,927</b>                 | <b>247,448</b>  |

#### Quality classification definitions

- 'Strong' exposures demonstrate a strong capacity to meet financial commitments, with negligible to low probability of default.
- 'Good' exposures demonstrate a good capacity to meet financial commitments with low default risk.
- 'Watch list' exposures require closer monitoring and a reasonable capacity to meet financial instruments, with moderate default risk.
- 'Sub-standard' exposures require varying degree of attention and default risk is high.
- 'Credit impaired' exposures have been assessed as impaired.

The credit quality classifications defined above encompass a range of granular internal credit rating grades.

#### Cash and cash equivalents

The Group held cash and cash equivalents of \$36.3m at 30 June 2019 (2018: \$46.3m). The cash and cash equivalents are held with financial institutions that are rated A to AA-, based on Fitch rating.

## 19. Financial Risk Management *(continued)*

### (ii) Collateral held and other credit enhancements

The Group holds collateral and other credit enhancements against certain of its credit exposures. The nature of collateral held by the Group against loans receivable are motor vehicles and trailers. There were no significant changes in the quality of the collateral subject to normal wear and tear of the underlying vehicles. There are no financial assets where the Group has not recognised a loss allowance because of the collateral.

### (iii) Amounts arising from Expected Credit Losses (ECL)

Expected credit loss is measured from the initial recognition of a financial asset. The maximum period considered when measuring ECL is the maximum contractual period over which the Group is exposed to credit risk.

#### *Inputs, assumptions and techniques used for estimating impairment*

The Group calculates ECL using three main components, a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

PD estimates are determined using statistical models based on internally compiled data on performance, default information on exposures that are segmented into homogenous portfolios, generally by product. LGD is the magnitude of the likelihood of a loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The EAD represents the exposure in the event of a default. The EAD of a financial asset is its gross carrying value less deferred revenue. There were no changes made to the estimation techniques or significant assumptions during the reporting period.

#### *Significant increase in credit risk*

When determining whether the risk of default has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience. Each loan receivable is assigned a credit rating at initial recognition. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition. Deterioration in credit rating is not only based on the number of payment dishonours but also considers other qualitative information about the customer such as status of employment, other sources of income and credit score from credit agencies. In line with the Group's credit policies. A backstop approach based on delinquency is not used due to the nature of the customer segment the Group operates in.

#### *Modified financial assets*

The contractual terms of a loan may be modified for several reasons. The revised terms usually include extending the maturity, changes to interest rate and changes to the timing of interest and fee payments. A loan that is renegotiated is derecognised as if the existing agreement is cancelled and a new agreement is made on substantially different terms. Loan modifications that do not result in derecognition are considered to be a commercial restructure. The credit risk on these loans are considered to have increased significantly as such modifications are generally due to financial difficulties of the customer.

#### *Forward looking economic inputs*

The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. The Group incorporates forward looking information in the measurement of ECL as a management overlay. The economic factors that are considered includes but are not limited to, gross domestic product, unemployment, interest rates and inflation.

The PD, LGD and EAD models which support these determinations are reviewed periodically to compare the loss estimates against actual loss experience. Given the recent adoption of AASB 9 *Financial Instruments* have been adopted in the current financial year, there is limited evidence available to make these comparisons. Therefore, the underlying models and their calibration, including the impact of forward-looking economic conditions remain subject to review and refinement.

# Notes to the Consolidated Statements (continued)

## 19. Financial Risk Management *(continued)*

The following table shows the reconciliation from the opening to the closing balance of the loss allowance.

|  | Consolidated<br>2019<br>\$'000 |   |                                      |               |
|--|--------------------------------|---|--------------------------------------|---------------|
| Loans receivable                               | 12-month<br>ECL                | Lifetime ECL<br>- not credit-<br>impaired | Lifetime<br>ECL - credit<br>impaired | Total         |
| <b>Balance at 1 July 2018</b>                  | <b>12,820</b>                  | <b>7,469</b>                              | <b>568</b>                           | <b>20,857</b> |
| <b>Acquired during the year*</b>               | 2,730                          | 332                                       | -                                    | 3,062         |
| New originations                               | 24,436                         | -   | -                                    | 24,436        |
| Transfer to lifetime ECL - not credit impaired | (5,516)                        | 5,516                                     | -                                    | -             |
| Transfer to lifetime ECL - credit impaired     | (258)                          | -   | 258                                  | -             |
| Transfer to 12-month expected credit losses    | 3,308                          | (2,783)                                   | (525)                                | -             |
| Financial assets derecognised/written off      | (10,793)                       | (2,855)                                   | (3,421)                              | (17,069)      |
| Net remeasurement of loss allowance            | (18,338)                       | 3,444                                     | 3,810                                | (11,084)      |
| <b>Loss allowance at 30 June 2019</b>          | <b>8,389</b>                   | <b>11,123</b>                             | <b>690</b>                           | <b>20,202</b> |

\* Acquired on purchase of Go Car Finance. Refer Note 20.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles on the receivables, the historical loss experience, uncertainty over recoverability and forward-looking information on macroeconomic factors affecting the ability to settle the receivables.

At the reporting date, the gross carrying amount of receivable from the sale of subsidiaries was \$9.7m. Taking into account subsequent events (refer Note 30), the Group has determined an impairment allowance of \$2m resulting in a net carrying amount of \$7.7m at reporting date.

### (iv) Concentrations of credit risk

The Group operates across Australia and New Zealand, providing consumer loans. The Group does not monitor the geographical concentration of exposure.

### (c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to pay its debts as and when they fall due. The Group has borrowings and the Directors ensure that the cash on hand is sufficient to meet the commitments of the Company and Group at all times.

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Liquidity risk includes the risk that the Group:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; and
- may be unable to settle or recover a financial asset at all.

To help reduce these risks where possible, the strategy is to borrow long term and lend short term and maintain adequate cash reserves.

## 19. Financial Risk Management (continued)

### Maturity of Financial Liabilities

The Group holds the following financial instruments. Amounts presented below represent the contractual maturities of financial liabilities at their undiscounted cash flows and their carrying value at reporting date.

| Consolidated                       |                    |                     |                     |  |                              |
|------------------------------------|--------------------|---------------------|---------------------|--|------------------------------|
| 2019                               | < 1 year<br>\$'000 | 1-5 years<br>\$'000 | > 5 years<br>\$'000 | Total<br>Contractual<br>cash flows<br>\$'000 | Carrying<br>amount<br>\$'000 |
| <b>Financial Liabilities:</b>      |                    |                     |                     |  |                              |
| Borrowings                         | 11,840             | 147,160             | -                   | 159,000                                      | 133,068                      |
| Trade and other payables           | 7,165              | -                   | -                   | 7,165  | 7,165                        |
| Contingent consideration           | 1,900              | 5,700               | -                   | 7,600  | 6,143                        |
| <b>Total financial liabilities</b> | <b>20,905</b>      | <b>152,860</b>      | <b>-</b>            | <b>173,765</b>                               | <b>146,376</b>               |

| Australia                          |                    |                     |                     |  |                              |
|------------------------------------|--------------------|---------------------|---------------------|--|------------------------------|
| 2018                               | < 1 year<br>\$'000 | 1-5 years<br>\$'000 | > 5 years<br>\$'000 | Total<br>Contractual<br>cash flows<br>\$'000 | Carrying<br>amount<br>\$'000 |
| <b>Financial Liabilities:</b>      |                    |                     |                     |  |                              |
| Borrowings                         | 4,775              | 57,082              | -                   | 61,857                                       | 100,000                      |
| Trade and other payables           | 7,313              | -                   | -                   | 7,313  | 7,313                        |
| <b>Total financial liabilities</b> | <b>12,088</b>      | <b>57,082</b>       | <b>-</b>            | <b>69,170</b>                                | <b>107,313</b>               |

The contractual maturities in the table above reflect gross cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Also, affecting liquidity are cash at bank and non-interest-bearing receivables and payables. Liquidity risk associated with these financial instruments is represented by the carrying amounts as shown above.

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

# Notes to the Consolidated Statements (continued)

## 20. Business combination

### (a) Summary of acquisition

On 12 March 2019, Money3 acquired 100% of the issued share capital of Go Car Finance Group (GCF), a lender of secured automotive loans in New Zealand. The Go Car Finance acquisition is aligned with Money's long term strategy and provides Money3 with geographical expansion, market access and a strong existing business.

Details of the purchase consideration, the net assets acquired, and related goodwill are given as below:

|   | 2019<br>\$'000 |
|---|----------------|
| Purchase consideration (refer to (b) below) |                |
| Cash paid                                   | 13,574         |
| Ordinary shares issued                      | 1,920          |
| Liability for contingent consideration      | 6,143          |
| <b>Total purchase consideration</b>         | <b>21,637</b>  |

The Group has not yet completed the accounting for the acquisition of Go Car Finance. The fair values of the assets and liabilities disclosed below have only been provisionally determined as the independent valuations have not yet been finalised.

|                                  | Fair Value<br>2019<br>\$'000 |
|----------------------------------|------------------------------|
| Cash at bank                     | 903                          |
| Loans receivables                | 44,262                       |
| Other receivables                | 355                          |
| Other assets                     | 106                          |
| Property, plant & equipment      | 807                          |
| Intangible assets                | 5,737                        |
| Deferred tax liabilities, net    | (1,247)                      |
| Bank overdraft                   | (30)                         |
| Trade & other payables           | (4,285)                      |
| Employee benefit obligations     | (175)                        |
| Borrowings                       | (32,288)                     |
| Provisions                       | (349)                        |
| Net identifiable assets acquired | 13,796                       |
| <b>Add: Goodwill</b>             | <b>7,841</b>                 |
| <b>Net assets acquired</b>       | <b>21,637</b>                |

The goodwill is attributable to the intellectual property and the workforce. It will not be deductible for tax purposes.

## 20. Business combination (continued)

### (b) Purchase consideration – cash outflow

|  | 2019<br>\$'000 |
|--|----------------|
| <b>Outflow of cash to acquire subsidiary, net of cash acquired</b> |                |
| Cash paid  | 13,574         |
| <b>Less: Balances acquired</b>                                     |                |
| Cash   | 903            |
| Bank overdraft   | (30)           |
|  | 873            |
| <b>Net outflow of cash – investing activities</b>                  | <b>12,701</b>  |

### (c) Contingent consideration

In the event that Go Car Finance achieves certain pre-determined annual profitability and its growth over the first three years post acquisition, additional consideration of up to \$1.9m may be payable annually in cash or in equity in the first two years and up to \$3.8m in the third year. The potential undiscounted amount payable under the agreement is for a pre-tax profit hurdle of \$4.2m in the first year with 20% incremental hurdles in the following two years. The fair value of the contingent consideration at 30 June 2019 is \$6.1m and was estimated by calculating the present value of the future expected cash flows using a pre-tax discount rate of 13.6% and probability adjusted three year forecast profit before tax between \$4.2m and \$6.5m.

### (d) Revenue and profit contribution

Since acquisition in March 2019, Go Car Finance contributed revenue of \$6.8m and profit of \$1.0m of profit to the Group for the year ended 30 June 2019. Due to significant changes to the accounting policies of Go Car Finance at acquisition, it is not practicable to determine the revenue and profit contribution from Go Car Finance as if acquisition occurred at the beginning of the reporting period.

## 21. Discontinued operations

### (a) Description

On 22 February 2019, the Group agreed to sell Money3 Branches Pty Ltd and Money3 Services Pty Ltd (wholly owned subsidiaries) to Commit Co Pty Ltd. The sale was completed on 20 May 2019. The entities sold also represents the two segments (Branch and Online). Accordingly, these segments have been designated as 'discontinued' in Note 2.

### (b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period from 1 July 2018 to 20 May 2019 (2019 column) and the year ended 30 June 2018.

| Financial Performance  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Revenue  | 44,679         | 48,258         |
| Expenses   | (29,179)       | (32,765)       |
| Profit before income tax   | 15,500         | 15,493         |
| Income tax expense   | (4,970)        | (4,648)        |
| Profit after income tax of discontinued operations                       | 10,530         | 10,845         |
| Gain/(loss) on sale of the subsidiaries after income tax (see (c) below) | (5,513)        | -              |
| <b>Profit from discontinued operations</b>                               | <b>5,017</b>   | <b>10,845</b>  |

# Notes to the Consolidated Statements (continued)

## 21. Discontinued operations *(continued)*

| Cash flow   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Net cash inflow/(outflow) from operating activities   | 12,753         | 22,032         |
| Net cash inflow/(outflow) from investing activities (2019 includes cash inflows of \$35.5m from the sale of the subsidiary) | 35,395         | -              |
| Net cash inflow/(outflow) from financing activities   | -              | -              |
| <b>Net increase in cash generated by the subsidiaries</b>   | <b>48,148</b>  | <b>22,032</b>  |

### (c) Details of the sale of subsidiaries

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Sale consideration, net of impairment as included in Note 19(b)   | 43,225         | -              |
| Carrying amount of net assets sold (including allocated goodwill) | (48,301)       | -              |
| Selling costs   | (437)          | -              |
| <b>Loss on sale before income tax</b>                             | <b>(5,513)</b> | -              |
| Income tax (expense)/benefit on gain                              | -              | -              |
| <b>Loss on sale after income tax</b>                              | <b>(5,513)</b> | -              |

### (d) Details of net assets sold

|  | 20 May 2019<br>\$'000 |
|--|-----------------------|
| Cash and cash equivalent   | 1,505                 |
| Loans receivable, net  | 36,127                |
| Property, plant and equipment  | 867                   |
| Other assets and intangibles   | 10,760                |
| Employee liabilities   | (958)                 |
| <b>Carrying amount of net assets sold (including allocated goodwill)</b> | <b>48,301</b>         |



## 22. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of subsidiaries in accordance with the accounting policy described in Note 1. The subsidiaries of the Company are:

| Name                                 | Country of incorporation | Equity held |        |                  | Investment    |               |
|--------------------------------------|--------------------------|-------------|--------|------------------|---------------|---------------|
|                                      |                          | 2019 %      | 2018 % | Acquisition date | 2019 \$'000   | 2018 \$'000   |
| Money3 Loans Pty Ltd                 | Australia                | 100         | 100    | 01-Nov-16        | –*            | –*            |
| Money3 Franchising Pty Ltd           | Australia                | 100         | 100    | 16-Apr-07        | –*            | –*            |
| Money3 Wodonga Pty Ltd               | Australia                | 100         | 100    | 13-Mar-08        | –*            | –*            |
| Australian Car Leasing Pty Ltd       | Australia                | 100         | 100    | 03-May-13        | –*            | –*            |
| Antein Pty Ltd (Glenroy)             | Australia                | 100         | 100    | 01-Jul-06        | 3,100         | 3,100         |
| Bellavita Pty Ltd (Northcote)        | Australia                | 100         | 100    | 01-Jul-06        | 3,037         | 3,037         |
| Hallowed Holdings Pty Ltd (Clayton)  | Australia                | 100         | 100    | 01-Jul-06        | 2,970         | 2,970         |
| Debt Resolutions Pty Ltd (Coburg)    | Australia                | 100         | 100    | 01-Jul-06        | 484           | 484           |
| Nexia Pty Ltd (Werribee)             | Australia                | 100         | 100    | 01-Jul-06        | 1,665         | 1,665         |
| Pechino Pty Ltd (Frankston)          | Australia                | 100         | 100    | 01-Jul-06        | 1,688         | 1,688         |
| Happy.com.au Pty Ltd                 | Australia                | 100         | 100    | 01-Jul-06        | 484           | 484           |
| Tannaster Pty Ltd (Moonee Ponds)     | Australia                | 100         | 100    | 01-Jul-06        | 2,898         | 2,898         |
| Tristace Pty Ltd (Geelong)           | Australia                | 100         | 100    | 01-Jul-06        | 1,742         | 1,742         |
| Finance Investment Group Limited     | New Zealand              | 100         | –      | 12-Mar-19        | 15,494        | –             |
| Go Car Finance Limited               | New Zealand              | 100         | –      | 12-Mar-19        | –*            | –             |
| Go Car Finance 2018 Limited          | New Zealand              | 100         | –      | 12-Mar-19        | –*            | –             |
| FIG Services Limited                 | New Zealand              | 100         | –      | 12-Mar-19        | –*            | –             |
| My On Road Plan Limited              | New Zealand              | 100         | –      | 12-Mar-19        | –*            | –             |
| Go Car Funding Limited               | New Zealand              | 100         | –      | 12-Mar-19        | –*            | –             |
| Go Car Funding 2018 Limited          | New Zealand              | 100         | –      | 12-Mar-19        | –*            | –             |
| Aqua Cars Limited                    | New Zealand              | 100         | –      | 12-Mar-19        | –*            | –             |
| Debt Resolutions Limited             | New Zealand              | 100         | –      | 12-Mar-19        | –*            | –             |
| Money3 Branches Pty Ltd <sup>^</sup> | Australia                | –           | 100    | 01-Nov-06        | –             | –*            |
| Money3 Services Pty Ltd <sup>^</sup> | Australia                | –           | 100    | 01-Nov-16        | –             | –*            |
| <b>Total</b>                         |                          |             |        |                  | <b>33,561</b> | <b>18,068</b> |

\* The investments in these entities is less than \$1,000

<sup>^</sup> These entities were sold in May 2019. Also refer to Note 21

# Notes to the Consolidated Statements (continued)

## 23. Commitments

### Non-cancellable operating leases

Operating leases relate to the head offices in Melbourne and New Zealand, which have lease terms of up to 5 years. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

|   | Consolidated<br>2019<br>\$'000 | Consolidated<br>2018<br>\$'000 |
|---|--------------------------------|--------------------------------|
| Not later than one year                           | 869                            | 1,661                          |
| Later than one year but not later than five years | 2,333                          | 2,487                          |
| More than five years                              | -                              | -                              |
| <b>Total minimum payments</b>                     | <b>3,202</b>                   | <b>4,148</b>                   |

### Recognition and Measurement

#### *The Group as Lessee*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

## 24. Contingent assets and liabilities

The Group does not have any contingent assets or liabilities at 30 June 2019 (2018: Nil).

## 25. Share Based Payments

### Options

Movement in the share options of the Group during the financial year are summarised below:

|   | 2019<br>Number of<br>options | 2019<br>Weighted<br>average<br>exercise price<br>\$ | 2018<br>Number of<br>options | 2018<br>Weighted<br>average<br>exercise price<br>\$ |
|---|------------------------------|---|------------------------------|---|
| Balance at the beginning of the financial year  | 9,650,000                    | 1.6000  | 26,990,000                   | 1.3900  |
| Granted during the financial year               | 2,000,000                    | 2.5000  | -                            | -   |
| Exercised during the financial year             | (3,230,000)                  | 1.4638  | (17,051,696)                 | 1.5800  |
| Forfeited during the financial year             | -                            | -   | (200,000)                    | 1.7000  |
| Expired during the financial year               | -                            | -   | (88,304)                     | 1.3000  |
| <b>Balance at the end of the financial year</b> | <b>8,420,000</b>             | <b>1.7587</b>                                       | <b>9,650,000</b>             | <b>1.6000</b>                                       |
| Exercisable at the end of the financial year    | 1,420,000                    | 1.6256  | 4,650,000                    | 1.6200  |

## 25. Share Based Payments (continued)

Options on issue have the following conditions:

- The options vest in full when an event occurs which gives rise to a change in control of the Company.
- If the Company, after having granted these options, restructures its issued share capital, ASX Listing Rules will apply to the number of shares issued to the option holder on exercise of an option.
- Employee and director options will not be listed on the ASX, but application will be made for quotation of the shares resulting from the exercise of the options.
- On issue of the resulting shares, they will rank equally with ordinary shares on issue at that time.
- Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the allocation.

Consideration received on the exercise of options is recognised as contributed equity. No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

| Grant Date  | Expiry Date | Exercise Price | Share Options 2019 | Share Options 2018 |
|---|-------------|----------------|--------------------|--------------------|
| 21-Oct-13   | 21-Oct-18   | 0.996056       | -                  | 500,000            |
| 30-Nov-13   | 30-Nov-18   | 1.496056       | -                  | 2,000,000          |
| 20-Oct-14   | 20-Oct-19   | 1.496056       | 500,000            | 500,000            |
| 15-Apr-15   | 14-Apr-20   | 1.696056       | 920,000            | 1,650,000          |
| 28-Nov-16   | 23-Nov-21   | 1.500000       | 5,000,000          | 5,000,000          |
| 28-Nov-18   | 27-Nov-23   | 2.500000       | 2,000,000          | -                  |
| <b>Total</b>  |             |                | <b>8,420,000</b>   | <b>9,650,000</b>   |
| Weighted average remaining contractual life of options outstanding at the end of the year |             |                | 2.58 years         | 2.52 years         |

### Restricted Shares in the Company held by KMP

| Name          | Grant Date | Restricted Shares Granted | Issue Price | Expiry Date | Vesting Date | Value of Restricted Shares Granted |
|---------------|------------|---------------------------|-------------|-------------|--------------|------------------------------------|
| Craig Harris  | 01-Jul-16  | 484,373                   | \$1.0320    | 30-Jun-21   | 30-Jun-20    | 600,623                            |
| Michael Rudd* | 01-Jul-16  | 56,525                    | \$1.0320    | 30-Jun-21   | 30-Jun-20    | 73,271                             |
| <b>Total</b>  |            | <b>540,898</b>            |             |             |              | <b>673,894</b>                     |

\* In July 2019, the restriction was released following payment for these shares.

# Notes to the Consolidated Statements (continued)

## 25. Share Based Payments *(continued)*

The restricted shares vest in full on the vesting date when an event occurs which give rise to a change in control of the Company.

- Restricted shares have rights including entitlement to dividends and voting.
- On issue of the restricted shares, they will rank equally with ordinary shares on issue at that time.

### Performance Rights

Movement in performance rights during the financial year are summarised below:

|  | 2019<br>Number<br>of rights | 2018<br>Number<br>of rights |
|--|-----------------------------|-----------------------------|
| Balance at the beginning of the financial year | 2,310,748                   | 1,022,028                   |
| Granted during the financial year              | 328,178                     | 1,587,819                   |
| Exercised during the financial year            | (772,347)                   | (240,974)                   |
| Forfeited during the financial year            | (69,713)                    | (58,125)                    |
| Balance at the end of the financial year       | 1,796,866                   | 2,310,748                   |
| Exercisable at the end of the financial year   | -                           | -                           |

Performance rights granted during the year were subject to the following conditions:

- The performance rights vest in full when an event occurs which give rise to a change in control of the Company.
- If the Company, after having granted these performance rights, restructures its issued share capital, ASX Listing Rules will apply to the number of shares issued to the rights holder on exercise of a right.
- Employee and director performance rights will not be listed on the ASX, but application will be made for quotation of the shares resulting from the exercise of the rights.
- On issue of the resulting shares, they will rank equally with ordinary shares on issue at that time.
- Performance rights carry no rights to dividends and no voting rights. In accordance with the terms of the performance rights schemes, rights are automatically issued on vesting.

Performance rights outstanding at the end of the year have the following vesting dates and expiry dates:

|  | Vesting Date | Expiry Dates | Performance<br>Rights<br>2019 | Performance<br>Rights<br>2018 |
|--|--------------|--------------|-------------------------------|-------------------------------|
| 1-Jul-16 (Issue 12)  | 30-Jun-20    | 30-Jun-21    | 347,546                       | 722,928                       |
| 1-Jul-17 (Issue 13)  | 30-Jun-21    | 30-Jun-22    | 146,154                       | 272,820                       |
| 1-Jan-18 (Issue 14)  | 31-Dec-21    | 31-Dec-22    | 975,000                       | 1,315,000                     |
| 3-Dec-18 (Issue 16)  | 02-Dec-21    | 31-Dec-21    | 328,178                       | -                             |
| <b>Total</b>   |              |              | <b>1,796,878</b>              | <b>2,310,748</b>              |
| Weighted average remaining contractual life of rights outstanding at the end of the year |              |              | 2.33 years                    | 3.24 years                    |

## 25. Share Based Payments (continued)

The fair value of the Performance Rights has been determined by an independent advisor as defined by AASB 2 using the following inputs as at 30 June 2019:

|                                 | 2019<br>Issue 16 |
|---------------------------------|------------------|
| Grant date                      | 03-Dec-18        |
| Vesting date                    | 02-Dec-21        |
| Expiry date                     | 31-Dec-21        |
| Share price at measurement date | 1.660            |
| Dividend yield                  | 4.4%             |

### Recognition and Measurement

Options, restricted shares and performance rights are granted under the Money3 Corporation Limited's Share Option Plan. Options, restricted shares and performance rights are granted under the plan for no consideration. The Board meets to determine eligibility for the granting of options, restricted shares and performance rights and to determine the quantity and terms of options, restricted shares and performance rights that will be granted. The valuation of options, restricted shares and performance rights are determined by an independent expert considering the terms and conditions upon which the instruments were granted. The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

### Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Options issued under employee share option plan     | 894            | 583            |
| Performance rights issued under employee share plan | 985            | 873            |
| Restricted shares issued under employee share plan  | 501            | 566            |
| <b>Total</b>  | <b>2,380</b>   | <b>2,022</b>   |

### Employee Share Scheme

A scheme under which shares may be issued by the Company to employees for no cash consideration was approved. All Australian resident permanent employees (excluding executive directors, other key management personnel of the Group and the Group company secretary) who have been continuously employed by the group for a period of at least one year are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

Under the scheme, eligible employees may be granted up to \$1,000 worth of fully paid ordinary shares in Money3 Corporation Limited annually for no cash consideration. The number of shares issued to participants in the scheme is the offer amount divided by the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the week up to and including the date of grant. The shares are recognised at the closing share price on the grant date (grant date fair value).

Offers under the scheme are at the discretion of the Board.

Shares issued under the scheme rank equally with other fully paid ordinary shares on issue.

On 27 September 2018, 18,942 shares were issued to participating employees.

Each participant was issued with shares worth \$1,000 based on the share price of \$2.16. The shares had a grant date fair value of \$2.16.

# Notes to the Consolidated Statements (continued)

## 26. Auditor's Remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the Money3 Corporation Limited, its related practices and non-related audit firms.

|  | Consolidated<br>2019<br>\$ | Consolidated<br>2018<br>\$ |
|--|----------------------------|----------------------------|
| <b>(a) BDO East Coast Partnership</b>                        |                            |                            |
| Audit and review of the financial reports (inclusive of GST) | 185,900                    | 238,350                    |
| <b>(b) Network firm of BDO</b>                               |                            |                            |
| Audit and review of the financial reports (inclusive of GST) | 20,754                     | -                          |
| <b>Total remuneration of auditors</b>                        | <b>206,654</b>             | <b>238,350</b>             |

## 27. Deed of cross guarantee

Money3 Corporation Limited and its wholly owned subsidiaries in Australia are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

## 28. Parent Entity Financial Information

### (a) Summary Financial Information

The financial position and results of Money3 Corporation Ltd, the parent entity, are as follows:

|                                   | Company<br>2019<br>\$'000 | Company<br>2018<br>\$'000 |
|-----------------------------------|---------------------------|---------------------------|
| <b>ASSETS</b>                     |                           |                           |
| Total current assets              | 40,429                    | 39,499                    |
| Total non-current assets          | 310,052                   | 284,144                   |
| <b>Total assets</b>               | <b>350,481</b>            | <b>323,643</b>            |
| <b>LIABILITIES</b>                |                           |                           |
| Total current liabilities         | 11,579                    | 6,601                     |
| Total non-current liabilities     | 98,936                    | 97,863                    |
| <b>Total liabilities</b>          | <b>110,515</b>            | <b>104,464</b>            |
| <b>Net assets</b>                 | <b>239,966</b>            | <b>219,179</b>            |
| <b>EQUITY</b>                     |                           |                           |
| Issued capital                    | 163,722                   | 153,969                   |
| Share option reserve              | 4,539                     | 4,092                     |
| Retained earnings                 | 71,705                    | 61,118                    |
| <b>Total equity</b>               | <b>239,966</b>            | <b>219,179</b>            |
| Profit from continuing operations | 23,458                    | 21,183                    |
| Total comprehensive income        | 28,475                    | 32,028                    |

## 28. Parent Entity Financial Information *(continued)*

### (b) Guarantees entered by the Parent Entity

The parent entity has not entered into guarantees for any of its subsidiaries (2018: Nil).

### (c) Contingent Liabilities of the Parent Entity

The parent entity has no contingent liabilities at the time of the report (2018: Nil).

### (d) Contractual Commitments by the Parent Entity

The parent entity has contractual commitments for leases which are disclosed within Note 23.

## 29. Related Party Transactions

### (a) Parent and Ultimate Controlling Entity

The parent and ultimate controlling entity is Money3 Corporation Limited which is incorporated and domiciled in Australia.

### (b) Key Management Personnel Remuneration

The aggregate compensation of the KMPs of the Group is set out below:

|                              | Consolidated<br>2019<br>\$ | Consolidated<br>2018<br>\$ |
|------------------------------|----------------------------|----------------------------|
| Short term employee benefits | 2,734,339                  | 2,482,501                  |
| Post-employment benefits     | 114,041                    | 135,095                    |
| Long term benefits           | 54,984                     | 18,621                     |
| Share based payments         | 1,600,239                  | 1,426,379                  |
| <b>Total</b>                 | <b>4,503,603</b>           | <b>4,062,596</b>           |

### (c) Other Transactions with KMP or their Related Parties

The financial statements include the following items of expenses that resulted from transactions other than compensation or equity holdings with KMP and their related entities:

Leath Nicholson is a director of Nicholson Ryan Lawyers and Panorama Pty Limited which Money3 has engaged to perform legal services and compliance services respectively. Legal expenses for the current year amounted to \$670,276 (2018: \$350,655) and compliance expenses for the current year amounted to \$158,400 (2018: \$52,800) during the year. Amounts payable at 30 June 2019 was \$16,500 (2018: Nil).

There are no loans made by the disclosing entity or any of its subsidiaries to any KMP or their personally related entities.

All transactions with related parties are at arm's length on normal commercial terms and conditions and at market prices.

# Notes to the Consolidated Statements (continued)

## 30. Significant Matters Subsequent to the Reporting Date

In July 2019, the Group entered into an agreement with Commit Co Pty Ltd to amend certain terms and conditions of the sale including transition arrangements for loan referrals. This included a 2% discount to the sale price as well as crystallising the referral fees to be received by the Group during the transition period. Subsequent to reporting date, Commit Co Pty Ltd had paid three instalments totalling \$5.4m. The above adjustments including its impact on impairment provision have been reflected in Note 21.

Other than the above, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of Money3, the results or the state of affairs of the Group.

## 31. Changes in Accounting Policies

### Impact of Standards Issued but not yet Applied

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

| Title of standard     | Nature of change  | Impact   | Mandatory application date/Date of adoption by Group   |
|-----------------------|---|--|--|
| AASB 16 <i>Leases</i> | AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases. | The standard will affect the accounting for the Group's operating leases. The Group has determined that these commitments will result in the recognition of an asset and a liability for future payments but will not have a material effect on the Group's profit and classification of cash flows. Some of the commitments maybe covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. | Mandatory for financial years commencing on or after 1 January 2019. The Group will adopt the standard from 1 July 2019. |



# Independent Auditor's Report



Tel: +61 3 9603 1700  
Fax: +61 3 9602 3870  
www.bdo.com.au

Collins Square, Tower Four  
Level 18, 727 Collins Street  
Melbourne VIC 3008  
GPO Box 5099 Melbourne VIC 3001  
Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Money3 Corporation Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Money3 Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 report, 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 2019 and of its financial performance for the year ended on that date; 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (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.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

# Independent Auditor's Report (continued)



## 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 of 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.

## Revenue recognition

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>  |
|--|---|
| <p>Refer to Note 3 of the accompanying financial statements</p> <p>The Group earns revenue from various sources including interest on loan products, application and credit fees, and other period fees including arrears, default and variation fees which are required to be recognised using the effective interest rate method.</p> <p>As there are a large number of loan contracts and the terms vary by product, significant risk exists that revenue is incorrectly recognised.</p> <p>Revenue recognition is significant to our audit as the Group may inappropriately account for interest and fees potentially leading to revenue and profit not being recognised consistently over the life of a loan contract using the effective interest rate method.</p> | <p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"><li>• Understanding the Group's revenue recognition policies ensuring it is in accordance with AASB 9 <i>Financial Instruments</i> and AASB 15 <i>Revenue from Contracts with Customers</i>.</li><li>• Detailed analysis of deferred fees and charges to ensure they are recognised over the life of a loan using the effective interest rate method in accordance with AASB 9 <i>Financial Instruments</i>.</li><li>• Our Audit Information Technology specialists were used, in conjunction with other audit procedures, to test the Group's controls over: loan initiation and approval; standard terms, fees and charges; calculation of interest, revenue and deferred revenue in respect of fees and charges; controls for recording transactions in the company's loan systems and the general ledger; and testing for duplicate loans.</li><li>• Evaluating and testing manual controls relevant to the approval and recording of loans to customers.</li><li>• Testing a sample of loans to ensure accurate recording of the interest, fees and charges revenue using the effective interest rate method.</li><li>• Detailed analysis of revenue and the timing of its recognition based on expectations derived from our industry knowledge and knowledge of the company's products, fees and charges.</li><li>• Reviewing the appropriateness of the disclosures in regards to revenue recognition.</li></ul> |



### Valuation and Recoverability of Loan Receivables

| <i>Key audit matter</i>   | <i>How the matter was addressed in our audit</i>   |
|---|--|
| <p>Refer to Note 6 of the accompanying financial statements</p> <p>The Group has a significant balance of receivables at 30 June 2019 which consist of personal loan contracts with customers.</p> <p>The assessment of the recoverable value of customer loans using an Expected Credit Loss (“ECL”) model requires significant judgement, using both qualitative and quantitative assumptions, to estimate the recoverability of the loans receivable.</p> <p>In our view, correctly estimating the allowance for impairment losses against loans receivable is significant to our audit.</p> | <p>Our procedures amongst others, included:</p> <ul style="list-style-type: none"> <li>• Understanding the Group’s ECL model to ensure it is in accordance with AASB 9</li> <li>• Detailed analysis of management’s estimate of the impairment allowance and the adequacy of procedures and processes adopted by management.</li> <li>• Detailed analysis of loans in arrears or subject to special payment terms using prior period’s history of loans in these categories subsequently going into default and using this evidence to support the appropriateness of the impairment allowance at year-end.</li> <li>• Testing of controls around the aging of debts in the company’s loan software system and the appropriateness and application of the business rules for recognising loans in default.</li> <li>• Challenging management’s impairment allowance based on expectations derived from our industry knowledge and knowledge of the Group’s credit risk and following up variances from our expectations.</li> <li>• Evaluating the adequacy of the disclosures in the financial report.</li> </ul> |

# Independent Auditor's Report (continued)



## Discontinued Operations

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>   |
|--|--|
| <p>Refer to Note 21 of the accompanying financial statements and Note 19 for discussion on recoverability of receivable from the sale of subsidiaries</p> <p>The Group disposed of its Branches and Online business segments through a Management Buy Out process, which resulted in a gain from discontinued operations in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and a receivable from the sale of subsidiaries related to the payment terms agreed with the purchaser. This gain consists of the profit from operating activities for the period prior to disposal reduced by the loss on disposal.</p> <p>This was a key audit matter due to the material nature of the disposal, the detailed work required to calculate the profit from discontinued operations, the loss on disposal and to assess the recoverable from the purchaser as well as to correctly disclose this transaction.</p> | <p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"><li>• Reviewing legal agreements to understand the key terms and conditions of the disposal and confirming our understanding of the transaction with management.</li><li>• Assessing the total consideration based on the terms of the agreements including the discount provided subsequent to the reporting date.</li><li>• Performing cut-off procedures to assess the completeness and accuracy of the assets and liabilities de-recognised at date of disposal.</li><li>• Assessing management's recognition and measurement of expected credit loss on the deferred consideration receivable from the disposal and challenging management's judgements and assumptions.</li><li>• Examining the adequacy and accuracy of the disclosure of the transaction within the financial report including the reported loss on disposal and the classification as a discontinued operation in accordance to the requirement of AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</li></ul> |



### Acquisition of Go Car Finance

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>  |
|--|---|
| <p>Refer to Note 20 of the accompanying financial statements.</p> <p>Accounting for the acquisition of Go Car Finance is a key audit matter due to the complexity of accounting for business combinations and the significant judgements and assumptions made by management, as assisted by management's experts, in determining the provisional valuation of intangible assets (including goodwill) and the contingent consideration due to the vendors upon achieving future performance milestones.</p> | <p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"><li>• Reviewing the purchase agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management.</li><li>• Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition.</li><li>• Assessing management's valuation of contingent consideration by challenging the key assumptions including discount rate and probability of achievement of future profit targets.</li><li>• Comparing the assets and liabilities recognised on acquisition against the executed agreements and the historical financial information provided by the acquired business. Due to the overseas location of the business, we engaged a BDO network firm to assist in undertaking the audit work on opening balances.</li><li>• Reviewing the draft valuation report prepared by management's expert to assess the provisional fair values of the identifiable intangible assets associated with the acquisition. We engaged BDO Corporate Finance specialists to assist with the review.</li><li>• Reviewing management's disclosures of the transaction within the financial report for compliance with the disclosure requirement of AASB 3 <i>Business Combinations</i>.</li></ul> |

# Independent Auditor's Report (continued)



## **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 30 June 2019, but does not include the financial report and the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.



## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included on page 25 to 33 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Money3 Corporation Limited, for the year ended 30 June 2019, 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.

### **BDO East Coast Partnership**

A stylized, handwritten-style logo of the letters 'BDO' in black ink.

A handwritten signature in black ink that reads 'James Mooney'.

James Mooney  
Partner

Melbourne, 19 August 2019

# ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 12 August 2019.

## (a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of equity are:

| Distribution of Shareholdings  | Ordinary Shares   |                    | Unlisted Options & Performance Rights |                            |
|--|-------------------|--------------------|---------------------------------------|----------------------------|
|  | Number of Holders | Number of Shares   | Number of Holders                     | Number of Options & Rights |
| 100,001 and Over   | 127               | 148,019,542        | 12                                    | 9,178,706                  |
| 10,001 to 100,000  | 857               | 26,955,432         | 26                                    | 1,514,056                  |
| 5,001 to 10,000  | 483               | 3,699,682          | 1                                     | 8,477                      |
| 1,001 to 5,000   | 1,103             | 3,081,246          | -                                     | -                          |
| 1 to 1,000   | 762               | 368,918            | -                                     | -                          |
| <b>Total</b>   | <b>3,332</b>      | <b>182,124,820</b> | <b>39</b>                             | <b>10,701,239</b>          |
| The number of shareholders holding less than a marketable parcel of shares are | 218               | 9,495              |                                       |                            |



**(b) Twenty largest holders of quoted shares are:**

|                            |   | Listed Ordinary Shares |              |
|----------------------------|---|------------------------|--------------|
|                            | Name of Holder                                    | No. of Shares          | % of Holding |
| 1                          | UBS NOMINEES PTY LTD                              | 29,171,777             | 16.02        |
| 2                          | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED         | 17,859,525             | 9.81         |
| 3                          | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED         | 10,077,682             | 5.53         |
| 4                          | RUBI HOLDINGS PTY LTD                             | 8,500,000              | 4.67         |
| 5                          | CITICORP NOMINEES PTY LIMITED                     | 7,194,016              | 3.95         |
| 6                          | HOSKING FINANCIAL INVESTMENTS PTY LTD             | 5,500,000              | 3.02         |
| 7                          | CS THIRD NOMINEES PTY LIMITED                     | 5,352,139              | 2.94         |
| 8                          | NATIONAL NOMINEES LIMITED                         | 5,307,846              | 2.91         |
| 9                          | BALDWIN BROTHERS INVESTMENTS PTY LTD              | 3,381,591              | 1.86         |
| 10                         | SANDHURST TRUSTEES LTD                            | 2,955,321              | 1.62         |
| 11                         | WALLBAY PTY LTD                                   | 2,561,629              | 1.41         |
| 12                         | PLATEY PTY LTD                                    | 2,500,000              | 1.37         |
| 13                         | CRAIG HARRIS                                      | 2,353,763              | 1.29         |
| 14                         | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 2,277,477              | 1.25         |
| 15                         | MR ANDREW JOHN HOPKINS                            | 2,168,697              | 1.19         |
| 16                         | MATOOKA PTY LTD                                   | 1,778,352              | 0.98         |
| 17                         | ROCSANGE PTY LTD                                  | 1,378,154              | 0.76         |
| 18                         | AUST EXECUTOR TRUSTEES LTD                        | 1,332,736              | 0.73         |
| 19                         | MR GREGORY SUTHERLAND & MRS JANICE SUTHERLAND     | 1,319,622              | 0.72         |
| 20                         | MR MICHAEL RUDD                                   | 1,257,343              | 0.69         |
| <b>Top 20 shareholders</b> |   | <b>114,227,670</b>     | <b>63.11</b> |

**(c) Substantial shareholders**

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

|  | No. of Shares | % Held |
|--|---------------|--------|
| Tiga Trading Pty Ltd & Associated entities | 28,839,101    | 16.03% |

# ASX Additional Information (continued)

## (d) Voting rights

The voting rights attached to equity securities are set out below:

### (i) Ordinary shares:

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### (ii) Options and performance rights

Options and performance rights are not entitled to voting rights.

## (e) Unquoted equity securities

The Company has issued (or may issue in the future) options and performance rights with no voting rights. The Company has a total of 10,701,239 (2018: 11,414,069) options and performance rights on issue.

### Director Options

The Company has issued 2,000,000 options during the year (2018: Nil) to the Directors (or their nominees) ("Director Options").

|                  | Issue Date | Options Granted | Exercise Price | Expiry Date | Vesting Date |
|------------------|------------|-----------------|----------------|-------------|--------------|
| Scott Baldwin    | 28-Nov-16  | 2,400,000       | \$1.500000     | 23-Nov-21   | 24-Nov-19    |
| Scott Baldwin    | 28-Nov-18  | 2,000,000       | \$2.500000     | 27-Nov-23   | 27-Nov-20    |
| Leath Nicholson  | 28-Nov-16  | 750,000         | \$1.500000     | 23-Nov-21   | 24-Nov-19    |
| Stuart Robertson | 28-Nov-16  | 600,000         | \$1.500000     | 23-Nov-21   | 24-Nov-19    |

- The options vest in full when an event occurs which gives rise to a change in control of the Company.
- If the Company, after having granted these options, restructures its issued share capital, the number of options to which each option holder is entitled, or the exercise price of the options must be reorganised in accordance with the ASX Listing Rules.
- Options will not be listed on ASX, but application will be made for quotation of the shares resulting from the exercise of the options.
- On issue of the resulting shares, the shares will rank equally with ordinary shares on issue at that time.

## (f) On market buy-back

There is no current on-market buy-back of the Company's securities.

# Corporate Information

Money3 Corporation Limited is a company incorporated and domiciled in Australia.

## Company Directors

Stuart Robertson  
Non-Executive Chairman

Leath Nicholson  
Non-Executive Director

Symon Brewis-Weston  
Non-Executive Director

Scott Baldwin  
Managing Director

## Company Secretary

Terri Bakos

## Head Office

Level 1, 40 Graduate Road  
Bundoora Victoria 3083

Telephone 03 9093 8255  
Facsimile 03 9093 8227

## Registered Office

Level 1, 40 Graduate Road  
Bundoora Victoria 3083

## Share Registry

Link Market Services Limited  
Tower 4, 727 Collins St  
Docklands Victoria 3008

## Auditors

BDO East Coast Partnership  
Tower 4, 727 Collins St  
Docklands Victoria 3008

## Solicitors

Nicholson Ryan Legal Pty Ltd  
Level 7, 420 Collins Street  
Melbourne Victoria 3000

## Bankers

Bendigo Bank  
4 Prospect Hill Road  
Camberwell Victoria 3124

Bank of New Zealand  
80 Queens Street  
Auckland, New Zealand 1010

## Stock Exchange Listing

Money3 Corporation Limited shares are listed on the Australian Securities Exchange (ASX code MNY)

## Website

[www.money3.com.au](http://www.money3.com.au)

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money3

[customercare@money3.com.au](mailto:customercare@money3.com.au)