# Appendix 4E

# MoneyMe Limited

**Entity & Reporting Period**
**Name of entity: MoneyMe Limited**

**ABN: 29 636 747 414**

**Reporting period: Year Ended 30 June 2022**

**Previous corresponding reporting period: Year Ended 30 June 2021**

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

| For the year ended 30 June 2022 | 2022 | 2021 | | % |
|---|---|---|---|---|
| Gross revenue from ordinary activities ($'000) | 143,073 | 57,575 | Up | 148% |
| Profit / (loss) from ordinary activities after tax attributable to members ($'000) | (50,364) | (7,929) | Down | 535% |
| Net tangible asset backing per ordinary share | (0.04) | 0.22 | Down | 116% |
| Basic earnings / (loss) per share | (26.4) | (4.7) | Down | 462% |
| Diluted earnings / (loss) per share | (26.4) | (4.7) | Down | 462% |

No dividends have been declared for the year ended 30 June 2022 or for the previous corresponding period.

| Entity | Gain of control date | FY22 Contribution |
|---|---|---|
| **MoneyMe TM Pty Limited** | 06.12.2021 | Nil (after distributions) |
| **MME Autopay 2021 Trust** | 23.11.2021 | Nil (after distributions) |
| **MME PL Trust 2022-1** | 12.05.2022 | Nil (after distributions) |
| **S.One SPV Pty Limited** | 15.03.2022 | Nil |
| **SocietyOne Group of entities:**<br>SocietyOne Holdings Pty Ltd<br>SocietyOne Livestock Lending Pty Ltd<br>SocietyOne Services Pty Ltd<br>SocietyOne Investment Management Pty Ltd<br>SocietyOne Investments Pty Ltd<br>SocietyOne Australia Pty Ltd<br>SocietyOne Funding Trust<br>SocietyOne Funding Trust No.2<br>SocietyOne PL 2021-1 Trust<br>SocietyOne Personal Loans Trust | 15.03.2022 | (7,847) |

## OTHER INFORMATION

This report is based on the consolidated financial statements for the year ended 30 June 2022 which have been audited by Deloitte. It is being provided to the ASX to comply with Rule 4.3A. The report should be read in conjunction with the *2022 Annual Report* and all public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the ASX Listing Rules. Appendix E disclosure requirements relating to Statements of Comprehensive Income, Financial Position, Cashflows and Changes in Equity are provided as part of the *2022 Annual Report* with supporting notes and commentary on the results for the period.

# 2022 Annual Report

## for the year ended 30 June 2022

MoneyMe Limited ('MONEYME') and its controlled entities
ACN: 636 747 414

ASX: MME

# Contents

# MONEYME

## Where ambitions are backed.

## Welcome

MONEYME acknowledges the Traditional Custodians of the land throughout Australia where we work and live. We recognise the continued connection Aboriginal and Torres Strait Islander peoples have with land, waterways, seas, and community and pay our respects to Elders past and present. We recognise the systemic discrimination and oppression inflicted on First Nations peoples to eradicate their culture and identity, and their courage, tenacity, and perseverance to keep their culture and sovereignty alive.

We are committed to reconciliation, and we accept the invitation of the Uluru Statement from the Heart, to walk with First Nations peoples for a better future.

# 1.1 About MONEYME



## A non-bank challenger.

MONEYME offers digital-first consumer finance products and experiences that challenge the traditional way of credit. We innovate for tomorrow's world today, and we are well on our to be the #1 challenger to the banks.

## Digital yet personal.

We offer a range of fast, flexible, and competitively priced products that span our customers' credit lifecycle – from everyday spending and loans for bigger ticket items, to real-estate expenses and auto financing. Our point of difference is delivering unrivalled customer experiences powered by smart technology.

## We make speed a priority.

Opportunities do not wait, and today's consumers have no time for outdated processes. That is why we focus on building products that are modern, simple, and fast. From near real-time credit decisioning to loans that settle in minutes, we deliver speed and efficiency in everything we do.

## For Generation Now.

We service ambitious Australians that expect more from life and the companies they engage with. And thanks to our proprietary technology and AI, we will continue to find new solutions that meet the ever-evolving needs of our customers.

## Our Values

**We challenge**
We dare to question, we aim higher, and we fight for better

**We move fast**
We exist to save you time, we drive change, and we move in the same direction

**We have heart**
We are bold, we lead with purpose, and we are passionate about our people and planet

FINANCIAL REVIEW BOSS MOST INNOVATIVE COMPANIES

50 Technology Fast 50 2018 APAC WINNER Deloitte.

4.7/5 Product Review

4.7/5 Google Reviews

ASX : MME

*Canstar's Innovation Excellence Award 2022 was for MONEYME's product Autopay.

*At MONEYME, we're for the everyday ambitious.*
*Those with goals big and small.*
*Positive people with positive purpose.*

*Because money shouldn't be tricky.*
*It should be an opportunity.*

# 1.2 Performance Highlights

## Operations

SocietyOne acquired in March 2022 for $113 million with over 230,000 customers, a $0.4 billion customer receivable portfolio and over $32 million in p.a. synergies projected.

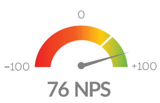
MONEYME's secured car finance product Autopay received the 2022 Canstar award for innovation, growing from $6 million to $445 million in gross customer receivables in the financial year.

Further distribution channel diversification with 49% of originations sourced from the direct to business to consumer (B2C) distribution channels, up from 9% in FY21.

Repositioned and revitalised the MONEYME brand as an aspirational mass market bank challenger that positions the Group well for product cross-sell and further low-cost acquisition.

Substantial expansion of the Group's debt funding program to reflect $1.7 billion in funding facility limits across 8 funding structures at 30 June 2022, from $0.3 billion across 3 structures in FY21.

The development and launch of the Group's inaugural debt sale program with $11.8 million sold to high quality recovery providers in FY22.




Delivery of another market leading NPS score of 76 as at 30 June 2022.

Achievement of a self-assessed B Impact Assessment score of 80.4, reflecting a further step change delivery across key governance, employee, community, environmental and customer measures that is expected to lead to the highly regarded B Corp Certification.

The development and application of AIDEN 3.0®, a latest iteration in AI technology supporting MONEYME's credit risk assessment processes.

Considerable further increases to customer receivable asset quality with the average Equifax score increasing to 704, average loan size at origination increasing to $18,475 and the average remaining receivable tenor increasing to >50 months.

## Financials

**Compared to FY21 (Green = favourable)**

| | | |
|---|---|---|
| Gross revenue ($'000) | 143,073 | ↑ 148% |
| Average cost of funds | 4.6% | ↓ 9% |
| Core office operating expenses as % average gross customer receivables[1] | 4.5% | ↓ 53% |
| Net losses as % average gross customer receivables | 3.7% | ↓ 26% |
| Net profit / (loss) after tax ($'000) | (50,364) | ↓ 535% |
| Cash and cash equivalents ($'000) | 80,675 | ↑ 208% |
| Gross customer receivables ($'000) | 1,345,276 | ↑ 305% |
| Gross customer receivables provision as % gross customer receivables | 6.1% | ↓ 23% |
| Total assets ($'000) | 1,471,794 | ↑ 325% |
| Total equity ($'000) | 91,276 | ↑ 127% |

[1] Sales & marketing and general & administrative expenses adjusted to remove non recurring expenses as a % of average gross customer receivables

# 1.3 Performance Highlights

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## Personal Loans (Variable Rate)

| Customer receivables at 30 June 2022 | Total originations in FY22 | Average loan value in FY22 |
|---|---|---|
| **$251m** | **$236m** | **$11,232** |
| Up **51%** from FY21 | Up **39%** from FY21 | Up from $8,900 in FY21 |

## Personal Loans (Fixed Rate)

| Customer receivables at 30 June 2022 | Total originations in FY22[1] | Average loan value in FY22[1] |
|---|---|---|
| **$396m** | **$362m** | **$21,417** |

## Autopay

| Customer receivables at 30 June 2022 | Number of dealers/brokers | Fastest settled deal to-date |
|---|---|---|
| **$445m** | **1,600+** | **25min** |

[1] Represents the origination and average loan value by SocietyOne during the full FY22 period.

## Freestyle

| Customer receivables at 30 June 2022 | Freestyle credit usage in FY22 | Average use of credit limit in FY22 |
|---|---|---|
| **$229m** | **$293m** | **77%** |
| Up **69%** from FY21 | Up **71%** from FY21 | Was 70% in FY21 |

| | |
|---|---|
| Median Freestyle customer age | **33** |
| Total card spend in FY22 | **$90m** |
| Average card transaction in FY22 | **$62** |

## ListReady

| Customer receivables at 30 June 2022 | Total originations in FY22 | Real estate agents signed up to-date |
|---|---|---|
| **$8m** | **$23m** | **3,200+** |
| Up **6%** from FY21 | Up 38% from FY21 | |

# MONEYME

## Award-winning loan provider disrupting the status quo

# 1.3 Message from the Chair



## On behalf of the Board of Directors, it is my pleasure to present MONEYME's 3rd Annual Report as an ASX listed company.

FY22 was a phenomenal year of growth and performance for the Group as the business broadened its product offerings, significantly grew the customer base, added diversity and scale to its funding platform, while continuing with its strong focus on customer satisfaction and employee engagement.

The SocietyOne acquisition, completed in March 2022, coupled with strong organic growth driven by MONEYME's award-winning Autopay product have catapulted customer receivable growth from $0.3 billion at 30 June 2021 to $1.35 billion at 30 June 2022 and supported record FY22 gross revenue of $143 million. Importantly, this growth also reflects targeted product and customer diversification initiatives across secured and unsecured lending, geographic spread, industry sector concentration and credit quality.

The business's strong fundamentals ensure that it is well positioned to realise robust statutory returns over time for shareholders in both the current macroeconomic environment and in more favourable market conditions.

**An unwavering commitment to people and community**

The strength of MONEYME's exceptional team was further bolstered through the acquisition of SocietyOne. It is pleasing to note that employee engagement is at a market leading 87% as per our engagement survey in March this year, which is considerably higher than the Australian market benchmark of 72% and reflects a continued unwavering commitment to employee welfare and engagement. MONEYME's employees have a strong affiliation and alignment with the business, with 80% of our employees owning performance rights that have individual, business, and ESG performance vesting conditions[1].

The Group is also proud of its community-based achievements in FY22, which include selecting Canteen as our major charity partner. Canteen is the only Australian organisation dedicated to providing tailored support for young people impacted by cancer. MONEYME is the principal partner for Canteen's Education and Career Support Service; a service helping young people impacted by cancer return to their educational or vocational plans. The partnership delivers financial support including employee donation matching initiatives, as well as direct engagement opportunities for employees. It is also pleasing that we have voluntarily submitted our inaugural Modern Slavery Statement, with significant progress made to ensure the Group only engages with suppliers who have appropriate business standards.

**Strengthening MONEYME's offering, channels and partnerships**

This financial year, MONEYME took another major step to be the #1 challenger to the banks by launching innovative product enhancements and expanding our offering with a fixed rate personal loan, a credit score tool, and transaction and saving accounts through the acquisition of SocietyOne. The MONEYME Group now has over 430,000 customers, up from 128,000 at the end of FY21. The Group's regulated responsible lending policies and processes set a high standard and are continuing to evolve to help ensure that consumers only take on debt they can reasonably repay over an acceptable time frame to support them in realising their goals.

It is exciting to see the Group's key partner relationships continue to flourish with many new and important partnerships formed. The Group established a strategic funding partnership with Pacific Equity Partners (PEP), extended its securitisation warehouse facilities from one Australian major bank provider to two Australian major banks and two international banks, and further extended its mezzanine debt partner platform. The Group also focused on growing its broker and auto dealerships relationships to a total of more than 1,600 in aggregate in FY22, supported by a surging demand for the Autopay product, the launch of a new broker platform in December 2021, and the addition of 1,700 brokers nationwide through the SocietyOne acquisition.

**Governance and sustainability in focus**

Key FY22 risk framework developments include the establishment of an internal audit function with BDO appointed as Internal Auditors, the expansion of the Group's Risk Appetite Statement to include Environmental and Social, Governance, and Cyber Risk as specific areas of focus. The Group further added to its risk management capabilities through key hires via by the SocietyOne acquisition, and the non-executive appointment of David Taylor who brings impressive financial services experience to the board.

While MONEYME does not have a direct material exposure to environmental risk, it recognises the significant impact of climate change on the world and its people. MONEYME is committed to minimising its environmental footprint, particularly through the decarbonisation of the business. The Group's FY22 Sustainability Report includes the Group's Scope 1, 2, and 3 greenhouse gas (GHG) emissions, as well as disclosures adopting the Task Force on Climate-Related Financial Disclosures' (TCFD) framework.

On behalf of the Board of Directors, I thank the MONEYME team, our business and community partners, customers, and shareholders for your trust and ongoing support.

Yours sincerely

**Peter Coad**
Independent Chair
Sydney, 31 August 2022

[1] As of 30 June 2022, and excludes ex-SocietyOne employees, who have been included in the FY23 Employee Equity Incentive Plan.

# 1.4 Message from the CEO

**I am delighted to address you formally again to highlight another year of incredible growth for the MONEYME group in this annual report. It truly has been another exceptional year in which our devoted team has delivered exceptional customer experiences, a new blockbuster product, unlocked funding structures, an outstanding business acquisition, and on top of that, achieved market beating results.**

## Flawless execution of the SocietyOne acquisition

On 15 March 2022, the Group acquired SocietyOne Holdings Pty Limited (SocietyOne) with 89% of SocietyOne shareholders receiving 66.4 million MONEYME shares and 11% a cash consideration of $15 million. The high SocietyOne shareholder election for shares, major shareholders volunteering to escrow their holdings into 2023 and the 99.99% in favour MONEYME EGM shareholder vote in February 2022, reflects the strong alignment and support among the Group's shareholders for the acquisition. Of course, I am delighted to welcome our new shareholders to the Group.

SocietyOne's fixed rate personal loan product increased the Group's gross customers receivables by $396 million as at 30 June 2022, 29% of the Group's total. This balance alongside expected scale benefits from accessing over 200,000 Credit Score product customers, customers from the Banking-as-a-Service (BaaS) and the broker channel will further support delivering significant operating leverage through increased scale from the acquisition.

The Group has achieved $7 million of acquisition related annualised expense savings as at 30 June 2022. This is ahead of plan with greater than $17 million in annualised expense savings expected to be realised during FY23. The team are on track to complete the transition of new fixed rate personal loan assets to the MONEYME Horizon technology platform before 31 December 2022, ahead of plan, delivering important further synergies and an uplift in the customer experience. The Group is also well placed to benefit from the diversification of its funding platform with four additional on balance sheet funding structure arrangements becoming part of the consolidated group in FY22.

The revenue synergy opportunity from the SocietyOne customer base greater than $15 million per annum. This includes opportunities from marketing MONEYME's diverse product suite to SocietyOne's unique and high-quality customer and introducer base, while turbo charging SocietyOne customer experience using the Horizon platform to reduce time to fund from around 1-2 days to around 1-2 hours. Further revenue opportunities are available through expanding the broker channel, with optimised user experience on Horizon, as well as leveraging the credit score product and exploring the Banking-as-a-Service partnership with Westpac. Both revenue and improved credit risk management benefits are to be delivered from having access to over $2 billion of combined customer origination data supporting advancements in credit underwriting, artificial intelligence (AIDEN®), marketing and customer behaviour analysis.

## Innovation and market leading technology supporting record organic growth

The Group continued to deliver on its growth strategy in FY22 of increasing its addressable market opportunities and diversifying the profile of its customer receivables, by successfully growing its award-winning Autopay product alongside its personal loan and virtual credit account offerings. Non-acquisition related gross customer receivables grew from $333 million in FY21 to $949 million for FY22, representing organic growth of 185%.

MONEYME's secured car finance product Autopay achieved remarkable growth in FY22, growing from $6 million in FY21 to $445 million in gross customer receivables at 30 June 2022. Autopay's high automation, dynamic pricing and best-in-class speed offers secured vehicle finance that can settle within 60 minutes, 7 days a week. Dealers and brokers have rapidly signed up to access the product during FY22, with high product demand expected to continue. The feedback has been overwhelmingly positive, citing Autopay as a real game changer in the auto sector.

FY22 also saw MONEYME make a step change in diversifying its distribution channels with 49% of originations sourced from the direct to business to consumer (B2B2C) distribution channels, up from 9% in FY21. The B2B2C channel has supported the group in achieving considerable further increases to customer receivable asset quality with the average loan size at origination increasing to $18,475 and the average remaining receivable tenor increasing to >50 months.

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

## FY23 and beyond

MONEYME's focus has always been on building a strong foundation for profitable growth and returns, driven by high credit underwriting standards, tech-driven efficiencies, economies of scale, and a diversified product and distribution strategy. The immediate term market environment in Australia, as with many places around the world, is challenging. However, our dynamic and digital operating model, diversified receivables book, and modern and diversified product and distribution channels position us well for even the most challenging of conditions. This includes the ability to pass on market interest rate increases through our largely variable rate product range and a credit risk profile with an increasing proportion of secured asset finance lending.

MONEYME's agility during evolving market conditions is part of what makes MONEYME a strong consumer lender. Our innovation-led business model gives us the edge to recalibrate quickly to deliver profitable returns. With strong unit economics and scale advantages delivered, MONEYME's near term shift in focus from high to more moderated growth will drive an earlier realisation of cash returns. Returns in the immediate term will also be supported through the delivery of over $32 million in annualised cost/revenue synergies from the SocietyOne acquisition.

MONEYME closed FY22 with $384 million in undrawn securitisation funding capacity with structures involving two major Australian banks and two major international banks via five warehouses. The business also expanded its corporate debt funding capability in FY22 through a strategic funding partnership with PEP. Despite current capital market disruptions effectively closing the potential for on-market capital raises, the Group is well placed to access funding from existing arrangements and operating cashflows and access funds from other sources to support growth in the immediate term.

The medium to longer term macroeconomic outlook is positive and our highly driven and capable team remains focused on seizing the opportunities ahead. I am particularly looking forward to fully leveraging MONEYME's repositioned and revitalised brand as an aspirational mass market bank challenger which will support product cross-sell and further low-cost acquisition. The opportunities to execute on our strategy are immense, from expanding our market share across multiple categories, increasing our sales to existing customers with very attractive economics, to leveraging automation and AI to drive amazing customer experiences with unbeatable efficiency.

To our MONEYME shareholders, we are very grateful for your support, and to Team MONEYME, thank you again for achieving the sensational milestones you have and for providing your relentless commitment in this financial year. I am incredibly excited for MONEYME as it progresses to be the #1 challenger to the banks for the digital generation, creating customer value and exceptional experiences that deliver shareholder returns.

Yours sincerely

**Clayton Howes**
Managing Director and
Chief Executive Officer
Sydney, 31 August 2022

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# Sustainability Report

# 2.0

# 2.1 CEO’s address

**MONEYME remains committed to having a positive impact on people and the planet. In FY22, we further increased our focus on Environmental, Social, and Governance (ESG) concerns, and we are very proud of the improvements we have made.**

We recognise that sustainability is ongoing, complex, and evolving issue, and we are committed to continuous improvement when it comes to our approach. We have set ambitious goals for the future, to ensure we are doing our part to preserve the environment, whilst supporting our customers, employees, and the community.

Being a sustainable and ethical business is intrinsic to who we are at MONEYME. We are committed to balancing profit and purpose; delivering shareholder returns, whilst having an overall positive impact on society and the environment. Our updated company core values reflect this ambition, so that sustainability remains front of mind in everything we do.

**Our Values:**

***We challenge***

We dare to question, we aim higher, and we fight for better

***We move fast***

We exist to save you time, we drive change, and we move in the same direction

***We have heart***

We are bold, we lead with purpose, and we are passionate about our people and planet

Our approach to the environment and communities we work in goes beyond just meeting regulations or ticking boxes. We have embedded environmental and social considerations into our decision-making processes and into the wider governance of the company.

ESG is a major focus for the company both now and into the future. This Sustainability Report provides an opportunity for us to formally recognise our ESG initiatives and performance in FY22, and to highlight some of our goals for FY23 and beyond.

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

**Seeking B Corp Certification**

We are aligning our sustainability approach to internationally recognised frameworks and standards, and are progressing well towards B Corp Certification.

**Remuneration tied to ESG performance**

ESG performance accounts for 30% of the CEO and CFO's long-term incentive, and 10% for all employees on our equity incentive plan.

**Environmental & Social Policy**

Our Environmental & Social Policy requires Directors and Officers to consider the impact of their decisions on a range of ESG-related stakeholders.

**Improving climate disclosures**

We included our TCFD-aligned actions scorecard in this Sustainability Report, and we have already achieved a number of those key actions.

**Measuring our carbon emissions**

We measure and report our Scope 1, 2, and 3 greenhouse gas emissions. In FY22, we had minimal Scope 1 and 2 emissions, only 23.40 $tCO_2e$.

**Benchmarking employee engagement**

Our employee engagement score of 87% in FY22 is well above relevant industry benchmarks.

**Improving diversity**

Female representation in our workforce is 42%. A key focus for FY23 is to achieve higher female representation at a senior management and board level.

**Supporting our community**

We are the principal partner for Canteen's Education and Career Support Service. In FY22, we contributed >$110,000 to this partnership.

**Mitigating modern slavery**

We published our inaugural, voluntary Modern Slavery Statement in FY22, and we have implemented a number of actions to mitigate modern slavery risks.

**Providing financial wellness support for customers**

We offer products that support the financial wellness of our customers, including our free Credit Score tool, which has been used by >200,000 customers.

# 2.2 Our approach to sustainability

We approach sustainability with a genuine desire to create change and seize opportunity. Our intention is to be a world-class ESG performer, and although we have some way to go, we are accelerating towards this goal. In order to measure and improve our sustainability, we have aligned our approach to B Corp Certification.

We are aligning our ESG efforts to B Corp as;

- it is well renowned;
- it provides great coverage across the full domain of ESG;
- it uses a very specific and quantitative impact measurement regime; and
- it requires external verification and public disclosure.

In order to seek B Corp Certification a company is required to receive 80+ points on the B Impact Assessment (BIA), B Corp's comprehensive impact management tool. The BIA measures a company's impact across five key areas: Governance, Workers, Community, Environment, and Customers. Our improvement in self-assessed BIA scores across these five areas in FY22 is summarised below:

| | Governance | Workers | Community | Environment | Customers | TOTAL |
|---|---|---|---|---|---|---|
| **30 June 2022** | 12.0 (↑94%) | 27.2 (↑26%) | 21.9 (↑123%) | 11.1 (↑517%) | 8.2 (↑30%) | **80.4 (↑76%)** |
| **30 June 2021** | 6.2 | 21.6 | 9.8 | 1.8 | 6.3 | **45.7** |

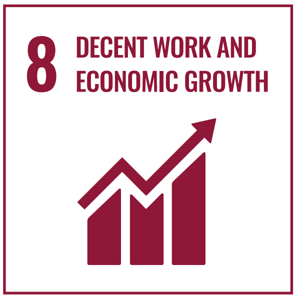
Our total score improved by 76% from 30 June 2021 to 30 June 2022, and this reflects the initiatives we have taken in FY22, as summarised in this report. Given that our self-assessed BIA score has now surpassed the 80-point threshold we intend to complete our submission for B Corp Certification in FY23. We also intend to broaden our constitution to meet the B Corp legal requirement. This requirement commits B Corps to a higher standard of accountability in their decisions by including purpose and stakeholder statements in their constitutions. This signals to investors, employees, and Directors that environmental and social considerations are embedded into the core of the business. We intend to seek shareholder approval for the two additions to our constitution at our upcoming Annual General Meeting (AGM) in November 2022.

In addition to B Corp, we are aligning our sustainability approach to a number of other internationally recognised reporting frameworks and standards. In particular, our climate-related reporting, as seen in the Environmental section of this report, is aligned to the Task Force on Climate-Related Financial Disclosures (TCFD) framework. We are also developing the means to report in line with the Global Reporting Initiative (GRI) Standards, and we intend to conduct a thorough materiality assessment in FY23, which will include stakeholder engagement, as is recommended by the GRI Standards.

The UN Sustainable Development Goals (SDGs) provide a further lens by which we look to measure and improve our environmental and social impact. The SDGs are 17 global goals set by the United Nations, which are intended to address the global challenges we face and help achieve a better and more sustainable future for all. MONEYME has identified four key SDGs which are of particular relevance to our business, those are:


We care deeply about supporting our employees' health and wellbeing, and the financial wellbeing of our customers.


We know that diversity helps us win, so we intend to champion gender equality in our workforce and support women in tech.




Our employees make us tick, and we want to provide them with an amazing place to work, especially as we continue to grow.


Climate change represents a very serious threat to our environment and economy, and we will do are part to help counteract this.

# 2.3 Governance

We have continued to improve our corporate governance policies and practices in FY22, maintaining our focus on implementing good governance values and conduct across the Group. MONEYME's August 2022 ASX Corporate Governance Statement outlines how the governance practices of the Group comply with the recommendations made by the ASX Corporate Governance Council in the fourth edition of the Council's Corporate Governance Principles and Recommendations. We also recognise that integrating environmental and social considerations into our Corporate Governance framework is a crucial step to elevate ESG concerns and improve our sustainability performance.

**Linking ESG to Remuneration**

One of the key ways we have embedded ESG into our governance is through updating employee remuneration to include ESG performance conditions;

- ESG performance now accounts for 30% of the CEO and CFO long-term incentive, and 10% of their short-term incentive; and
- ESG performance also accounts for 10% of the Employee Equity Incentive Plan for all employees.

Updating Key Management Personnel (KMP) remuneration to include ESG performance conditions is an important initiative, and one that is becoming more common in the market. Including ESG performance conditions in all employees' remuneration is, however, an industry-leading action, and speaks to MONEYME's commitment to embed ESG into everyday decisioning.

The metrics we used to measure our ESG performance for remuneration purposes in FY22 were aligned to the B Corp framework and to improving our BIA score. The targets included in our FY22 ESG scorecard cover a range of key sustainability issues, including, but not limited to:

- improving environmental office management and implementing green product incentives;
- improving diversity and employee engagement in our workforce;
- implementing meaningful community partnerships, and reviewing our major suppliers on ESG matters;
- ensuring high customer satisfaction and responsible lending practices; and
- integrating ESG into our governance framework.

**Our Environmental and Social Policy**

In FY22, we implemented a Group Environmental & Social Policy, which was reviewed and approved by the Board. This policy details how the Group manages, measures, and reports environmental and social considerations, including environmental and social risk.

We have included environmental and social risk as one of the Group's 10 Key Risk Areas. As a result, the processes for identifying, assessing, and managing environmental and social risk are integrated into our overall risk management framework. We have implemented specific ESG Key Risk Indicators and are managing environmental and social risk through the Group's Risk, Issues, & Opportunities Register, with oversight from the Board and the Audit and Risk Management Committee.

Perhaps most significantly, our Environmental & Social Policy also requires Directors and Officers of the company to consider the impact of their decisions on a range of ESG-related stakeholders, both internal and external to the company. These stakeholders, which include employees, customers, the community, and the environment, are to be formally considered at all Board, Board Committee, and Management-Level Committee meetings. This is a significant step in integrating ESG into our governance framework and we intend to go further by reflecting these ESG-related considerations in the Group's constitution, which we will seek shareholder approval for at our AGM in November.

Other key governance-related achievements in FY22 include:

- appointing a Board Director with extensive corporate management experience in financial services sector;
- completing an assessment of the Board's performance, skills, and experience, and the performance of all of our Management-level committees;
- appointing an outsourced internal audit function, and developing a 3-year internal audit plan, which is to commence in FY23;
- reviewing and amending the Group's risk management framework;
- reviewing and updating the Group's Board and Committee charters and policies, including integrating the value from SocietyOne's policies into the Group's policy framework;
- completing our 2021 AGM with all proposed resolutions approved in full; and
- continuing to release comprehensive market updates, including issuing insightful annual and interim period reporting, and other market updates covering key items such as funding and product developments.

The Group intends to achieve its target of greater than 30% female representation on the Board by 30 June 2023. In FY22, MONEYME appointed Mr David Taylor as a Director through the acquisition of SocietyOne, and as a result we were unable to complete the appointment of an additional female Board member, as originally intended. As well as appointing an additional female Director, other priority governance-related actions for FY23 and beyond include:

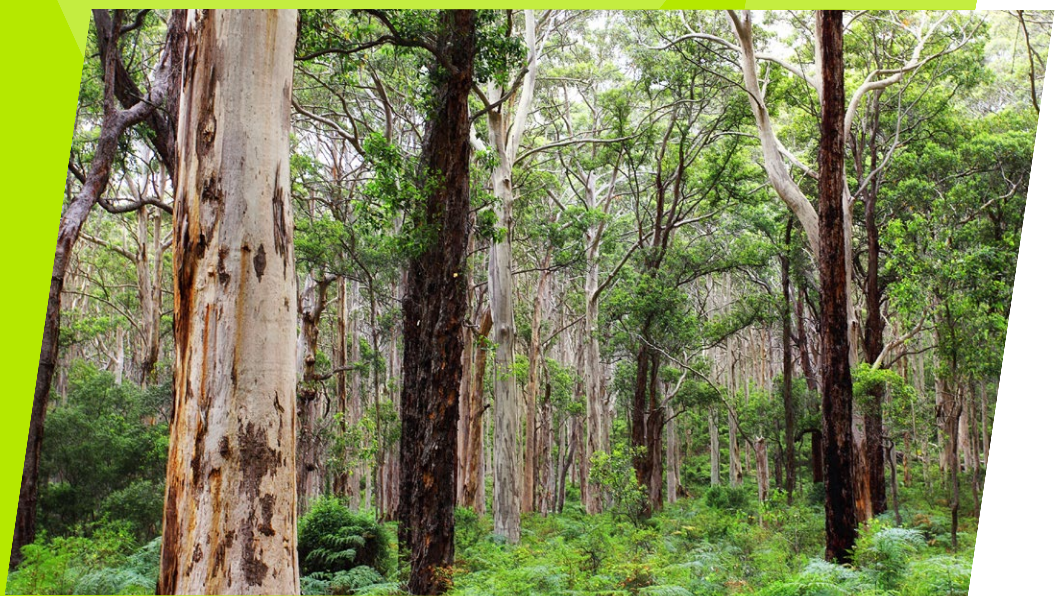
- broadening the Group's constitution to reflect ESG considerations;
- applying for B Corp certification; and
- continuing to review and improve ESG integration and environmental and social risk management processes.

# 2.4 Environment

**Climate change poses a significant risk to our environment, economy, and community, and we recognise that MONEYME has a role to play in helping Australia meet the targets of The Paris Agreement. We are committed to taking action on climate change, decarbonising our business, and improving our overall environmental impact.**

The nature of our company as a digital lender with no manufactured products means our environmental impact is comparatively minimal. We still care a great deal about this issue; as do our customers, employees, and the communities we work in.

We intend to be carbon neutral certified, utilising renewable energy, and reducing our waste production well before the 2050 Paris Agreement target. We have already measured our Scope 1, 2, and 3 greenhouse gas (GHG) emissions for FY21 and FY22, as is reflected in this report. This is an important step towards improving our environmental impact, and given we now have this information we can begin setting science-based emissions reduction targets and measuring our progress against these. We will develop this emissions reduction plan over the course of FY23, and this in turn will support us in reaching our goal to become carbon neutral certified in the coming years, as well as developing our net-zero emissions target.



## The Task Force on Climate-Related Financial Disclosures

We have adopted the TCFD framework and are working to align our climate-related reporting to the TCFD recommendations. As a result, we identified a number of key actions in each of the four thematic areas referenced by the TCFD: Governance, Strategy, Risk Management, and Metrics & Targets. We achieved the majority of these in FY22, as outlined in the accompanying table. The remaining actions will be a key focus for FY23 as they are crucial in helping us improve our environmental performance and disclosures.

| Area | Current Key TCFD-Related Actions | Pre-FY22 | FY22 | FY23 |
|---|---|---|---|---|
| **Governance** | A dedicated resource appointed to improve ESG outcomes. | Achieved | | |
| | ESG Scorecard implemented to measure and improve ESG performance, the ESG scorecard is approved by the Board annually, and performance against this scorecard is reported to Board every six months. | | Achieved | Ongoing |
| | Environmental & Social Risk identified as one of 10 Key Risk Areas (KRAs) and is considered in quarterly risk management reporting to the Operational Risk & Compliance Committee (ORC), the Audit & Risk Management Committee (ARC), and the Board. | | Achieved | Ongoing |
| Completed approx. 75% of actions | Updated employee remuneration to include ESG performance conditions: 30% of the CEO and CFO long-term incentive and 10% of their short-term incentive, and 10% of the Employee Equity Incentive Plan for all employees. | | Achieved | |
| | Environmental & Social Policy implemented and approved by the Board. This policy not only details environmental and social risk management processes, but also requires Directors and Officers to consider the impact of their decisions on a range of ESG-related stakeholders, both internal and external to the company. | | Achieved | |
| | Amend the Group's Constitution to reflect the same stakeholder considerations that are detailed in the Group's Environmental & Social Policy. | | | Target |
| **Strategy** | Material environmental & social risks are reported in the Group's annual Corporate Governance Statement, and currently no material risks have been identified. | Achieved | Achieved | Ongoing |
| | Conduct further climate-related risk assessments, considering both transition and physical risks over the short, medium, and long-term, and disclose this information in alignment with TCFD recommendations. | | | Target |
| Completed approx. 25% of actions | Capitalise on environmental opportunities, in particular product incentives such as a plastic-free virtual Freestyle credit card, a carbon offset and tree-planting initiative, and an electric vehicle finance incentive through Autopay. | | Achieved | Ongoing |
| | Conduct climate-related scenario analysis, including considering a 2°C or lower scenario. | | | Target |
| **Risk Management** | MONEYME's Operational Risk Assessment Matrix is used for identifying and assessing climate-related risks. | | Achieved | |
| | Climate risk is managed through specific environmental and social risk Key Risk Indicators (KRIs) and through the Group's Risk, Issues, & Opportunities Register, both of which are reported to the ORC, ARC, and Board quarterly. | | Achieved | |
| Completed approx. 100% of actions | Environmental and social risk is one of the Group's 10 KRAs, and the processes for identifying, assessing, and managing climate-related risks are integrated into the Group's overall risk management framework. | | Achieved | |
| | Review and update environmental and social KRIs in order to manage rapidly changing nature of climate-related risk. | | Achieved | Ongoing |
| **Metrics & Targets** | Aligned ESG performance measurement, including climate-related risks and opportunities, to the B Corp Impact Assessment, which provides detailed and tangible performance measurement and management. | | Achieved | Ongoing |
| | Measure the Group's Scope 1, 2, and 3 GHG emissions, and report this to the market. | | Achieved | Ongoing |
| Completed approx. 50% of actions | Set science-based GHG emissions reduction targets and report performance against these targets to the market on an ongoing basis. | | | Target |

Achieved Target Ongoing

## Our GHG emissions

In FY22, we took the important step of measuring our Scope 1, 2, and 3 GHG emissions. We are proud that our operations have a relatively small impact on the environment. In FY22, we limited our tonnes of carbon dioxide equivalent ($tCO_2e$) in the Scope 1 category to 2.67, a very minimal amount. Our Scope 2 emissions reflect the electricity usage in our offices. We currently utilise 100% carbon neutral energy in our Sydney office, which offset more than 35 $tCO_2e$ in FY22. In FY23, we intend to take this a step further, sourcing renewable energy wherever possible.

Our Scope 1 and 2 emissions decreased by 64% in FY22 to just 23.40 $tCO_2e$, despite the business growing significantly in the past 12 months. Our carbon intensity for Scope 1 and 2 emissions per $1 million of revenue was 0.16 $tCO_2e$ (1.14 $tCO_2e$ in FY21), and our Scope 1 and 2 GHG emissions per employee was 0.16 $tCO_2e$ (0.84 $tCO_2e$ in FY21). Both figures demonstrate that MONEYME has a minimal impact on the environment. We acknowledge that there is always room for improvement, particularly as we consider our GHG emissions beyond Scopes 1 and 2. We are committed to continuing to decarbonise our business wherever possible, with the intention of becoming carbon neutral certified under the Climate Active Carbon Neutral Standard in the coming years.

Although we have less control over our Scope 3 GHG emissions, we remain committed to measuring and reducing these emissions as much as possible. We also acknowledge that our gross Scope 3 emissions are likely to continue to increase year-on-year as the business grows. Our Scope 3 emissions increased by 125% in FY22 compared to FY21, which was primarily driven by a 178% increase in GHG emissions associated with professional services. This emissions category accounted for 77% of our total net FY22 GHG emissions, and it includes emissions associated with the business' advertising, banking and borrowing costs, accounting, legal, and technical services such as outsourced Manila staffing. Business expenditure in these areas increased significantly in FY22, driven by organic growth, the acquisition of SocietyOne, and the revamping of the MONEYME brand and associated advertising campaigns.

| Scope | FY21 ($tCO_2e$) | FY22 ($tCO_2e$) |
|---|---|---|
| **Scope 1 Emissions** | **5.35** | **2.67** |
| 1. Company vehicles – fossil fuels | 5.35 | 2.67 |
| **Scope 2 Emissions** | **60.02** | **20.73** |
| 1. Electricity – direct purchase | 60.02 | 20.73 |
| **Scope 3 Emissions (excluding financed emissions)** | **1,855.90** | **4,175.99** |
| 1. Accommodation | 33.28 | 57.06 |
| 2. Air travel | 6.87 | 66.33 |
| 3.Base buildings | 86.43 | 99.95 |
| 4. Cleaning services & chemicals | 51.18 | 29.68 |
| 5. Cloud computing services | 61.86 | 79.85 |
| 6. Company owned vehicles (upstream emissions) | 1.47 | 0.59 |
| 7. Construction and material services | 171.48 | 52.65 |
| 8. Food & catering | 59.31 | 56.01 |
| 9. ICT services & equipment | 22.96 | 156.76 |
| 10. Non-company owned vehicles | 1.32 | 2.52 |
| 11. Office furniture | 0.31 | 2.26 |
| 12. Paper | 0.04 | 0.06 |
| 13. Postage & couriers | 8.86 | 7.81 |
| 14. Printing & stationary | 10.41 | 2.28 |
| 15. Professional services | 1,162.15 | 3,236.34 |
| 16. Public transportation | 0.24 | 0.30 |
| 17. Staff commuting | 63.00 | 78.14 |
| 18. Taxi & rideshare | 3.02 | 2.70 |
| 19. Telephone & internet | 49.08 | 74.96 |
| 20. Venue hire | 16.60 | 86.94 |
| 21. Waste | 12.47 | 17.87 |
| 22. Working from home | 33.56 | 64.93 |
| **Total Net GHG Emissions** | **1,921.27** | **4,199.39** |

The increase in our FY22 Scope 3 emissions is strongly linked to:

(1). Significant business growth; and

(2). Our transitioning out of a COVID environment.

FY22 saw MONEYME grow significantly, both organically and inorganically through the March acquisition of SocietyOne. For comparison, in FY22 our revenue increased by 148% compared to the prior year, our customer receivables by 305%, and the number of employees by 88%, so we believe the 125% increase we have observed in Scope 3 emissions is understandable.

Measuring and reporting our GHG emissions was a major ESG-related focus for FY22, and we believe that being able to achieve this in just one year demonstrates MONEYME's strong commitment to sustainability. We engaged external Climate Active registered consultants to assist with calculating our emissions in accordance with the GHG Protocol, and to verify our emissions boundary, ensuring that all emission sources relevant to our business operations were included in our measurement for FY21 and FY22.

The GHG emissions figures included in this version of the FY22 Sustainability Report are management's numbers. We are currently undertaking a limited assurance engagement with Deloitte, relating to the sustainability activity data used to calculate Scope 1, 2, and 3 carbon emissions. Once this engagement is complete, we intend to re-release this Sustainability Report as a standalone report, which will also include Deloitte's limited assurance opinion.

## MONEYME Autopay

**We've offset the emissions produced from driving over...**

**9,000,000km**

✔ Conserving biodiversity ✔ Restoring natural habitats

In partnership with Greenfleet

### Offsetting our customers' emissions

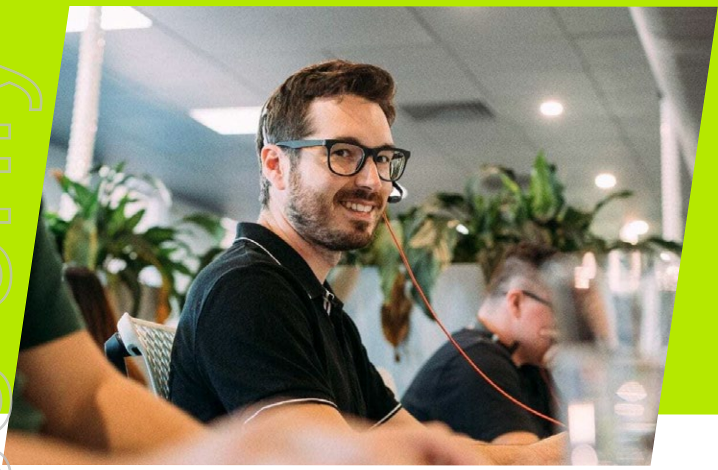
In FY22, we implemented a carbon-offset initiative for our Autopay customers. We voluntarily offset the carbon emissions produced from the first 1,000 kilometres driven in cars purchased via Autopay. These emissions are offset through a tree-planting project in partnership with the environmental charity Greenfleet. Greenfleet plant thousands of legally protected native trees in Australia, conserving biodiversity and restoring habitat for wildlife. In FY22, we offset the emissions produced from over 9 million kilometres driven, equivalent to over 224 laps around the world, or 11 laps to the moon and back.

A key environmental target for FY23 and beyond is to capitalise on the opportunities we see in Australia's shift to a low carbon economy. In particular, we are exploring how our products could not only reward our customers for reducing their environmental impact, but help them do so.

Other key environmental initiatives and achievements in FY22 include;

- implementing an Environmental Policy that includes an environmentally preferable purchasing policy, as well as a list of environmentally preferred vendors for office supplies;
- reviewing the environmental impact of our major suppliers, none of which were assessed as having a significant negative impact on the environment;
- reviewing MONEYME's technology infrastructure and data storage (Microsoft Azure), and default Super provider (Australian Super), both of which were found to be satisfactory given their minimal negative impact on the environment;
- engaging with our building managers and cleaners to improve waste management outcomes, including implementing recycling programs and non-toxic cleaning products;
- engaging with industry bodies such as the Clean Energy Finance Corporation and the Australian Sustainable Finance Institute on climate-related matters; and
- continuing to execute our digital business model with virtual products that minimise our, and our customers' waste production, including our 100% plastic-free virtual credit card, MONEYME Freestyle.

# 2.5 Our employees



**MONEYME's employees and culture are core to who we are. We know that without a high-performing and engaged Team MONEYME, we will not achieve our ambitious goals for the future. In FY22, we implemented a series of employee-related initiatives to continue to cultivate our great culture.**

### Measuring our engagement

Our employee engagement program involves conducting engagement surveys of all staff, to measure and benchmark employee engagement every six months. Our overall engagement scores were 89% in September 2021 and 87% in March 2022, both of which are significantly higher than the Australian benchmark of 72%, the Australian financial industry benchmark of 73%, and the international Fintech benchmark of 72%. We will continue to measure engagement and benchmark ourselves against relevant industry standards, and we intend to maintain scores above 80%.

### Diversity will help us succeed

We understand that a strong diversity, equity, and inclusion (DEI) strategy and performance is crucial to our success. That's why we established a DEI working group in FY22 to help formalise and improve our DEI strategy and performance. This working group implemented anonymous diversity surveys to broaden our measurement of diversity in our workforce, including factors such as racial diversity, sexuality, gender identity, and disability status. We found that >35% of our staff identified as being from a racial or ethnic minority group, and this figure was 50% at a senior management level.

Female representation in our general workforce is at 42% as of 30 June 2022, which is greater than our 40% target. In FY22, 48% of employees we recruited in Australia were female, and in the Philippines that figure was 49%. We are still progressing towards our target of 20% female representation in our executive team and 30% at a Board level. At 30 June 2022, our rates were 18% and 17% respectively. Our intention was to recruit at least one female into our senior executive team in FY22, however these roles were instead filled by male SocietyOne executives through the acquisition in March 2022. We acknowledge that improving female representation at a senior executive and Board level are key areas of improvement for us, and we intend to achieve >30% female representation on the Board before 30 June 2023.

**87%**
**Employee engagement score in FY22**

**97%**
**Employees believe that our commitment to social responsibility is genuine**

**80%**
**Employees taking part in our equity incentive plan*+**
(Improved from 69% in FY21)

**88%**
**Job growth rate in FY22~**

**21%**
**Employees promoted internally in FY22**

**42%**
**Female representation in the general workforce***
(Improved from 41% in FY21)

**>35%**
**Employees identify as being from an ethnic minority group**

**>10%**
**Employees utilising paid community service leave in FY22**

**Only 3.8 days**
**Average number of sick days taken by employees in FY22**
(Increased from 3.4 days in FY21)

* as of 30 June 2022

\+ excludes ex-SocietyOne employees, who were not included in the plan at 30 June 2022 but are included in the FY23 plan.

~ includes inorganic job growth associated with the acquisition of SocietyOne


## Kulture Klub

Our Kulture Klub was established as a committee in FY22 to assist in developing and maintaining a strong, safe, engaging, and positive Team MONEYME culture. This committee implemented a range of initiatives in FY22, including;

- improving our Champions Awards program, which celebrates exceptional employees every quarter;
- health and wellbeing programs, including the MONEYME Olympics and a 10,000 steps-a-day challenge; and
- engagement events such as Diversity Day which celebrates the different cultural heritages of our employees.

## MONEYME Impact

In FY22, we launched MONEYME Impact, our employee donation and volunteering program. All employee donations made through the program are matched by MONEYME. In FY22, we implemented a policy for three days of paid community service and volunteering leave for all employees: a generous entitlement that encourages our staff to support the charities and causes they are passionate about. More than 10% of employees utilised their paid volunteering leave to support local charities in the first year of the program, and we intend to provide further volunteering opportunities in FY23 and beyond.

> ***Our afternoon at Our Big Kitchen (OBK) was really beneficial to our team who had the chance to bond whilst cooking for a great cause. After hearing from Rabbi Slavin (the founder) about OBK, I left feeling like I do not do enough for my local community, and it's inspired me to seek out opportunities to volunteer. Thankful to MONEYME for Volunteer Days.***
>
> **Amanda Davenport,**
> **Head of Decision Intelligence**



**Our response to COVID**

During another year impacted by COVID-19, we were determined to give our team the best possible support in a challenging working environment. Actions included flexible working arrangements and paid leave for covid vaccinations. In the end, 97% of employees said they were satisfied with MONEYME's response to COVID-19.

Other key employee-related initiatives and achievements in FY22 include;

- successfully integrating the SocietyOne team and their distinct culture into the MONEYME Group;
- implementing a significant employee policy update, including policies for 5 paid days leave for training & development, and up to four weeks leave for non-viable pregnancies such as miscarriages;
- providing ongoing access to a free, anonymous, and independent Employee Assistance Program, and measuring employee usage of the program to ensure that it is adequately meeting the needs of our team;
- prioritising our employees' career development by encouraging internal applications on all job postings, 21% of our employees were promoted internally in FY22;
- publishing a statement outlining our commitment to equal opportunity and diversity in all job postings; and
- maintaining an acceptable turnover rate of 16%*, which is unchanged from the previous year despite the 'Great Resignation' that the market has observed in the past 12 months.

*excludes employees not passing their probation period, planned contract cessations, and redundancies related to the acquisition of SocietyOne or the discontinuation of the MONEYME+ product.

# 2.6 Our community


**MONEYME strives to be an active and supportive member of the communities we operate in, and in FY22 we implemented a number of community initiatives.**

canteen

**Our partnership with Canteen**

In FY22, we underwent a thorough selection process for our new major charity partnership, including careful due diligence, employee voting, and interviews. We are delighted to have partnered with Canteen for 2022 and beyond.

Canteen is the only organisation in Australia dedicated to providing tailored support for young people impacted by cancer. Every year, another 23,000 people aged between 12 and 25 are impacted by cancer, either through a close family member's diagnosis or their own. Canteen offers both practical and emotional support to help them through a very difficult time in their lives.

MONEYME is the principal partner for Canteen's Education and Career Support Service (ECS), a service that helps young people impacted by cancer return to their educational or vocational plans. Almost 50% of young cancer patients do not return to their pre-cancer plans; a number we are hoping to help Canteen change!

Whilst our financial contribution to Canteen exceeded $110,000 in FY22, the partnership is not purely financial. We have implemented a highly engaged and wholistic partnership with Canteen, which includes opportunities for MONEYME employees to hear from Canteen's inspirational young ambassadors. Our Talent Acquisition Manager has joined Canteen's ECS Steering Group, to help guide the service in providing the right recruitment opportunities. As principal partner of the ECS, we are playing a key role in supporting Canteen's young members in achieving their educational goals and securing employment following their cancer treatment.

> ***Canteen's mission is to be in a young person's corner when cancer crashes into their world. After just six months of support from Canteen, almost two-thirds of young people impacted by cancer report improvements in their mental health and overall wellbeing,"***
>
> ***"Young cancer patients are often stuck in hospital having treatment while their friends are graduating and embarking on their careers. Thanks to MONEYME's support, Canteen's Education and Career Support Service can help young people with cancer get their education and career goals back on track."***
>
> **Peter Orchard, CEO of Canteen Australia**

**Our response to modern slavery**

In FY22, we voluntarily submitted our inaugural Modern Slavery Statement to the Australian Border Force's Modern Slavery Register. The statement publicly acknowledges our commitment to understanding and mitigating the modern slavery risks in our operations and supply chains. We are committed to continuously assessing and improving our modern slavery mitigation actions, and we took several steps to do so in FY22. In particular, we reviewed all of our significant suppliers based on their publicly available ESG and modern slavery related information. Following the review, we developed modern slavery and ESG questionnaires, which will be used to inform our supplier assessments in FY23 and beyond, to ensure we continue to improve our supply chain.

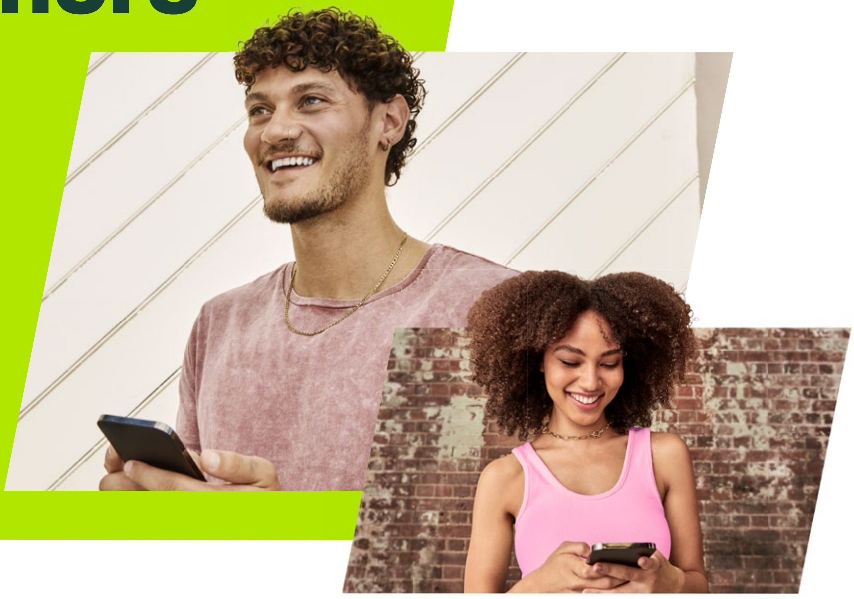
Other community-related initiatives and achievements in FY22 include;

- growing Team MONEYME by 110 new jobs, 68 of which were in Australia at a job growth rate of 88%*, and a further 42 were created in Manila;
- continuing our investment in Newcastle by leasing and fitting out a new office, which will seat up to 70 employees, providing job opportunities outside of the major cities;
- undertaking a rigorous selection process, including employee voting, for our major charity partner in the Philippines, which we are proud to announce is HOPE Worldwide Philippines;
- supporting other charities, including OzHarvest and Greenfleet; and
- including an Acknowledgement of Country as a standing item at companywide updates; this is just a first step and implementing a Reconciliation Action Plan is a key focus for FY23.

*includes inorganic job growth associated with the acquisition of SocietyOne.

# 2.7 Our customers

**MONEYME would not exist without our customers, and we are determined to back their ambitions and support their financial wellbeing.**



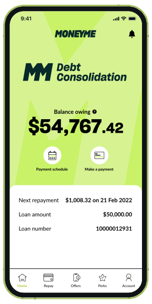
### Supporting financial wellbeing

We recognise that the financial wellbeing of our customers is directly related to the core offering of our business, and is therefore an important sustainability topic for us. MONEYME offers a number of products that explicitly support our customers' financial wellbeing.

The Credit Score product is an important addition to our financial wellbeing offering as it provides customers with personalised and detailed information about their credit score, educational content, and the ability to track their progress over time. As of 30 June 2022, over 220,000 people have used the product and a recent customer survey highlighted its impact with 93% of respondents finding the credit score service helpful, and 66% reporting an improvement in their score since signing up.

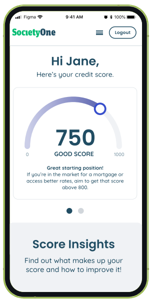
The Credit Score and Bank Account products are both SocietyOne branded products, inherited through the acquisition of the company in March 2022. The Credit Score product will be expanded to service customers under the MONEYME brand in FY23.

MONEYME Freestyle, our virtual credit card, is designed to give customers greater financial control with minimum repayments scheduled over a maximum of 5 years, compared to traditional credit cards with repayments that stretch over decades to compound interest.



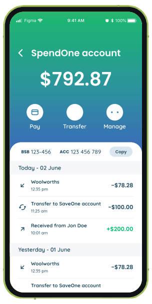

**MONEYME Debt Consolidation**

Allows customers to consolidate outstanding debts into one simple monthly repayment with rates starting lower than major banks.




## Credit Score

Gives customers unlimited access to check their credit score, as well as providing helpful insights from their credit report, and tips on how to improve it.




## SpendOne SaveOne

Savings and transaction accounts with auto-save features to help customers' save as they spend and repay debt faster.

### Our focus on data and cyber security

Protecting our customers data, and the cyber security measures we use to do so, are also both key ESG matters for MONEYME. Our multi-layered approach to data protection includes;

- threat detection systems to detect anomalies and high-risk behaviour;
- end point device management for protection against viruses, trojans, malware and ransomware, and ensuring data is not copied without authorisation;
- vulnerability protection that checks for patch and update gaps in the systems we manage, and email protection to block targeted data mining like phishing or whaling attacks;
- policies and practices to ensure staff maintain strong data management practices; and
- encrypted data protection of all data assets we govern.

During FY22 we implemented a security enhancement program that progressed the hardening of our data assets and processes. We have built new processes and policies to govern this, and have rolled out sensors and scanners to help establish and monitor the security measures required to achieve ISO 27001 and Zero Trust certifications. These represent the gold standard for companies of our stature and ambition, and we are aiming to achieve both in the next 12 months. These measures will allow MONEYME to continue to grow and develop future assets, without the concern of data breaches or incidents.

### Other key customer-related achievements in FY22 include;

0
–100 +100
NPS

Achieving a Customer Net Promoter Score in FY22 of;

- 76 for MONEYME (78 in FY21); and
- 64 for SocietyOne.

Google Reviews

Achieving a Google Reviews rating of;

- 4.7/5* from 1,457 reviews for MONEYME (4.8 in FY21); and
- 4.8/5* from 660 reviews for SocietyOne.

PRODUCT REVIEW .COM.AU

Achieving a Product Review rating of;

- 4.7/5* from 1,363 reviews for MONEYME (4.7 in FY21); and
- 4.8/5* from 2,361 reviews for SocietyOne.

Having very low complaint rates, with only;

- 0.15% of active customers with a complaint to The Australian Financial Complaints Authority for MONEYME (0.1% in FY21); and
- 0.12% of active customers with a complaint to The Australian Financial Complaints Authority for SocietyOne*.

MONEYME
SocietyOne

- Maintaining our commitment to providing affordable credit, with interest rates that range from 6.25% to 25.99%* across the MONEYME and SocietyOne products; and
- Continuing to champion responsible lending practices with less than 3% of our revenue in FY22 coming from late repayment fees (<5% in FY21), this is because we offer customers flexible repayment schedules with no early repayment fees or breakage costs.

*As of 30 June 2022

# 2.8 What's next?

**Our sustainability areas of focus for FY23 and beyond are ambitious, and we believe they will help us become a world-leader in ESG performance.**



**Governance**

(1). Achieving our target of greater than 30% female representation on the Board by appointing an additional female Director by 30 June 2023.

(2). Seeking shareholder approval at the 2022 AGM to broaden the Group's constitution to reflect the B Corp Legal Requirement's purpose and stakeholder statements.

(3). Applying for B Corp Certification.

(4). Conducting a thorough materiality assessment, which includes stakeholder engagement, as is recommended by the GRI Standards.

(5). Continuing to review and improve ESG integration, and environmental and social risk management processes.

(6). Commencing our 3-year internal audit plan with BDO.

**Environmental**

(1). Conducting further climate-related risk assessments, considering both transition and physical risks over the short, medium, and long term, and disclosing this information in alignment with TCFD recommendations.

(2). Capitalising on environmental opportunities, in particular product incentives that reward our customers for reducing their environmental impact, such as an electric vehicle finance incentive through Autopay.

(3). Conducting climate-related scenario analysis, including considering a 2°C or lower scenario, as is recommended by the TCFD.

(4). Sourcing renewable energy for our offices wherever possible.

(5). Setting science-based GHG emissions reduction targets and measuring our progress against these to support us in reaching our carbon neutral certification goals.

**Employees**

(1). Maintaining employee engagement scores of greater than 80%, even as we continue to grow.

(2). Continuing to progress towards our female representation targets of 40% in our workforce, 20% in our senior executive team, and 30% on our Board.

(3). Providing further volunteering opportunities for employees to help increase the utilisation rate of the 3 days paid volunteering leave entitlement.

> *We recognise that sustainability is an ongoing, complex, and evolving issue, and we are committed to continuous improvement when it comes to our approach.*
>
> **Clayton Howes, Managing Director and Chief Executive Officer**

**Community**

(1). Continuing our highly engaged partnership with Canteen, including supporting them through several fundraising initiatives.

(2). Submitting our 2022 Modern Slavery Statement to the Australian Border Forces' Modern Slavery Register.

(3). Distributing our ESG questionnaire to our major suppliers to seek further information regarding their ESG and modern slavery policies and practices.

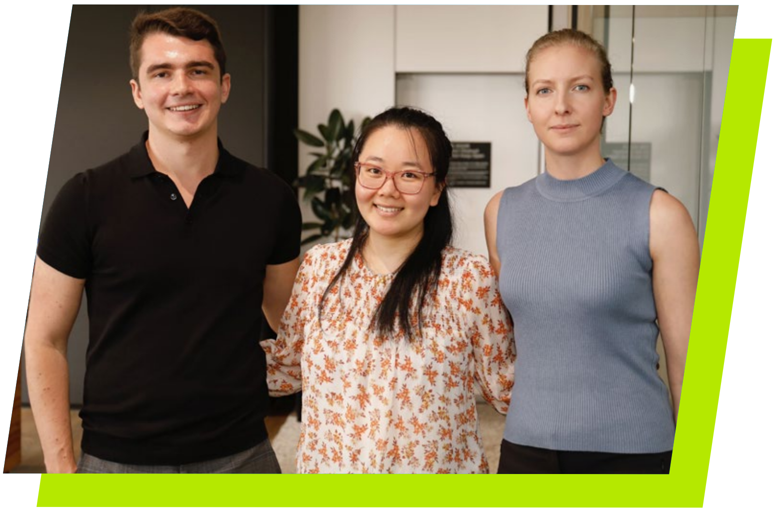
(4). Implementing our inaugural Reconciliation Action Plan to address and improve our engagement with First Nations Australians.

**Customers**

(1). Extending our financial wellness support for customers, including expanding our Credit Score product to service customers under the MONEYME brand.

(2). Achieving ISO 27001 and Zero Trust security certifications.

(3). Continuing to monitor and improve our responsible lending practices, including maintaining less than 1% of active customers with a complaint to The Australian Financial Complaints Authority.



# *Directors' Report*

# 3.0

# Contents

# 3 Directors' Report

The Directors present their report together with the Consolidated Financial Statements and accompanying Notes of MoneyMe Limited (the Company) and its controlled entities (the Group) for the period ended 30 June 2022 (FY22).

**Information about the Directors**

The Directors of the Company at the date of this report were Peter Coad, Clayton Howes, Jonathan Lechte, Susan Wynne, Scott Emery, and David Taylor. The Directors held office during the whole of the financial year and since the end of the financial year except for David Taylor, who was appointed on 15 March 2022.

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

| Meetings of Directors | Board | | Audit and Risk Committee | | Remuneration and Nomination Committee | |
|---|---|---|---|---|---|---|
| | Eligible To Attend | Attended | Eligible To Attend | Attended | Eligible To Attend | Attended |
| **Peter Coad** | 17 | 17 | 4 | 4 | 2 | 2 |
| **Clayton Howes** | 17 | 17 | – | – | – | – |
| **Jonathan Lechte** | 17 | 15 | 4 | 4 | – | – |
| **Susan Wynne** | 17 | 16 | – | – | 2 | 2 |
| **Scott Emery** | 17 | 16 | 4 | 3 | 2 | 2 |
| **David Taylor** | 4 | 4 | – | – | – | -- |

The following table sets out each Directors' relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report:

| Director Shareholdings, Options and Rights | Shareholdings | Options | Rights |
|---|---|---|---|
| | No. | No. | No. |
| **Peter Coad** | 731,326 | – | 100,000 |
| **Clayton Howes** | 50,420,717 | – | 504,449 |
| **Jonathan Lechte** | 731,326 | – | 100,000 |
| **Susan Wynne** | 30,000 | – | 30,000 |
| **Scott Emery** | 46,308,802 | – | – |
| **David Taylor** | 34,015 | – | – |

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

**Peter Coad**

*Independent Non-Executive Chair*

Peter joined MONEYME as the independent Non-Executive Chair in October 2019. Peter is also a member of the Audit and Risk Management Committee.

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

**Clayton Howes**

*Managing Director and Chief Executive Officer*

Clayton is a founder and has been the Chief Executive Officer of MONEYME and a Director since its inception.

Clayton has more than 20 years experience in the development of brands, business strategy and innovation. He has a strong background of executing capital strategies, building new technologies to replace legacy processes, and fostering highly engaged and rewarding team cultures. Prior to establishing MoneyMe, Clayton spent eight years at Vodafone and Vodafone Hutchinson Australia where his roles included Head of Retail Channels & Head of Retail Transformation, Head of Sales Strategy & Distribution Management, Head of Sales Investments & Planning and Commercial Finance Manager. During this time, Clayton was responsible for strategy, finance, sales, and business transformation. Clayton previously worked for GlaxoSmithKline in United Kingdom within Strategic Mergers Management and Planning.

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

**Jonathan Lechte**

*Independent Non-Executive Director*

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

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

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

**Susan Wynne**

*Independent Non-Executive Director*

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

Susan has more than 20 years corporate and government experience, specialising in brand and business development, stakeholder management, corporate affairs, and public relations. Susan has served on Woollahra Council since 2008, including terms as Deputy Mayor, and Mayor in 2011/12 and again in 2019. With a strong focus on corporate social responsibility, Susan is National Chair of Australian Red Cross Society of Women Leaders. She is a graduate of the Australian Institute of Company Directors and Affiliate of the Governance Institute of Australia.

**Scott Emery**

*Non-Executive Director*

Scott Emery has been a Non-Executive Director of MONEYME from an early stage of the business. He is a member of the Audit and Risk Management Committee and Remuneration and Nomination Committee.

Scott has over 30 years experience in establishing and successfully running property development and accommodation sector companies across Australia. Scott is the founder and managing director of a national commercial building company, Yarra Valley Commercial, established in 1986.

**David Taylor**

*Independent Non-Executive Director*

David was a director of SocietyOne Holdings Pty Limited (SocietyOne) from March 2018 until the completion of MONEYME's acquisition of SocietyOne (Completion), as announced to ASX on 15 March 2022. His appointment was made in accordance with the terms of the Merger Implementation Agreement between MoneyMe Limited, SocietyOne and others, which provided for SocietyOne to nominate a person to become a director of MoneyMe with effect from Completion.

David has over 30 years of financial services experience across retail banking, payment systems, superannuation, wholesale banking, funds management, capital markets and fintech partnerships. From 2010 until July 2021, David was the CEO of G&C Mutual Bank, where he remains a director. He previously held senior executive positions at Credit Union Services Corporation (CUSCAL) and Finance Industry Consulting Services. David is also currently a director of CUFSS Limited, and Shared Service Partners Pty Limited. David holds a First-Class Honours Degree in Political Economy from the University of Adelaide and is a Member of the Australian Institute of Company Directors.

**Information about the Company Secretary**

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

**Principal activities**

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

**Operational highlights**

***SocietyOne acquisition***

The MONEYME Group acquired the SocietyOne business in March 2022 for $113 million with over 230,000 customers and a $0.4 billion loan book as at 30 June 2022. The acquisition consideration comprised 89% of SocietyOne shareholders receiving 66.4 million MONEYME shares and 11% receiving a cash consideration that totalled $15 million. The acquisition is expected to deliver over $17 million in annualised expense synergies and $15 million in annualised revenue synergies before FY24. Other expected acquisition benefits include access to low-cost origination via a Credit Score tool which has over 200,000 customers and from a BaaS offering.

***Autopay***

MONEYME's secured car finance product Autopay received the Canstar Innovation Excellence Award in 2022 in recognition of the game-changing solution it represents for the market. Autopay's innovation saw its gross customer receivables grow from $6 million at 30 June 2021 to $445 million at 30 June 2022, 6,990% growth. The growth in Autopay has been instrumental in further diversifying the Group's customer receivables from 2% of secured gross customer receivables at 30 June 2021 to 38% at 30 June 2022.

***Distribution channel diversification***

The Group significantly diversified its direct to business to consumer (B2B2C) distribution channels from 9% of originations in FY21 to 49% in FY22.

***New branding***

The Group executed a highly visible and effective rebrand, first launched into market in March 2022, in connection with the SocietyOne customer engagement strategy. The rebrand positions the Group as an aspirational mass market bank challenger that will support product cross-sell and low-cost asset acquisition. The Group also acquired the SocietyOne brand in FY22 that has supported delivery of over $1 billion in originations to 30 June 2022.

***Funding and liquidity diversification***

The Group's debt funding program expanded significantly in FY22 to reflect $1.7 billion in funding facility limits across 8 funding structures at 30 June 2022, from $0.3 billion across 3 structures at 30 June 2021. The Group's warehouse funding facilities at 30 June 2022 include investments by 2 major Australian banks and 2 major global banks and a number of reputable mezzanine financiers. The Group's debt funding mix at 30 June 2022 also includes two term securitisations and a $75 million structured debt facility which replaced a $15 million corporate debt facility that was settled in FY21.

***Debt sale program***

FY22 saw the development and launch of the Group's inaugural debt sale program with $11.8 million sold to high quality recovery providers in FY22. The Group has agreed forward flow debt sale arrangements the continue into FY23.

***Customer experience***

The Group has continued to deliver consistently high customer Net Promoter Score (NPS), with an NPS score of 76 as at 30 June 2022. This market leading NPS score reflects the ongoing achievement of efficient underwriting experiences, with personal loan and secured asset application to cash advance times regularly delivered in under an hour.

***Environmental, Social and Governance***

The Group delivered a significant number of initiatives in FY22, which have resulted in a self-assessed B Impact Assessment score greater than the requirement for B Corp Certification, which the Group will apply for in FY23. Key sustainability initiatives from FY22 include measuring and reporting MONEYME's Scope 1, 2, & 3 GHG emissions, publishing our inaugural voluntary Modern Slavery Statement a year ahead of formal compliance requirements, and the initiation of a formal external employment engagement survey process with a score of 87% in FY22, significantly higher than the Australian benchmark of 72%. The Group is also proud to have initiated a partnership with Canteen in FY22 to help young people impacted by cancer achieve their educational or vocational goals.

MONEYME has also updated its remuneration structures for all employees to include ESG performance conditions. ESG performance accounts for 30% of the CEO and CFO's long-term incentive, and 10% for all employees on our equity incentive plan.

The Group's Risk Appetite Statement was expanded in FY22 to include Governance, Environmental & Social, and Cyber Risk as specific standalone areas of focus. The Group's Environmental & Social Policy requires Directors and Officers of the company to consider the impact of their decisions on a range of ESG-related stakeholders, both internal and external to the company. The Board decision to appoint BDO as Internal Auditors is also expected to further strengthen the Group's controls and risk management processes, as is the appointment of the highly respected and credentialled David Taylor to the board in March 2022. The Group further added to its risk management capabilities through key hires via by the SocietyOne acquisition.

***Horizon technology investment and innovation***

The Group continued to invest proactively in its proprietary technology platform in FY22 to deliver innovative, efficient, and effective solutions for the business.

MONEYME launched a new personal loans broker portal in December 2021 and expanded its ListReady product offering from B2B2C only to be available direct to consumer. The business has also been progressing new product innovation and product enhancements to be released in the first half of FY23.

***Credit risk management and quality***

FY22 saw the Group achieve considerable increases to its customer receivable asset quality with the average Equifax score increasing to 704, average loan tenor at origination increasing to $18,475 and the average remaining receivable term increasing to >50 months.

The COVID-19 pandemic has continued to bring about challenges for the industry in FY22. From the Group's perspective, COVID-19 continues to impact a number of areas as noted in the Financial Report. The Group's online, low fixed cost and recurring revenue business model mean that these challenges have been manageable. The COVID-19 environment in FY22 has not had a direct visible impact on provisioning, defaults, or losses in FY22.

The macroeconomic environment in FY22 has led to elevated used car asset values with access to new cars restricted. The Group's credit risk processes have been calibrated to support appropriate consideration and management as a result.

**Financial highlights**

Key financial measures with comparatives are provided below.

Revenue growth in FY22 materially reflects growth in the gross customer receivables. This includes both the benefit of organic growth and a contribution from the SocietyOne business assets being consolidated to the Group from the 15 March 2022 acquisition date.

The average cost of funds for FY22 was slightly below FY21 despite a significant increase in borrowings which grew from $0.3 billion in FY21 to $1.4 billion. Marginal cost of fund reductions achieved throughout the year have largely been offset by market base rate increases.

| | **30 June 2022** | **30 June 2021** |
|---|---:|---:|
| Gross revenue ($'000) | 143,073 | 57,575 |
| Average cost of funds | 4.6% | 5.1% |
| Core office operating expense as % average gross customer receivables | 4.5% | 9.5% |
| Net losses as % average gross customer receivables | 3.7% | 5.0% |
| Net profit / (loss) after tax ($'000) | (50,364) | (7,929) |
| Cash and cash equivalents ($'000) | 80,675 | 26,164 |
| Gross customer receivables ($'000) | 1,345,276 | 332,550 |
| Gross customer receivables provision as % gross customer receivables | 6.1% | 7.9% |
| Total assets ($'000) | 1,471,794 | 345,973 |
| Total equity ($'000) | 91,276 | 40,238 |

The Group's operating expense ratios continued to demonstrate significant leverage in FY22 with core office operating expense as % gross customer receivables reducing to 4.5%. This reflects the high level of automation in the Group's operating processes and support from the use of lower cost jurisdictions.

Net losses as % gross customer receivables reduced to 3.7% in FY22. This reduction reflects in part the introduction of a debt sale program in FY22 with $11.8 million sold to high quality recovery providers in FY22. The result also reflects the Group's ongoing focus to support robust credit risk processes and a diversification towards to include secured assets with the Group's customer receivables reflecting 38% of secured gross customer receivables at 30 June 2022 compared to 2% at 30 June 2021.

The statutory net profit after tax (NPAT) loss reflects revenue growth offset by operating expenses that include the impact of upfront provisioning associated with new business lending while the expected revenue associated with the new loans across the Group's customer receivable portfolio is recognised over time in line with accounting standard requirements.

The $81 million cash and cash equivalent balance for FY22 includes $14 million of unrestricted cash at bank with the remaining balance held within the Group's term and warehouse funding structures.

The material period-on-period gross customer receivables increase to $1.35 billion reflects both organic originations growth and the inclusion of SocietyOne business assets following the acquisition in March 2022.

The Group's provision reduction from 7.9% in FY21 to 6.1% in FY22 reflects both a reduction in the expected credit loss on its unsecured products set and the increase in secured assets. The Group's customer receivables reflect 38% of secured gross customer receivables at 30 June 2022 compared to 2% at 30 June 2021. The Group's provisioning approach continues to apply model risk overlays and consider the potential need for macroeconomic overlays. The assumptions and judgements reflected in the FY22 reflect reasonable assumptions with a clear audit trail. This has included a recognition that recent past credit loss history is only one of a number of factors to be referenced when assessing expected credit losses with a key consideration including the ability of borrowers to repay in a rising interest rate and high inflation environment. While unemployment is at historical lows, the provision setting process reflects an expectation of this increasing over time towards more normalised levels.

The Group's period-on-period total asset increases materially reflect gross customer receivables growth. The increase also reflects the recognition of Goodwill and intangible assets from the SocietyOne acquisition in March 2022. This is the first time that the group has recognised Goodwill and acquired intangible assets, with careful measurement and judgement applied to support initial recognition and measurement values at 30 June 2022.

The change in the Group's total equity materially reflects the issue of shares on acquisition of SocietyOne in March 2022, partially offset by statutory net profit after tax losses.

**Strategy and outlook**

***Key business risks***

The business's Risk Appetite Statement identifies 10 key risk areas to be managed by the Group. The Directors' consider there are particular uncertainties in the current macro-environment relating to three of these areas:  credit risk, funding & liquidity risk, and technology & cyber security risk. These risk areas are further defined below.

***Credit Risk***

Credit risk is defined by the Group as risk its customers may not pay the principal, interest and fees owing to MONEYME under their contract, which could result in a decrease in revenue and operating cash flows received, and an increase in expenses (including an increase in impairment expenses). Customer non-payment is a significant component of MONEYME's expenses at present. If MONEYME's exposure to bad debts as a result of customers failing to repay their financial obligations to MONEYME is higher than expected, it will have a material adverse effect on MONEYME's expected profitability.

***Funding and liquidity risk***

This area also continues to be identified as a key risk area for the Group and is defined in the Group's risk appetite statement as follows:

MONEYME's ability to write new loans on favourable terms depends, in turn, on its ability to access funding and the terms on which such funding is obtained. Accordingly:

- if MONEYME is not able to secure additional funding (as and when it is required), MONEYME may not be able to write new loans or its ability to do so may be restricted; and
- if there is a loss or an adverse impact (for instance an increase in the cost of capital) to MONEYME's current funding sources, or any future funding sources, MONEYME's ability to write new loans on favourable and/or competitive terms will be limited.

MONEYME may not be able to extend the financing term or increase the funding capacity of its warehouse trusts beyond their existing terms and/or, when renegotiating an extension or increase, may not be able to do so on the same or more favourable terms. In addition, MONEYME may not be able to enter into new warehouse facilities or other funding arrangements (including as part of a refinancing) sufficient to meet its business requirements. It is also noted that the business received waivers in relation to its funding facilities in FY22 with the potential that future covenant breaches may not be waived. These risks could impact MONEYME's ability to write new loans on competitive terms.

***Cyber security risk***

By their nature, information technology systems are susceptible to security issues, including cyber-attacks and other unauthorised access to data and information. Any data security breaches or MONEYME's failure to protect private customer information (including through cyber-attacks) could result in a significant disruption to MONEYME's systems, reputational damage, loss of system integrity and breaches of MONEYME's obligations under applicable laws. An obligation under privacy laws to notify individuals and the Australian Information Commission of the breach could reduce MONEYME's ability to retain existing customers and generate new customers, any of which could have a material adverse impact on its business, operating and financial performance and reputation.

***Calibrating for a changed macroeconomic environment***

The MONEYME Board recognise that the Group is entering into a higher credit risk macro environment in FY23 in particular following the withdrawal of COVID-19 support arrangements in FY22 and projections for further inflation and interest rates set to impact consumer spending capacity. The Group is moderating growth as the business enters FY23, in line with the expectations of many market participants of this higher credit risk environment in FY23. This presents a good opportunity for the business to focus on its scale advantages and its innovation priorities following high growth in FY22. The calibration to moderate growth  focus will also support an earlier realisation of positive statutory returns.

*Delivery of SocietyOne acquisition benefits*

The Group expects to achieve over $17 million in annualised expense synergies by 31 December 2022 from the SocietyOne acquisition along with the transition of SocietyOne assets onto the MONEYME's proprietary Horizon technology platform. The Group also expects to deliver over $15 million in annualised revenue synergies by 30 June 2023 from the SocietyOne acquisition as the business cross-sells its product range to the SocietyOne customer base. The Group is also looking forward to delivering other acquisition benefits, including leveraging SocietyOne's Credit Score product which has over 200,000 customers and further exploring the BaaS-powered transaction and savings account offering.

*Ongoing Horizon technology investment and innovation*

The Group will continue to invest and innovate to deliver leading customer experiences, robust credit outcomes and technology-driven efficiencies. This investment will also support the effective management of technology and cyber security risk in relation to the three key areas noted below.

Key immediate term technology investment priorities include platform updates to accommodate running the SocietyOne fixed rate personal loan product on the Horizon technology platform, the delivery of further credit risk and AI capability to support the ongoing improvement of underwriting and credit risk management outcomes, an ongoing investment in cyber security (particularly in light of the high risk in this area following the Ukraine-Russia war) and the delivery of further customer focused efficiencies, including the ability for the Autopay product to be originated directly to customers.

*Ongoing ESG agenda delivery*

The Group plans to submit a formal application for B Corp Certification in FY23 as it continues to invest and further advance its ESG agenda. MONEYME will seek shareholder approval at the 2022 AGM to broaden its constitution to meet the B Corp legal requirement and ensure the Group continues to balance profit and purpose. The Board is also committed to the business achieving it set diversity targets that include increasing female representation on the Board to above 30%. The business is further looking forward to embedding its outsourced internal audit function to support its control and risk management framework.

*Revenue*

Revenue is expected to continue to grow into FY23 to be greater than $200 million as the business continues to grow customer receivables and realise the full year benefits from the SocietyOne loan book. Contracted revenue is likewise expected to continue growth in line with growing customer receivables and longer tenor and size receivables. The Group is also set to maintain its focus on revenue diversification, from products, geographies, customer employment sectors and a broad range of customer credit risk profiles.

*Interest expense*

The Group expects its average cost of funds to increase into FY23 with potential marginal cost of funds reductions being offset by market base rate increases. Additional market-led interest rate increases are to be passed onto retail consumers through pricing changes. Market-led increases to the Group's interest expense are expected to be offset to some extent by term securitisation issuances in particular following the completion of two term securitisations by the Group to date.

*Operating expenses*

The Group has established a core fixed expense base that is not expected to grow significantly over time given its nature. This includes costs ranging from external audit and regulatory compliance to Board and Management governance arrangements and core office infrastructure arrangements. Operating expenses are expected to reflect increasing economies of scale over time as the Group realises benefits from high automation and the ability to leverage support from office bases outside of the major cities in Australia. The business also expects to see increasing leverage in its sales and marketing expenses as product cross sell strategies are implemented, and through the use of optimised direct-to-consumer marketing approaches.

*Impairment expenses*

The Group expects the upfront recognition of predicted credit losses under the AASB 9 accounting standard to continue to have a material impact on the reported statutory impairment expense. The business also expects to continue to apply appropriate overlays to base modelled provisioning to support an appropriate and prudent accounting provision. Over time, impairment expense ratios to customer receivable assets and revenue are expected to decrease in line with the Group's higher consumer asset credit quality profile that is set to include an increasing mix of secured assets and exposure to higher credit quality borrowers and when it's financial year originations become smaller relative to assets originated in prior periods.

*Profits*

The Group's statutory NPAT is expected in the near term to continue to be impacted by the upfront provisioning associated with new business lending while the expected revenue associated with the new loans across the Group's customer receivable portfolio is recognised over time in line with accounting standard requirements. Future post-tax statutory profits in the near term are expected to benefit from material off-balance sheet deferred tax asset balances as disclosed in the notes to the financial statements. Future positive statutory profits will also be materially impacted by the Group's growth profile with higher customer receivable growth driving the potential for losses due to timing differences between the recognition of upfront costs that are offset by revenue recognition over time.

Refer to the *2022 Annual Report*, which includes the Financial Statements and accompanying Notes for further information.

**Changes in state of affairs**

The Group acquired SocietyOne on 15 March 2022. The Group also established the MME PL Trust 2022-1 on 12 May 2022.

**Non-audit services**

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

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

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

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

### Subsequent events

The Group considers that no adjustments are required as a result of changes after 30 June 2022 in relation to the critical estimates and judgements in particular as set out in Note 4.

On 29 August 2022, the Board approved a future equity capital raise to support ongoing business growth. The Group is planning an underwritten capital raise of $20 million from 31 August 2022. In addition, financial covenant waivers were received by the Group in August 2022, please refer to Note 21.4 of the Financial Report for further details.

Apart from the events above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

For further information on events occurring subsequent to the end of the financial year that have been considered in the above assessment refer to Note 25.

### Future developments

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

### Environmental regulations

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

### Dividends

In respect of the financial year ended 30 June 2022, no dividend was declared or paid to the holders of fully paid ordinary shares.

### Movements in options

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

### Remuneration report

The Remuneration report forms part of this Directors' report and includes information in relation to Key Management Personnel (KMP) remuneration, including any share options and performance rights. Further details in relation to share-based payments are outlined in Note 19 of the *2022 Annual Report*.

### Indemnification of officers and auditors

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

| No. | Opening | Granted | Lapsed / Cancelled | Vested / Exercised | Closing |
|---|---|---|---|---|---|
| **2021** | 1,937,385 | – | (203,904) | – | 1,733,481 |
| **2022** | 1,733,481 | – | – | (47,305) | 1,686,176 |

### Movements in performance rights

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

| No. | Opening | Granted | Lapsed / Cancelled | Vested / Exercised | Closing |
|---|---|---|---|---|---|
| **2021** | 1,344,000 | 2,280,357 | (88,500) | – | 3,535,857 |
| **2022** | 3,535,857 | 2,379,532 | (413,500) | (17,857) | 5,484,032 |

### Proceedings on behalf of the company

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

### Auditor

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

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

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

Signed in accordance with a resolution of the Directors.

**Peter Coad**
*Chair*

Sydney, 31 August 2022

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

Sydney, 31 August 2022

# 3 Remuneration Report

## 1. KMP remuneration framework and governance

### 1.1 Introduction

The Directors of MoneyMe Limited (**MONEYME** or **Group**) present the Financial Year 2022 (FY22) Remuneration Report for MONEYME, which outlines its FY22 remuneration strategy, framework, and outcomes, for Non-Executive Directors (NEDs), Executive Directors and other Key Management Personnel (KMP), prepared in accordance with the requirements of the *Corporations Act 2001*.

The performance of MONEYME depends upon the Group's ability to attract, motivate, and retain high-quality KMP and non-KMP talent. KMP are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, which includes the Board of Directors (**Board**). To this end, the remuneration strategy and framework outlined in this report is designed to deliver:

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

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

The Board believes the remuneration framework in this Remuneration Report to be appropriate given the stage and complexity of the Group's operations and is effectively supporting the attraction, motivation, and retention of the best KMP to operate and manage the Group.

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

- Fixed Annual Remuneration (**FAR**) appropriate to position and experience;
- Short-Term Incentives (**STI**); and
- Long-Term Incentives (**LTI**).

All Executive KMPs were provided STI and LTI incentives in FY22 and FY21. Two Non-Executive KMPs were provided LTI incentives in FY21.

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

## 1.2 Key Management Personnel (KMP)

The table below details the KMP covered in the FY22 Remuneration Report. This includes the addition of David Taylor who joined the MONEYME Group Board in March 2022 as a NED following the acquisition of SocietyOne. David Taylor was previously on the Board of SocietyOne Holdings Pty Limited.

**Table 1: Key Management Personnel**

| KMP [1] | KMP Type | Positions Held | Term |
|---|---|---|---|
| **Peter Coad** | NED | Independent Non-Executive Chair<br>Remuneration and Nomination Committee – Member/Chair[2]<br>Audit and Risk Committee – Member | Full Year |
| **Scott Emery** | NED | Non-Executive Director<br>Remuneration and Nomination Committee – Member<br>Audit and Risk Committee – Member | Full Year |
| **Jonathan Lechte** | NED | Independent Non-Executive Director<br>Audit and Risk Committee – Chair | Full Year |
| **Susan Wynne** | NED | Independent Non-Executive Director<br>Remuneration and Nomination Committee – Member/Chair[2] | Full Year |
| **David Taylor** | NED | Independent Non-Executive Director | From March 2022 |
| **Clayton Howes** | Executive KMP | Managing Director (**MD**) & Chief Executive Officer (**CEO**) | Full Year |
| **Neal Hawkins** | Executive KMP | Chief Financial Officer (**CFO**) | Full Year |

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

[2] On 25 November 2021, Peter Coad stepped down as Chair of the Remuneration & Nomination Committee, with Susan Wynne holding this position going forward.

# 1.3 Remuneration framework

MONEYME appreciates that as a publicly listed business there is an obligation to shareholders to ensure alignment between executive remuneration arrangements and shareholder returns and to disclose such arrangements in a transparent manner. The MONEYME remuneration framework balances rewarding individuals for their efforts in the immediate term and incentivises individuals to deliver on the Group's long-term goals.

A summary of MONEYME's remuneration strategy and principles, and how they relate to the Group's mission and the Group's FY22 remuneration framework, are outlined below.

## Our Mission

To be the credit provider of choice for Generation Now

### Remuneration principles

**Attract and retain talent**

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

**Shareholder alignment**

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

**Pay-for-performance**

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

### Executive KMP remuneration framework

**Fixed annual remuneration (FAR)**

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

**Short-term incentive (STI)**

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

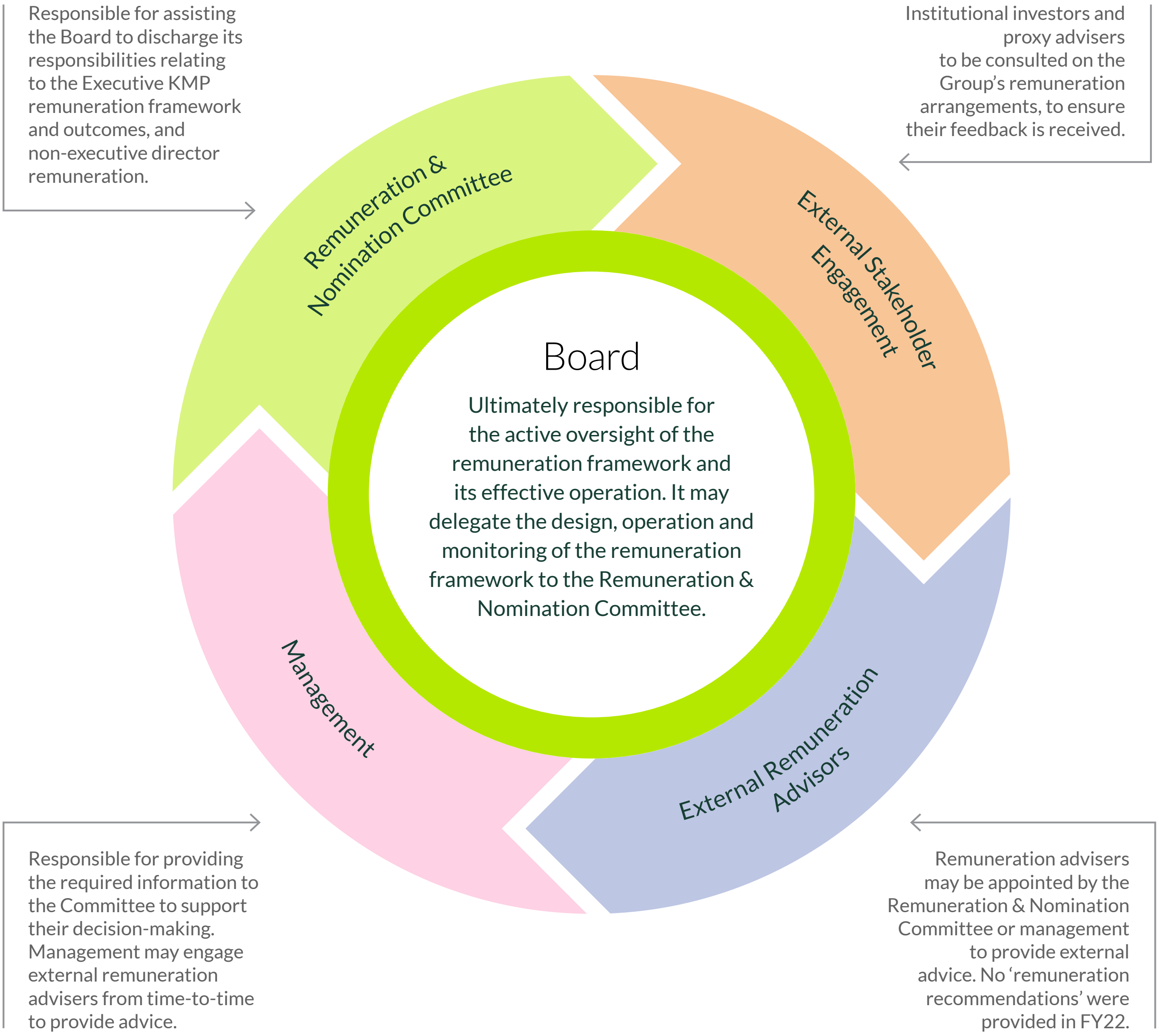
**Long-term incentive (LTI)**

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

## 1.4 Remuneration governance

The Board of MONEYME is responsible for evaluating and approving the remuneration arrangements of MONEYME's Group KMPs. The Board seeks advice and guidance from the Remuneration & Nomination Committee as appropriate to discharge this responsibility.

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




## 1.5 Other related information

Refer to the *2022 Annual Report* for all KMP related party transaction disclosures.

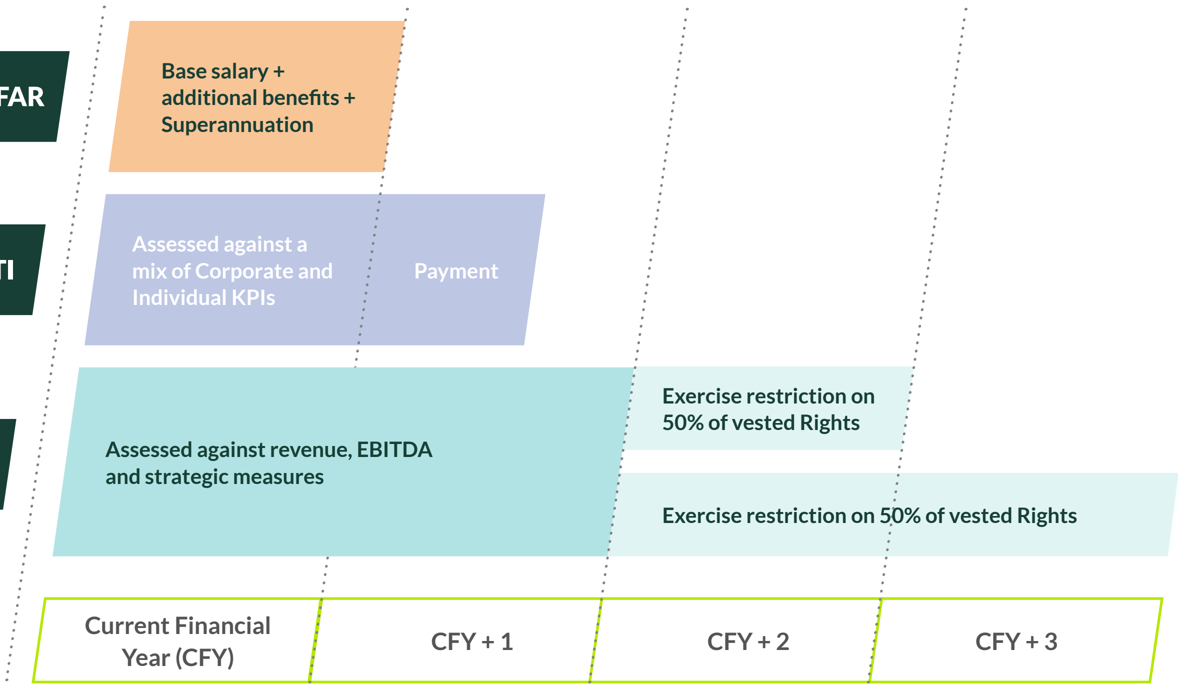
Under the Group's 'Securities Trading Policy', there are clear restrictions on the trading of MONEYME shares where a person is in possession of price sensitive information that is not generally available. This Policy applies to all KMPs and also prohibits individuals from entering into 'protection arrangements',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

## *2. Executive KMP remuneration*

## 2.1 Remuneration framework

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

For Executive KMP, the remuneration package comprises of FAR and a variable mix of STI and LTI remuneration (or 'at risk' remuneration) as summarised for FY22 in the diagram below.

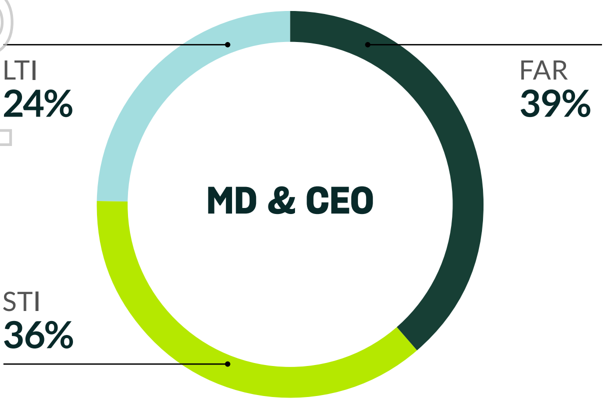


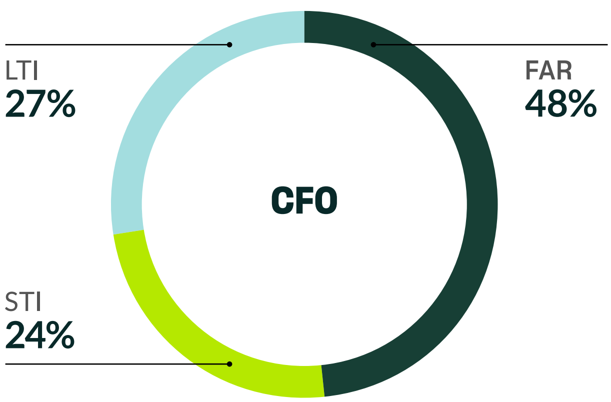

It is noted that the performance assessment period for FY22 issued STIs and LTIs is FY22-FY23, while FY24-FY25 is the payment/ vesting period.

MONEYME is committed to complying with its regulatory remuneration requirements. The Group will continue to monitor and make changes to its remuneration framework in future years as required from a statutory perspective and to take into account its growth trajectory and positioning in the market.

**2.1.1 Remuneration mix**

The FY22 remuneration mix for MONEYME's MD & CEO, and CFO is displayed below at maximum opportunity levels.



### 2.1.2 Remuneration elements

| **FAR** | |
|---|---|
| **Description** | FAR is set at a competitive level to attract and retain high-quality and experienced Executive KMP for MONEYME. FAR comprises of base salary, additional benefits, and superannuation contributions at a rate of 10.0% (9.5%, FY21). Superannuation contributions are paid to the concessional contributions cap ($27,500 for the current financial year), with any excess over this cap paid out as ordinary income. Where KMPs are only appointed for part of the financial year, their FAR will be pro-rated. |
| **Market positioning** | FAR levels are reviewed regularly to ensure that they remain at a competitive level. In assessing the appropriateness of FAR levels provided to Executive KMP, MONEYME will consider its positioning relative to the following comparator groups:<br>– peer financial services and technology companies; and/or<br>– companies with a comparable market capitalisation to MONEYME. |

| **STI** | |
|---|---|
| **Description** | Executive KMP are eligible to participate in the annual STI plan which comprised a portion of their variable remuneration in FY22 and is subject to performance conditions. |
| **Performance period** | 1 year (1 July 2021 to 30 June 2022). |
| **Maximum opportunity if all performance measures met** | MD & CEO: $450,000<br>CFO: $150,000 |
| **Delivery** | The STI award is wholly delivered as cash following the end of the performance period. Should the recipients have fulfilled either a portion or none of their KPIs the STI will be paid at an equally proportionate rate. |
| **Performance conditions** | For each financial year, the STI outcome is subject to achieving a set of Corporate and Individual KPIs, which align to the achievement of the Group's growth strategy. The performance measures reflect operational, business development and financial outcomes. The measures include quantitative outcomes to support objective assessments that are based on both internal and external factors to the company. In the current year they also include those noted below as part of the LTI. |
| **Employment conditions** | Typically, where employment ceases or notice to cease employment has been given by the individual or Group prior to the payment date, no STI payment will be made. |
| **Malus/clawback** | The Group has malus (downwards adjustment of unvested or unpaid remuneration) and clawback (repayment of vested or paid remuneration) provisions in place for its KMP.<br>Typically, in circumstances of any serious misconduct by the individual, and/or any material misstatement in the Financial Statements of the Group or any of its Related Bodies Corporate during any of the preceding 3 financial years, the Board may:<br>– reduce current year STI outcomes yet to be paid ('malus'); or<br>– request the repayment of some or all of their previous STI payments or adjust current year remuneration arrangements (FAR and incentive arrangements) to match the amount due to be repaid ('clawback'). |
| **Board discretion** | The Board retains absolute discretion regarding the operation of the STI plan subject to compliance with the ASX Listing Rules. |

| LTI | |
|---|---|
| **Description** | Executive KMP are eligible to participate in the annual LTI plan, which comprised a portion of their variable remuneration in FY22 and is subject to performance conditions.<br><br>The LTI is delivered via the granting of Employee Performance Rights (EPRs).<br><br>Both executive KMPs were awarded EPRs in December 2021 as part of a broader S1 2022 EPR Series issuance made to MoneyMe employees. |
| **Performance periods** | S1 2022 EPR Series issuance<br><br>2 years (1 July 2021 to 30 June 2023).<br><br>Following the performance period, there is an additional 1- and 2-year exercise restriction. This operates as follows:<br>– 50% of vested Performance Rights can be exercised on the day following the release of the Group's annual financial results for the financial year ending 30 June 2023; and<br>– 50% of the vested Performance Rights can be exercised on the day following the release of the Group's annual financial results for the financial year ending 30 June 2024. |
| **Exercise period** | Executive KMPs have 2 years to exercise their Performance Rights before they lapse following the end of any applicable exercise restriction on any vested Performance Rights. |
| **Maximum opportunity if all performance measures met** | MD & CEO: $315,000<br><br>CFO: $175,000 |
| **Delivery** | The EPR Grant is wholly delivered via Performance Rights, granted to the individual for $nil consideration. |
| **Allocation methodology** | The number of Performance Rights granted was calculated by dividing maximum dollar value of the award by $1.87, being the volume weighted average share price for MONEYME shares traded on ASX during the calendar months of May and June 2021. |
| **Performance vesting conditions** | The grant of the S1 2022 Performance Rights are subject to three Performance Conditions to be measured over the Performance Period.<br><br>These Performance Conditions have been linked to the achievement of key financial and strategic goals that will enable MoneyMe to achieve its strategic objectives. The Performance Conditions are based on the measures set out in the table below, with 30% of the total number of Performance Rights available to vest dependent on the achievement of each of Performance Conditions 1 and 3, and 40% of the total number of Performance Rights available to vestz dependent on the achievement of Performance Condition 2. |

| Performance Condition | Measure | Weighting |
|---|---|---|
| 1 | Average Annual ESG Scorecard Performance Score | 30% |
| 2 | Compound Annual Growth in Revenue of at least 40% | 40% |
| 3 | Total Shareholder Return (reflecting share price and dividends) at least 10% above the S&P ASX Small Ordinaries Index | 30% |

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

### 2.1.3 Contractual arrangements

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

**Table 2: Executive KMP service agreements**

| Name | FAR | Duration of service agreement | Notice period | | Severance payment entitlement | Restraint period |
|---|---|---|---|---|---|---|
| | | | By executive | By Group | | |
| **Clayton Howes (MD & CEO)** | $477,500 | Ongoing | 6 months | 6 months | No entitlement | 6 months |
| **Neal Hawkins (CFO)** | $301,370 | Ongoing | 3 months | 3 months | No entitlement | 6 months |

## 2.2 2022 outcomes

### 2.2.1 Group performance

Notwithstanding the macroeconomic challenges in FY22, the execution by the Group has been remarkable. Credit management, growth in customer receivables, revenue, new breakthrough innovation, leading customer satisfaction levels and delivering scale benefits for the business. The key Group performance highlights for FY22 include:

- Gross revenue $143.1 million ($57.6 million pcp);
- Gross customer receivables $1.35 billion ($332.6 million pcp);
- Net loss after tax $50.4 million ($7.9 million net loss after tax pcp);
- The successful acquisition and integration of SocietyOne to the MONEYME Group;
- Expansion and further diversification of the customer base through increased customer receivable offerings such as with the growth of the Autopay product and addition of the BaaS;
- High levels of customer satisfaction, with a high NPS score of 76, compared to an industry average of 47; and
- Ongoing operating efficiencies being delivered through low fixed costs and high automation with core office operating costs as a percentage to average assets reducing to 4.5% (9.5% pcp).

### 2.2.2 Remuneration summary

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

**Table 3: Executive KMP remuneration**

| MONEYME remuneration for the current and prior financial years | Financial year | FAR | | | STI | LTI | Total |
|---|---|---|---|---|---|---|---|
| | | Salary | Additional benefits[1] | Superannuation | Cash payment | Performance rights[2] | |
| | | $ | $ | $ | $ | $ | $ |
| Clayton Howes | **2022** | **442,500** | **82,517** | **27,500** | **450,000** | **305,455** | **1,307,972** |
| | 2021 | 461,058[3] | 82,964 | 25,000 | 450,000 | 233,182 | 1,252,204 |
| Neal Hawkins | **2022** | **273,973** | **–** | **27,397** | **150,000** | **141,017** | **592,387** |
| | 2021 | 273,913 | – | 25,000 | 150,000 | 71,104 | 520,017 |
| Total | **2022** | **716,473** | **82,517** | **54,897** | **600,000** | **446,472** | **1,900,359** |
| | 2021 | 734,971 | 82,964 | 50,000 | 600,000 | 304,286 | 1,772,221 |

[1] Additional benefits include a monthly car allowance, rental payments and leave entitlements. Leave is included on a net movement basis.
[2] Performance rights are subject to meeting the vesting criteria. The amount disclosed is representative of the accounting remuneration.
[3] The difference between FY21 and FY22 salary reflects prior period superannuation concessional cap related adjustments.

### 2.2.3 STI outcomes

The table below summarises the FY22 actual outcomes for Executive KMPs. It is noted that the Board has applied its discretion in respect of two STI measures following an assessment these were not met due to over performance in other areas and the reasonable expectation that their current results reflect a reporting timing differences only.

**Table 4: Current year Executive KMP STI outcomes**

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

### 2.2.4 LTI outcomes

The MD & CEO and CFO S1 2022 EPR LTI grant performance conditions are to be fully assessed at the end of the two-year performance period ended on 30 June 2023.

The Board has assessed a vesting outcome as noted below for the performance period to 30 June 2022. It is noted that:

- performance is to be assessed for the period from 1 July 2021 to 30 June 2023;
- all three performance hurdles are to be met for the LTI to fully vest; and
- employment related vesting conditions are to be met.

**Table 5: Current year Executive KMP LTI outcomes**

| Performance condition | FY22 outcome |
|---|---|
| Average annual ESG scorecard performance score | Achieved |
| Compound annual growth in revenue of at least 40% | Achieved |
| Total Shareholder Return (reflecting share price and dividends) at least 10% above the S&P ASX Small Ordinaries Index | Not Achieved |

The Board has considered the following when making the above assessments of performance to 30 June 2022:

**1. Average Annual ESG Scorecard Performance**

MONEYME's ESG Scorecard is set annually to reflect the company's unique circumstances and the ESG targets and metrics that the company deems to be material. The Group's ESG framework and performance scorecards used to inform the assessment noted above have been developed in reference to B Corp Certification, and the B Impact Assessment (BIA), B Corp's comprehensive impact management tool. The BIA measures a company's impact across five key areas: Governance, Workers, Community, Environment, and Customers. MONEYME has chosen to align to B Corp's framework, and has adopted the BIA to measure ESG performance because:

- B Corp is well renowned;
- The BIA provides thorough coverage across the full domain of ESG, and uses a very specific, quantitative impact measurement regime; and
- B Corp Certification requires external verification and public disclosure, the Group intends to complete its application for certification in FY23.

For more information on MONEYME's approach to ESG, and the company's initiatives and performance in FY22, please refer to the Group's 2022 Sustainability Report, which is included in the *2022 Annual Report*.

**2. Compound Annual Growth In Revenue of at least 40%**

This has been calculated based upon the increase in revenue from FY21 to FY22 as reported in the FY22 Income Statement. The final outcome assessment is to be calculated using FY21, FY22 and FY23 revenue as reported in the FY23 and FY22 Income Statement.

**3. Total Shareholder Return**

This has been calculated by an independent investor relations counterparty using the S&P ASX Small Ordinaries Index.

It is noted that this metric in particular has the potential to change when assessed for the 2-year period ending 30 June 2022 given the impact from recent equity market trading conditions on the business's listed share price to 30 June 2022.

## 3. NED remuneration

### 3.1 Remuneration framework

#### 3.1.1 Fees

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

The FY22 fee levels are set-out below.

**Table 6: Current year NED fees**

| Position | FY22 fees |
|---|---|
| Board Chair | $125,000 |
| Board Members | $70,000 |
| Committee Chair | $10,000 |

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

#### 3.1.2 Equity plan

No new equity plan-based incentives were provided to NEDs in the 2022 financial year.

#### 3.1.3 Contractual arrangements

NEDs are appointed on a 3-year term and must not hold office without re-election for 3 or more years or for 3 or more Annual General Meetings since they were last elected to office.

## 3.2 2022 outcomes

### 3.2.1 Remuneration summary

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

**Table 7: NED remuneration**

| MONEYME remuneration for the current and prior financial years | Financial year | FAR | | | STI | LTI | Total |
|---|---|---|---|---|---|---|---|
| | | Salary $ | Additional benefits $ | Superannuation $ | Cash payment $ | Performance rights[1] $ | $ |
| Peter Coad[2] | **2022** | **129,015** | **–** | **12,902** | **–** | **70,130** | **212,047** |
| | 2021 | 135,000 | – | 12,825 | – | 40,909 | 188,734 |
| Jonathan Lechte | **2022** | **80,000** | **–** | **8,000** | **–** | **70,130** | **158,130** |
| | 2021 | 80,000 | – | 7,600 | – | 40,909 | 128,509 |
| Scott Emery | **2022** | **70,000** | **–** | **6,417** | **–** | **–** | **76,417** |
| | 2021 | 70,000 | - | 6,650 | – | – | 76,650 |
| Susan Wynne[2] | **2022** | **75,985** | **–** | **7,598** | **–** | **17,208** | **100,791** |
| | 2021 | 70,000 | – | 6,650 | – | 35,065 | 111,715 |
| David Taylor[3] | **2022** | **21,000** | **–** | **2,100** | **–** | **–** | **23,100** |
| | 2021 | – | – | – | – | – | – |
| **Total** | **2022** | **376,000** | **–** | **37,017** | **–** | **157,468** | **570,485** |
| | 2021 | 355,000 | - | 33,725 | - | 116,883 | 505,608 |

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

[2] On 25 November 2021, Peter Coad stepped down as Chair of the Remuneration & Nomination Committee, with Susan Wynne replacing him in the position for the remainder of the financial year.

[3] David Taylor joined the MONEYME Group Board in March 2022 as a NED following the acquisition of SocietyOne.

## *4. KMP performance rights and share ownership*

### 4.1 Performance rights

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

**Table 9: KMP performance right movements**

| KMP | Financial year | Opening balance | Performance rights granted | | Performance rights vested | | Performance rights lapsed | Closing balance |
|---|---|---|---|---|---|---|---|---|
| | | No. | No. | $ | No. | $ | No. | No. |
| Clayton Howes | **2022** | **462,000** | **168,449** | **315,000** | **126,000** | **157,500** | **–** | **504,449** |
| | 2021 | 252,000 | 210,000 | 315,000 | – | – | – | 462,000 |
| Neal Hawkins | **2022** | **140,000** | **93,583** | **175,000** | **20,000** | **25,000** | **–** | **213,583** |
| | 2021 | 40,000 | 100,000 | 150,000 | – | – | – | 140,000 |
| Peter Coad | **2022** | **100,000** | **–** | **–** | **–** | **–** | **–** | **100,000** |
| | 2021 | – | 100,000 | 150,000 | – | – | – | 100,000 |
| Jonathan Lechte | **2022** | **100,000** | **–** | **–** | **–** | **–** | **–** | **100,000** |
| | 2021 | – | 100,000 | 150,000 | – | – | – | 100,000 |
| Scott Emery | **2022** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | 2021 | – | – | – | – | – | – | – |
| Susan Wynne | **2022** | **60,000** | **–** | | **30,000** | **–** | **–** | **30,000** |
| | 2021 | 60,000 | – | – | – | – | – | 60,000 |
| David Taylor | **2022** | **–** | **–** | | **–** | **–** | **–** | **–** |
| | 2021 | – | – | – | – | – | – | – |
| **Total** | **2022** | **862,000** | **262,032** | **490,000** | **176,000** | **182,500** | **-** | **948,032** |
| | 2021 | 352,000 | 510,000 | 765,000 | - | - | - | 862,000 |

The table below outlines the performance rights held by KMP under the EPR and BPR grants.

**Table 10: KMP performance rights granted**

| KMP | Award | Grant date | Performance period start date | No. of rights at 30 June 2022 | Exercise date |
|---|---|---|---|---|---|
| **Clayton Howes** | 2020 Series 2 EPR | December 2019 | 1 July 2019 | 126,000 | Day after result release of annual reports for 2022 |
| | 2021 Series 1 EPR | December 2020 | 1 July 2020 | 210,000 | Day after result release of annual reports for 2023 |
| | 2022 Series 1 EPR | December 2021 | 1 July 2021 | 168,449 | Day after result release of annual reports for 2024 |
| **Neal Hawkins** | 2020 Series 2 EPR | December 2019 | 1 July 2019 | 20,000 | Day after result release of annual reports for 2022 |
| | 2021 Series 1 EPR | December 2020 | 1 July 2020 | 100,000 | Day after result release of annual reports for 2023 |
| | 2022 Series 1 EPR | December 2021 | 1 July 2021 | 93,583 | Day after result release of annual reports for 2024 |
| **Peter Coad** | 2021 Series 1 EPR | December 2020 | 1 July 2020 | 100,000 | Day after release of annual reports for 2023 |
| **Jonathan Lechte** | 2021 Series 1 EPR | December 2020 | 1 July 2020 | 100,000 | Day after release of annual reports for 2023 |
| **Susan Wynne** | 2020 Series 2 EPR | December 2019 | 1 July 2019 | 30,000 | Day after release of annual reports for 2022 |
| **Scott Emery** | N/A | N/A | N/A | N/A | N/A |
| **David Taylor** | N/A | N/A | N/A | N/A | N/A |

## 4.2 Shares

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

**Table 11: KMP shareholdings**

| KMP | Opening balance No. | Received on exercise of rights No. | Purchased/acquired No. | Disposed No. | Closing balance No. |
|---|---|---|---|---|---|
| **Clayton Howes** | 50,294,717 | 126,000 | – | – | **50,420,717** |
| **Neal Hawkins** | 20,000 | 20,000 | – | – | **40,000** |
| **Peter Coad** | 731,326 | – | – | – | **731,326** |
| **Jonathan Lechte** | 731,326 | – | – | – | **731,326** |
| **Scott Emery** | 48,008,802 | – | – | (1,700,000) | **46,308,802** |
| **Susan Wynne** | – | 30,000 | – | – | **30,000** |
| **David Taylor** | – | – | 34,015 | – | **34,015** |
| **Total** | **99,786,171** | 176,000 | 34,015 | (1,700,000) | **98,296,186** |

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

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

# Financial Report



4.0

# 4 Financial Report

## *Directors' Declaration*

In the opinion of the Directors of MoneyMe Limited:

(1). the Financial Statements and Notes are in accordance with the *Corporations Act 2001*, and give a true and fair view of the financial position of the Group as at 30 June 2022, and of its performance for the financial year ended at that date;

(2). the Financial Statements are in compliance with International Financial Reporting Standards as stated in note 3 to the Financial Statements; and

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

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

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

On behalf of the Directors.

Peter Coad
*Chair*
Sydney, 31 August 2022

Clayton Howes
*Managing Director and Chief Executive Officer*
Sydney, 31 August 2022

# Independent Auditor's Report



Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

## Independent Auditor's Report to the Members of MoneyMe Limited

### Report on the Audit of the Financial Report

*Opinion*

We have audited the financial report of MoneyMe Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

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

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

*Key Audit Matters*

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

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| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| **Expected credit loss provisioning**<br><br>As at 30 June 2022, the Group has recognised a loss allowance for Expected Credit Losses (ECL) amounting to $81.5m in accordance with *AASB 9 Financial Instruments* as disclosed in Note 3.2, 4.3, and 11.<br><br>The ECL models developed by management to determine expected credit losses require judgement and assumptions to be made by management, including:<br><br>• Selection of criteria for identifying significant increase in credit risk; and<br>• Selection of parameters input into the ECL models in relation to probability of default, loss given default and exposure at default.<br><br>Significant management judgement was necessary in determining the loss allowance, including:<br><br>• The application of the requirements of AASB 9 as reflected in the Group's ECL model particularly in light of the current economic environment;<br>• The identification of exposures with significant increase in credit risk to determine whether a 12-month or lifetime ECL should be recognised; and<br>• Assumptions used in the ECL model such as the financial condition of the counterparty, repayment capacity and forward-looking macroeconomic factors as disclosed in Note 4.3. | In conjunction with our specialists, our audit procedures included, but were not limited to:<br><br>• Obtaining an understanding of the judgements made within the ECL models;<br>• Assessing whether the ECL model appropriately addresses the requirements of AASB 9;<br>• Understanding the controls relating to loan approvals and identification of overdue amounts;<br>• Testing the data inputs in calculating the probability of default and loss given default, such as loan outstanding days past due status, origination date and loan duration, hardship or default dates, loan credit limit and interest rate, as well as agreeing samples of loan information to source documentation;<br>• Evaluating the reasonability of management's assumptions and judgments in relation to the selection of parameters and criteria input into the models in relation to the calculation of probability of default, loss given default, exposure at default, significant increase in credit risk, macroeconomic forecasts and scenarios and model risk overlays;<br>• Engaging our internal credit risk modelling experts to test the application of management's assumptions and the mathematical accuracy of the models through reperformance; and<br>• Challenging management's judgements on the macroeconomic factors and judgemental overlays in response to the current macroeconomic environment.<br><br>We have also assessed the appropriateness of the disclosures in Note 3.2, 4.3, and 11 to the consolidated financial statements. |
| **Effective Interest Rate**<br><br>The Group reported interest income amounting to $127.8m for the year ended 30 June 2022 and net loans receivable of $1.3bn as at 30 June 2022. Interest income received from loan receivables is determined using the effective interest rate (EIR) method in accordance with *AASB 9 Financial Instruments.* The loan receivable balance is measured and presented at amortised cost using the EIR method. The Group's disclosure over the effective interest rate is disclosed in Note 3.3 and 4.4.<br><br>Management judgement is required in | Our procedures included, but were not limited to:<br><br>• Assessing the Group's accounting policy for revenue recognition with reference to the relevant accounting standards including the appropriateness of the inclusion of fees received between parties to the loan contract in the determination of the EIR;<br>• Understanding the controls relating to the calculation of the EIR;<br>• Challenging management's assumptions used in the EIR model, including estimated future cash |

# Independent Auditor's Report



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| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| calculating the EIR, including:<br>• Identifying the fees received between parties to the loan contract which should be included in the determination of the EIR; and<br>• Determining the period over which expected cash flows are estimated to be received.<br>Significant management judgement is required in calculating the EIR, considering the impact of loans which have been repaid early in the current environment to those estimates, based on the behavioural life analysis performed by the management.<br>In addition, the EIR model is both manual and complex and therefore may be subject to arithmetical and modelling errors. | flows, historical repayment patterns and the behavioural life of each lending product;<br>• Assessing the impacts of changes in estimated cash flows due to early repayment of loans;<br>• Agreeing a sample of key inputs to the EIR model to underlying source data such as signed loan agreements and bank statements; and<br>• Testing on a sample basis the appropriateness of EIR calculation and recalculating interest income under the EIR method.<br>We have also assessed the appropriateness of the disclosures in Note 3.3 and 4.4 to the consolidated financial statements. |
| Acquisition Accounting and Purchase Price Allocations (PPA)<br>The Group completed the acquisition of SocietyOne Holdings Pty Limited (SocietyOne) and its related entities during the current financial year which was accounted for as the acquisition of a business in accordance with *AASB 3 Business Combinations (AASB 3)*. SocietyOne was acquired on 15 March 2022, for consideration of $113.5m, comprising cash and shares. Goodwill of $63.5m arose on the acquisition, as disclosed in Note 5.<br>For the SocietyOne acquisition, significant estimation was used, particularly in respect of the identification and valuation of acquired intangible assets, such as broker relationships, brand name, software, and exclusive contracts.<br>Management engaged an external valuation expert to identify the fair value of the assets acquired and liabilities assumed on acquisition date. | Our procedures included, but were not limited to:<br>• Assessing management's key assumptions in determining the appropriate business combination treatment and the acquisition date of control in accordance with *AASB 3 – Business Combinations*;<br>• Assessing management's recognition and measurement criteria in recording the fair value of identified assets and liabilities as part of the acquisition, and the residual allocation of goodwill;<br>• Verified the opening balances of acquired assets and liabilities of SocietyOne back to signed agreements and bank statements;<br>• Assessing the competence and capabilities of management's valuation expert;<br>• Evaluating the external valuation reports used by management in relation to the fair values of acquired assets and liabilities of SocietyOne in terms of the model and methodology used; and<br>• In conjunction with our internal valuation specialists, assessing the significant assumptions used by management to recognise the acquired assets and liabilities at fair value, particularly assumptions relating to the forecasts information, growth rates and discount rates.<br>We have also assessed the appropriateness of the disclosures in Note 5 to the consolidated financial statements. |

# Independent Auditor's Report

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*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

*Responsibilities of the Directors for the Financial Report*

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

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

*Auditor's Responsibilities for the Audit of the Financial Report*

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# Independent Auditor's Report



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- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 41 to 54 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of MoneyMe Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M Stretton

Mark Stretton
Partner
Chartered Accountants

Melbourne, 31 August 2022

# Independent Auditor's Statement of Independence



Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

31 August 2022

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

Dear Board Members

**Auditor's Independence Declaration to MoneyMe Limited**

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

As lead audit partner for the audit of the financial report of MoneyMe Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Mark Stretton
Partner
Chartered Accountants

# Consolidated Statement of Profit / (Loss) and Other Comprehensive Income

### *For the year ended 30 June 2022*

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Interest income | 4.4 | 127,784 | 52,962 |
| Other income | 6 | 15,289 | 4,613 |
| **Gross revenue** | | **143,073** | **57,575** |
| Commission expense | 4.4 | (2,293) | (1) |
| **Net revenue** | | **140,780** | **57,574** |
| Interest expense | 7.1 | (38,493) | (10,595) |
| Sales and marketing expense | 7.2 | (22,029) | (9,528) |
| Product design and development expense | 7.2 | (6,621) | (3,645) |
| General and administrative expense | 7.2 | (28,162) | (13,398) |
| Customer receivable impairment expense | 11 | (91,018) | (28,751) |
| Depreciation and amortisation expense | 12, 13, 14 | (2,239) | (1,689) |
| **Total operating expenses** | | **(188,562)** | **(67,606)** |
| **Profit / (loss) before tax** | | **(47,782)** | **(10,032)** |
| Income tax benefit / (expense) | 8 | (2,582) | 2,103 |
| **Net profit / (loss) after tax** | | **(50,364)** | **(7,929)** |
| Other comprehensive income | | – | – |
| **Total comprehensive income** | | **(50,364)** | **(7,929)** |
| | | **cents** | **cents** |
| Basic profit / (loss) per share | 9 | (26.4) | (4.7) |
| Diluted profit / (loss) per share | 9 | (26.4) | (4.7) |

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

# Consolidated Statement of Financial Position

***As at 30 June 2022***

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Cash and cash equivalents | 10 | 80,675 | 26,164 |
| Net customer receivables | 11 | 1,263,788 | 306,279 |
| Current tax asset | 8 | 13 | 13 |
| Deferred tax asset | 8 | 3,192 | 6,381 |
| Derivative financial instruments | 21 | 10,486 | – |
| Intangible assets | 12 | 36,053 | 3,265 |
| Right-of-use assets | 13 | 2,500 | 1,381 |
| Property, plant and equipment | 14 | 1,380 | 1,456 |
| Other receivables | 15 | 10,197 | 1,034 |
| Goodwill | 12 | 63,510 | - |
| **Total assets** | | **1,471,794** | **345,973** |
| Borrowings | 16 | 1,358,271 | 299,728 |
| Other payables | 15 | 15,461 | 2,908 |
| Lease liabilities | 13 | 2,662 | 1,557 |
| Employee-related provisions | 17 | 4,124 | 1,542 |
| **Total liabilities** | | **1,380,518** | **305,735** |
| **Net assets** | | **91,276** | **40,238** |
| Share capital | 18 | 143,055 | 44,108 |
| Reserves | 19 | 4,529 | 2,074 |
| Retained earnings / (losses) | | (56,308) | (5,944) |
| **Total equity** | | **91,276** | **40,238** |

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

# Consolidated Statement of Changes in Equity

***For the year ended 30 June 2022***

| | Note | Share capital $'000 | Reserves $'000 | Retained earnings $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance as at 30 June 2020** | | **44,108** | **759** | **1,985** | **46,852** |
| Profit / (loss) for the period | | – | – | (7,929) | (7,929) |
| Other comprehensive income | | – | – | – | – |
| Treasury shares issued | 18 | – | – | – | – |
| Share-based payment expense | 19 | – | 1,315 | – | 1,315 |
| **Balance as at 30 June 2021** | | **44,108** | **2,074** | **(5,944)** | **40,238** |
| Profit / (loss) for the period | | – | – | (50,364) | (50,364) |
| Other comprehensive income | | – | – | – | – |
| Treasury shares issued | 18 | – | – | – | – |
| Share-based payment expense | 19 | – | 2,455 | – | 2,455 |
| Share capital issued - SocietyOne acquisition | 5 | 98,947 | – | – | 98,947 |
| **Balance as at 30 June 2022** | | **143,055** | **4,529** | **(56,308)** | **91,276** |

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

# Consolidated Statement of Cash Flows

## *For the year ended 30 June 2022*



| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Income from customers | | 115,982 | 65,680 |
| Payments to suppliers and employees | | (51,000) | (23,792) |
| Debt sale income | | 14,173 | – |
| Other interest and fees received | ii | 23 | 16 |
| Income tax (paid) / received | | – | (1,578) |
| **Net cash inflows from operating activities** | | **79,178** | **40,326** |
| Net customer receivable disbursements | | (708,801) | (222,437) |
| Payments for intangible asset development | 12 | (3,506) | (1,843) |
| Payments for property, plant and equipment | 14 | (349) | (708) |
| Investment in SocietyOne Holdings | | (14,524) | – |
| Acquired cash balances | | 38,095 | – |
| **Net cash outflows from investing activities** | | **(689,085)** | **(224,988)** |
| Proceeds from borrowings | | 704,956 | 186,325 |
| Borrowings interest and fees paid | i | (29,266) | (9,091) |
| Transaction costs related to borrowings | | (10,359) | (1,088) |
| Principal repayment of leases | 13 | (812) | (699) |
| Loan - other | | (101) | – |
| **Net cash inflows from financing activities** | | **664,418** | **175,447** |
| **Net increase (decrease) in cash and cash equivalents** | | **54,511** | **(9,215)** |
| Cash and cash equivalents at the beginning of the period | | 26,164 | 35,379 |
| **Cash and cash equivalents** | 10 | **80,675** | **26,164** |

i: includes interest related to borrowings (see Note 16)

ii: interest related to cash balances (see Note 10)

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

# Notes to the Financial Statements

***For the year ended 30 June 2022***

## 1. Group information

### 1.1 Company information

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

Level 3
131 Macquarie Street
Sydney NSW 2000

The principal activity of the Company and its controlled entities (the **Group**) is to provide consumer finance.

### 1.2 Controlled entities information

| Name | Location | Date of control/ acquisition | Proportion of ownership held by Group | |
|---|---|---|---|---|
| | | | 2022 | 2021 |
| MoneyMe Financial Group Pty Limited | Australia | 9 May 2013 | 100% | 100% |
| MoneyMe Finance Pty Limited[1] | Australia | 7 November 2019 | 100% | 100% |
| MoneyMe Technology Pty Limited | Australia | 7 November 2019 | 100% | 100% |
| MoneyMe Partnership Pty Limited[2] | Australia | 7 November 2019 | 100% | 100% |
| MoneyMe International Pty Limited[3] | Australia | 13 October 2020 | 100% | 100% |
| ListReady Pty Limited | Australia | 29 May 2019 | 100% | 100% |
| RentReady Pty Limited | Australia | 7 May 2020 | 100% | 100% |
| Price Enquiry Pty Limited | Australia | 3 February 2021 | 100% | 100% |
| MoneyMe TM Pty Limited | Australia | 6 December 2021 | 100% | – |
| S.One SPV Pty Limited | Australia | 15 March 2022 | 100% | – |
| SocietyOne Holdings Pty Limited | Australia | 15 March 2022 | 100% | – |
| SocietyOne Australia Pty Limited[6] | Australia | 15 March 2022 | 100% | – |
| SocietyOne Investments Pty Limited | Australia | 15 March 2022 | 100% | – |
| SocietyOne Investment Management Pty Limited | Australia | 15 March 2022 | 100% | – |
| SocietyOne Services Pty Limited | Australia | 15 March 2022 | 100% | – |
| SocietyOne Livestock Lending Pty Limited | Australia | 15 March 2022 | 100% | – |
| MoneyMe Horizon Warehouse Trust[4] | Australia | 19 December 2018 | 100% | 100% |
| MoneyMe Horizon 2020 Trust[4] | Australia | 25 August 2020 | 100% | 100% |
| MME Autopay 2021 Trust[4] | Australia | 23 November 2021 | 100% | – |
| MME PL Trust 2022-1[4] | Australia | 12 May 2022 | 100% | – |
| MoneyMe Employee Equity Incentive Plan Trust[5] | Australia | 7 December 2020 | 100% | 100% |
| SocietyOne Funding Trust No. 1[4] | Australia | 15 March 2022 | 100% | – |
| SocietyOne PL 2021-1 Trust[4] | Australia | 15 March 2022 | 100% | – |
| SocietyOne Funding Trust No.2[4] | Australia | 15 March 2022 | 100% | – |
| SocietyOne Personal Loans Trust[7] | Australia | 15 March 2022 | – | – |
| ListReady (NZ) Pty Limited | New Zealand | 14 April 2020 | 100% | 100% |
| MoneyMe Financial Group (UK) Limited | United Kingdom | 21 October 2020 | 100% | 100% |

[1] Owns the residual income units relating to MME Horizon Warehouse Trust and MME Horizon 2020 Trust. Ownership changed in the 2020 financial year from MoneyMe Financial Group Pty Limited to MoneyMe Finance Pty Limited. Also owns the residual income units relating to MME Autopay 2021 Trust, MME PL Trust 2022-1 and 100% of the shares of MoneyMe TM Pty Limited.

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

[3] Owns 100% of the shares of MoneyMe Financial Group (UK) Limited.

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

[5] The purpose of the Trust is to support management of MONEYME's Employee Equity Incentive Plan.

[6] Owns the residual income units relating to SocietyOne Funding Trust No. 1, SocietyOne Funding Trust No.2 and SocietyOne PL 2021-1 Trust. Is the trustee of SocietyOne Personal Loans Trust and P2P Lending Trust.

[7] Funding for SocietyOne Personal Loans Trust is from Wholesale Client investors as defined under the Corporations Act. The trust is a Structured Entity such that voting or similar rights are not the dominant factor in deciding who controls the entity. The Group holds no units in SocietyOne Personal Loans Trust however has power over the relevant activities of the structured entity. The Group is exposed to variable returns from its involvement in the structured entity and has the ability to affect its returns, therefore the Group consolidates the structured entity in the financial statements.

# 2. New and amended accounting standards

The Group has assessed that there are no new or amended accounting standards for this reporting period that are likely to have a material impact for this report.

# 3. Significant accounting policies

## 3.1 Basis of preparation

*3.1.1 Statement of compliance*

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

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

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

*3.1.2 Basis of accounting*

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

*3.1.3 Basis of consolidation*

The Consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of MoneyMe Limited as at 30 June 2022 and the results of all subsidiaries for the twelve months then ended (for newly formed subsidiaries since establishment date or acquired entities since acquisition date).

Subsidiaries are all entities over which the Company has control. Control is achieved when the Company:

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

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

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

*3.1.4 Going concern*

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Refer to Note 4.2 for further information.

*3.1.5 Segment information*

Management has determined that the Group has one reporting segment being the provision of consumer finance. The internal reporting framework is based on the principal activity. The assets as presented relate to the reporting segment, as identified above. The Group operates predominately in Australia.

*3.1.6 Functional and presentation currency*

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

*3.1.7 Rounding*

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

*3.1.8 Recognition, classification and measurement*

*3.1.8.1 Net customer receivables*

The Group initially recognises gross customer receivables at fair value, net of any transaction costs and subsequently measures them at amortised cost as:

- The Group's business model is to collect contractual cash flows for its products until the account with the customer is closed; and
- The Group's contractual cash flows are solely payments of principal and interest (SPPI) on the principal outstanding (the SPPI test).

Transferred customer receivables into the warehouse trusts are still recognised in the Consolidated Financial Statements as the Group:

(a). is exposed to, or has rights to, variable equity returns in its capacity as the residual unit holder (or beneficiary as the case may be) of these trusts;

(b). has the ability to impact the variable equity returns in its capacity as the originator of customer receivables and the servicer of these receivables on behalf of the trusts; and

(c). is the sole subscriber to the Seller Notes issued by the trusts.

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

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

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

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

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

***3.1.8.2 Cash, other receivables and payables***

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

***3.1.8.3 Borrowings***

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

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

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

Refer to Notes 16 and 20 for further information.

***3.1.8.4 Derivative financial instruments***

The Group enters into derivative financial instruments to manage its exposure to interest rate risks, specifically interest rate swaps. Further details of derivative financial instruments are disclosed in Note 21 of the annual report.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

The Group has not designated any derivatives as hedging instruments, therefore hedge accounting has not been applied.

***3.1.8.5 Embedded derivatives***

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 *Financial Instruments* are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss (FVTPL).

The Group has not entered into any embedded derivative contracts.

## 3.2 Expected credit loss provisioning

***3.2.1 Net customer receivables***

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

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

(a). Probability of default (PD): PD is an estimate of the likelihood that a customer receivable will default within a set period.

(b). Loss given default (LGD): LGD is an estimate of the loss arising on default. The LGD model has been generated using the method of averages in a two-step process, which includes judgements and estimates based on industry statistics and historical performance of the Group's portfolio.

(c). Exposure at default (EAD): EAD is the total value the business is exposed to when a customer receivable defaults. The default date is the day when a contractually due payment was not received. Management has set the balance owing on the receivable to be the EAD if it is an estimate of the value or value at the end of the period. The EAD is discounted back monthly by the effective interest rate and amortised using the latest contracted principal repayment amount.

The Group's provisioning takes into account general hardship ("hardship") and COVID-19 hardship. Customer receivables are assessed to be in hardship in line with the Group's Responsible Lending policy. This reflects the completion of an information gathering, verification and assessment that concludes that the borrower will be unable to continue to make contractual customer repayments without experiencing substantial hardship. A borrower maybe in substantial hardship if they can only repay by reducing non-discretionary expenses. Consumers were assumed to be in COVID-19 hardship if they requested deferrals or reductions to their contractual customer repayments because of the COVID-19 environment, were assessed not to be under formal Hardship and were not in arrears greater than 30 days past due at the time of assessment.

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

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

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

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

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

Stage 2 assets exclude any receivables classified as being in hardship or any receivable classified in stage 1 or 3.

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

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

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

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

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

Refer to Notes 4.3 and 11 for further information.

***3.2.2 Cash, other receivables and payables***

***3.2.2.1 Recognition, classification, and measurement***

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

***3.2.2.2 Expected credit losses***

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

Refer to Note 10 for cash and cash equivalents and Note 15 for other receivables and payables.

## 3.3 Revenue

The Group recognises revenue in accordance with AASB 9 or AASB 15 depending on its nature and classification. Interest income, which includes all customer contractual and non-contingent interest and fees charged and brokerage commission paid to introducers, related to customer receivables is measured and presented on an effective interest rate basis. Under AASB 9, the effective interest rate method is used on customer receivables, based on estimated future cash receipts over the expected life of the financial asset. In making their judgement of estimated future cash flows and expected life of the customer receivables balance, management have considered the contractual and historical repayment pattern of the customer receivables.

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

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

Refer to Notes 4.4 and 6 for further information.

## 3.4 Intangible assets

***3.4.1 Recognition, classification and measurement***

Software development costs are capitalised only when:

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

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

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

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

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

Refer to Note 12 for further information.

*3.4.2 Impairment of intangible assets*

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

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

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

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

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

## 3.5 Taxation

*3.5.1 Income tax benefit / expense*

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

*3.5.2 Current tax*

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

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

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

*3.5.3 Deferred tax*

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

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

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

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

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

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

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

*3.5.4 Goods and services tax*

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

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

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

Refer to Notes 4.5 and 8 for further information.

# 4. Critical accounting estimates and judgements

## 4.1 Overview

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

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

## 4.2 Going concern

The financial statements have been prepared on a going concern basis, anticipating the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

During the financial year ended 30 June 2022, the Group incurred a net loss after income tax of $50 million (2021: $8 million) and received net cash inflows from operating activities of $80 million (2021: $40 million). As at 30 June 2022, the Group had a net asset position of $93 million (2021: $40 million) and unrestricted cash and cash equivalents of $14 million (2021: $10 million). The increase in net assets throughout the year was predominantly due to $99 million in ordinary shares issued in respect of the acquisition of SocietyOne, offset by current year loss after income tax.

The Directors recognise that the Group's ability to write new loans on favourable terms depends on its ability to access funding and the terms on which such funding is obtained. Accordingly if the Group is not able to secure additional funding (as and when it is required), or is unable to comply with the terms and conditions on which that funding is provided, it may not be able to write new loans or its ability to do so may be restricted; and if there is a loss or an adverse impact (for instance an increase in the cost of capital) to the Group's current funding sources, or any future funding sources, the Group's ability to write new loans on favourable and/or competitive terms will be limited. As detailed in Note 21.4 Liquidity Risk, MoneyMe received waivers in August 2022 in respect of financing agreement covenants for its securitisation trusts and corporate borrowings.

Whilst the Directors recognise the ongoing macro-environment uncertainty and capital market disruptions, they believe the Group is well placed to access funds from operating cashflows, existing arrangements, and other funding sources to support ongoing operations. Subsequent to year end, the Group has conducted an underwritten capital raise via an institutional placement of $20 million (before transaction costs). The Group plans to apply this capital to support moderated growth into FY23 and support having an appropriate level of liquidity as it calibrates to the current uncertain macroeconomic outlook. In addition, it is noted that the Group has $384 million in undrawn securitisation funding capacity with structures involving two major Australian banks and two major international banks via five warehouses and continues to have net inflows from operating activities.

The Group has prepared a cash flow forecast based on the above, including the current capital raising, funds from existing arrangements, operating cashflows and other funding sources to support the next 12 months of continued operations, that supports the going concern assessment that has been made.

## 4.3 Expected credit losses

#### *4.3.1 Customer receivable credit risk and default*

Expected credit losses (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. AASB 9 *Financial Instruments* does not define what constitutes a significant increase in credit risk. The Group judges that the credit risk of an asset has significantly increased to be stage 2 when a customer receivable exposure is greater than 30 days past due. The Group judges that a financial asset is in stage 3 when one or more contractual payments have been missed or in reference to receivable payments that are more than 90 days past payment, or in hardship.

No separate treatment has been applied to COVID-19 hardship receivables for the 2022 financial year, and the prior comparable period, reflecting a higher level of understanding and certainty relating to them over time. As a result, COVID-19 hardship customer receivables for FY21 and FY22 are provided for in the same way as other receivables as stage 1, 2 or 3 assets. As at 30 June 2022, COVID-19 hardship deferrals were 0.1% of gross customer receivables (0.1%, 30 June 2021).

#### *4.3.2 Base loss allowance calculation*

Probability of default (PD) constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon based on historic customer repayment data. Loss given default (LGD) is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Management use data-based modelling to support judgements in this area with separate models used in relation to

the MONEYME unsecured products. The unsecured products in the MONEYME Group portfolio are the variable rate Personal Loan (PL), Freestyle and ListReady products. The variable rate PL and Freestyle modelling applies up to 2 years of the most recent historic data.

The fixed rate PL product was acquired by the Group as part of the SocietyOne acquisition in FY22 (see note 5 for further information). As at 30 June 2022, 16% of the fixed rate PL customer receivables portfolio is secured. The other secured product in the Group's portfolio is the Autopay product.

#### *4.3.2.1 Unsecured modelling*

The Group has modelling for its unsecured suite of products, which comprises the variable rate PL, Freestyle and ListReady products.

PD for variable rate PLs have been segmented into two groups for borrowers based on their marital status. Variable rate PL PD segmentation has changed from prior year as it was previously based on employment sector. Freestyle PD has also been segmented into two groups, for borrowers with a Veda score amount greater than or equal to 615.5 and less than 615.5. Freestyle PD segmentation has changed from prior year as it was previously prepared based on credit limit. The change reflects further analysis and modelling to further align calculations with the Freestyle product credit risk drivers.

LGD has also been segmented into groups to account for different risk profiles of the Group's borrowers. The LGD for PL and Freestyle has been segmented based on borrower's employment with a specific industry sector. The segmentation has been updated in the 12 months to 30 June 2022 from 30 June 2021 and includes new industry sectors.

The maximum input for Exposure at default (EAD) for the PL was $50,000 as at 30 June 2022. This is the same EAD as at 30 June 2021. EAD maximum input for Freestyle was $20,000 as at 30 June 2022 ($20,000; 30 June 2021).

The Group applies a 25% Credit Conversion Factor (CCF) in relation to undrawn commitments on Freestyle for customers not in arrears. For customers who are in arrears the CCF is reduced to 1%. This is the same methodology used for FY21.

ListReady has a lower LGD than the PL and Freestyle products given the Group has the right to place a caveat over the borrower's property. ListReady-related modelling also uses more general conservative assumptions as inputs that reflect the product's relatively recent launch, during the 2022 financial year, and materiality.

*4.3.2.2 Secured modelling*

The Group has modelling for its secured fixed rate PL product. The fixed rate PL ECL model for customer receivables considers the aging of receivables historical collection rates, specific knowledge of the individual borrower's financial circumstances and expected performance of the customer receivables portfolio. Similar to the unsecured models, the fixed rate PL model incorporates a range of inputs notably that of EAD, PD and LGD. The calculation of PDs are a function of internal credit ratings (based on a scorecard) and shared characteristics that are highly correlated to credit risk such as previous defaults. The LGD associated with the PD used is the magnitude of the ECL in a default event. The LGD is estimated using historical loss rates considering relevant factors for individual exposures or portfolios.

The other secured product in the Group's portfolio is the Autopay product. Given its infancy and therefore the lack of an adequate period of observable data, the Autopay product is provisioned based on benchmarking and book performance reviews to estimate a reasonable provision rate.

*4.3.3 Loss allowance overlay calculations*

Management have applied model risk overlays to address the risk of data modelling errors. The 30 June 2022 loss allowance model risk approach has been applied on the individual product's models, based on management's assessment of the strength and quality of each individual model. This has changed from the approach applied at 30 June 2021, which was the same percentage applied to each model.

Management have also applied a macroeconomic overlay to reflect uncertainty from the broader economic environment. Macroeconomic overlays for FY22 and FY21 have been determined based on the same overall statistical modelling approach. This modelling involved regression analysis using historical macroeconomic data sourced from a credible third party to support the determination of key macroeconomic predictors to be used for scenario modelling.

The principal macroeconomic indicators referenced in the economic scenarios considered for the position at 30 June 2022 are gross domestic product (GDP), cash rate, and unemployment. The 30 June 2021 position referenced GDP, GDP index, and unemployment. The models referenced information from the Australian Prudential Regulation Authority (APRA) Authorised Deposit-Taking Institution (ADI) quarterly performance statistics for losses data, with a set of variables obtained from the Australian Bureau of Statistics (ABS) including GDP, GDP growth rates, headline consumer price index (CPI) growth rates, trimmed CPI, and unemployment. Economic reports from the market were also used to support and validate this data.

Macroeconomic scenario modelling references a base-case forecast sourced from credible third parties, which is adjusted to determine upside and downside scenarios.  reflects reference to a base case forecast sourced from credible third parties, which is adjusted to determine upside and downside scenarios. The weightings used in the FY22 position compared to the FY21 position reflect a decrease to the base case forecast weighting, with the upside remaining consistent, and a decrease to the downside weighting. This reflects a certain level of uncertainty that exists as part of the current macroeconomic environment.

A 2.0% increase to the downside scenario weighting, with a 1.0% reduction to each of the base and upside scenarios would increase the Group's FY22 provision by $3.3 million to 6.3% of gross customer receivables, from 6.1%. A 2.0% decrease to the downside scenario weighting, with a 1.0% increase to each of the base and upside scenarios would reduce the Group's FY22 provision by $3.3 million to 5.9% of gross customer receivables, from 6.1%. A 1.0% transfer of stage 1 gross customer receivables (calculated on a 12-month expected credit loss basis) to stage 2 (calculated on a lifetime expected credit loss basis) would increase the Group's FY22 provision by $1.9 million to 6.2% of gross customer receivables, from 6.1%.

Credit risk has decreased significantly since issuance of MONEYME's 2021 annual report, reflecting the improved Coronavirus 2019 (COVID-19) impacted macroeconomic environment and outlook. The decrease in the overlay reflects the increased confidence in the macroeconomic environment and the improving ability for borrowers to repay their debt due to record low unemployment rates. This is deemed appropriate in reference to the modelling completed, model back testing, customer receivable operational credit risk reporting, market benchmarking, current and projected government initiatives, and the current macroeconomic projections.

Refer to Notes 3.2 and 11 for further information.

## 4.4 Fee income and expense recognition

The Group's interest and fees on customer receivables uses the effective interest rate method that reflects the expected useful life of the underlying financial asset and the rate that discounts cash flows back to the present value. In making their judgements around the expected life of the underlying customer receivables balance and the discount rate applicable, management have considered the contractual and historical repayment patterns of the customer receivables. The Group has further updated its estimates relating to the effective life of the underlying financial assets that are used to calculate effective yield income since the prior reporting period. The updates reflect a review of further historic data and the expected effective life of customer receivables. The Group plans to continue to review and update its estimates in this area for future reporting periods on the same basis.

The Group's Autopay and, more recently, Personal Loan products involve distribution via a broker/dealer commission model. Commissions paid for loan origination are considered within an effective yield calculation and amortised over the expected life of the loan.

Refer to Note 3.3 for further information.

## 4.5 Taxation

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

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

Deferred tax asset recognition reflects an assessment that it is probable that there will be enough taxable profits against which to utilise the benefits of the temporary differences and that they are expected to reverse in the foreseeable future. Management have applied overlay adjustments to all deferred tax asset balances to reflect uncertainties relating to model risk, business uncertainties and uncertainties that reflect the macro-environment. The macroeconomic overlay applied to the 2022 deferred tax asset balances reflects consideration of the COVID-19 environment.

Refer to Notes 8 for further information.

## 5. Acquisition of subsidiaries

On 15 March 2022, the Group acquired 100% of the ordinary shares of SocietyOne Holdings Pty Limited (SocietyOne), obtaining control of SocietyOne. SocietyOne is a consumer lender and qualifies as a business as defined in AASB 3 *Business Combinations*.

The MONEYME and SocietyOne businesses bring complementary distribution capabilities that will span across direct digital, direct traditional, broker, agent and dealer, as well as delivering improved data and funding opportunities. The combined business will deliver leading customer experiences with the increased scale accelerating the Group's pace of winning market share from incumbent lenders.

89% of SocietyOne shareholders received 66.4 million MoneyMe Limited shares, with 11% of the consideration paid as a cash consideration option totalling just over $14.5 million. The equity portion of the total consideration is calculated as the 66.4 million MoneyMe Limited shares received multiplied by the MoneyMe Limited closing share price on Completion Date – 15 March 2022 ($1.49). The cash consideration plus the equity component gives us the total consideration of $113.5 million. The table below provides further details.

The amounts recognised on 15 March 2022 as the fair value of the identifiable assets acquired and liabilities assumed are as set out in the table below.

| | Note | $'000 |
|---|---|---|
| Cash and cash equivalents | | 38,095 |
| Net working capital | | (8,137) |
| Other non-current assets / (liabilities) | | (7,219) |
| Property, plant and equipment | | 23 |
| **Total net tangible assets[1]** | | **22,762** |
| Brokers' relationships | | 5,018 |
| Brand name | | 5,613 |
| Advertising contract | | 1,000 |
| Software platforms | | 18,757 |
| **Total identified intangible assets[2]** | 12 | **30,388** |
| **Deferred tax liabilities recognised upon acquisition** | 8 | (3,189) |
| Goodwill - residual[3] | | 63,510 |
| **Total consideration** | | **113,471** |
| Satisfied by: | | |
| Cash | | 14,524 |
| Equity instruments (66,407,225 ordinary shares of the Company) | | 98,947 |
| **Total consideration transferred** | | **113,471** |
| Net cash inflow / (outflow) arising on acquisition: | | |
| Cash consideration | | (14,524) |
| Less: cash and cash equivalent balances acquired | | 38,095 |
| **Total cash inflow / (outflow) arising on acquisition** | | **23,571** |

[1] The value of the net tangible assets that were recognised on the balance sheet of SocietyOne at the date of acquisition.
[2] Total identified intangible assets:
- Brand name: the SocietyOne trade name and logo, which shall continue to be used.
- Advertising contract: key advertising contract with a major media organisation.
- Brokers' relationships: contracts with over 1,900 accredited brokers that are responsible for originating loans and facilitate relationships between the Group and borrowers.
- Software platforms: the SocietyOne digital lending platform software, which shall continue to be used.

[3] Portion of purchase price that is higher than the sum of the fair value of the net assets purchased.

The fair value of the financial assets includes net customer receivables with a fair value of $334 million and a gross contractual value of $348 million. The best estimate at acquisition date of the contractual cash flows not to be collected is $7 million.

The goodwill of $63.5 million arising from the acquisition consists of scale economies and complementary distribution capabilities between the two businesses. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the 66,407,225 ordinary shares issued as part of the consideration paid for SocietyOne ($98.9 million) was determined by observing the MoneyMe Limited (ASX: MME) closing share price on 15 March 2022.

Acquisition-related transaction costs (included in administrative expenses) amount to $7 million.

SocietyOne contributed $23 million of net revenue and $8 million of losses to the Group for the period between the date of acquisition and the reporting date.

If the acquisition of SocietyOne had been completed on the first day of the financial year, Group revenues for the year would have been $163 million and Group loss would have been $67 million.

## 6. Other income

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Recoveries | | 3,525 | 2,150 |
| Referral income | | 194 | 475 |
| Gain on derivatives | 21 | 6,417 | – |
| Other customer fee income | | 3,649 | 2 |
| Other | | 1,504 | 1,986 |
| **Total other income** | | **15,289** | **4,613** |

Recoveries represent income from customer receivables previously written off. Recoveries amounting to $3.5 million in the 2022 financial year (2021: $2.1 million) relate to receivables originated in the same financial year. Other income includes fees and charges related to receivables that have not been recognised as interest income under the effective interest rate methodology. Bank interest income is included in interest income.

At 30 June 2022, the Group recognised $10.5 million of derivative financial instrument assets. The $6.4 million gain reflects the movement in the fair value of the derivative financial instruments since the date of acquisition of SocietyOne (the fair value at the date of acquisition was $4.1 million).

Refer to Notes 3 and 21 for further information on derivative financial instruments.

## 7. Operating expenses

### 7.1 Interest expense

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Interest on borrowings | 16 | 38,403 | 10,459 |
| Lease liability interest | 13 | 90 | 136 |
| **Interest expense** | | **38,493** | **10,595** |

### 7.2 Operating expenses

Operating expenses include employee expenses of $14.9 million in 2022 (2021: $8.7 million). These are attributed across the sales and marketing expense, product design and development expense, and general and administrative expense categories.

The Group has deducted $0.6 million across the sales and marketing, product design and development and general and administrative expense categories in line with its access to the government COVID-19 related stimulus program throughout 2022 (2021: $1.2 million).

# 8. Taxation

## 8.1 Income tax expense / (benefit)

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| *The components of tax expense comprise:* | | |
| Adjustment in relation to prior year tax expense | – | (18) |
| Deferred tax | 2,582 | (2,085) |
| **Income tax expense / (benefit)** | **2,582** | **(2,103)** |

*Numerical reconciliation between tax expense and pre-tax accounting profit:*

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Profit / (loss) before income tax** | **(47,782)** | **(10,032)** |
| Income tax using the domestic tax rate of 30.0% in 2022 (2021: 30.0%) | (14,334) | (3,010) |
| Effect of expenses that are not deductible | 3,196 | 14 |
| Effect of concessions (R&D and other allowances) | (531) | 414 |
| Deferred tax assets not recognised/(Recognition of previously unrecognised deferred tax assets) | 14,251 | 497 |
| Adjustment in relation to prior year tax expense | – | (18) |
| **Income tax expense / (benefit)** | **2,582** | **(2,103)** |

## 8.2 Current tax payable

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Opening current tax asset / (payable) balance** | **13** | **(1,580)** |
| Tax payments made | – | 1,578 |
| Adjustment in relation to current year tax expense | – | (3) |
| Adjustment in relation to prior year tax expense | – | 18 |
| **Closing current tax asset/(payable) balance** | **13** | **13** |

## 8.3 Net deferred tax

| 2022 | Net balance at 30 June 2021 $'000 | Recognised in P&L $'000 | Net deferred tax at 30 June 2022 $'000 |
|---|---|---|---|
| Cash and cash equivalents | – | – | – |
| Net customer receivables | 2,487 | 2,392 | 4,879 |
| Intangible assets | 2,145 | (4,358) | (2,213) |
| Right-of-use assets | 312 | (1,063) | (751) |
| Property, plant and equipment | (96) | 130 | 34 |
| Other receivables | 913 | (895) | 18 |
| Borrowings | (1) | 41 | 40 |
| Other payables | 195 | (126) | 69 |
| Lease liabilities | (444) | 662 | 218 |
| Employee-related provisions | 99 | 107 | 206 |
| IPO costs | (22) | 714 | 692 |
| Tax losses | 793 | (793) | – |
| **Net deferred tax asset / (liability)** | 6,381 | (3,189) | 3,192 |

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

A deferred tax asset has been recognised that reflects an estimate as to the tax recoverable on differences between the carrying amounts of assets in the Financial Statements and the corresponding tax bases used in the computation of taxable profit as at 30 June 2022.

For the current financial year, no further on-balance sheet deferred tax asset balances have been recognised. The closing net tax asset balance in the Group's accounts has reduced from the opening balance of $6.4 million by the deferred tax liability on identified intangibles assets ($3.2 million), resulting in a net deferred tax asset on balance sheet amount of $3.2 million. The carrying amount of deferred tax assets has been reviewed as at 30 June 2022, and it is assessed that there is appropriate certainty to support the reported deferred tax asset, with overlays applied, after considering tax regulations, current economic environment, business plans and probable projected taxable profits. Further, the balance reflects consideration of the Group's 2022 high gross customer receivable growth, from $332.6 million to $1.35 billion in closing gross customer receivables, the credit risk of those receivables, the contracted revenue associated with the receivables and the reduction achieved in the Group's funding and operating costs relative to the customer receivable growth. It also reflects a momentum in customer receivable originations that is reasonably expected to continue, supported by the core Personal Loan and Freestyle products, and newer product innovations such as Autopay. These factors provide convincing evidence that sufficient taxable profit will be available against which the recognised deferred tax asset can and will be utilised by the Group.

It is noted that the reported deferred tax asset excludes $42.6 million ($7.3 million, 30 June 2021) of unrecognised deferred tax asset arising from temporary differences (i.e., held off-balance sheet) as part of set overlays that reflect consideration for tax regulations, current economic environment, business plans, model risk and probable projected taxable profits. The Group has unrecognised deferred tax asset of $23.2 million ($0.8 million, 30 June 2021) relating to accumulated tax losses and R&D offsets. $16.4 million of this balance relates to tax losses transferred to the Group upon entrance of SocietyOne to the MONEYME tax consolidated group.

## 9. Earnings per share

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

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

| | Note | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|---|
| Profit / (loss) after income tax | | (50,364) | (7,929) |
| | | **No.** | **No.** |
| Weighted average number of ordinary shares used in calculating basic EPS | 18 | 190,801,578 | 169,440,001 |
| Adjustments for calculation of diluted EPS: | | | |
| Options | | – | – |
| Rights | | – | – |
| Weighted average number of ordinary shares used in calculating diluted EPS | | 190,801,578 | 169,440,001 |
| | | **cents** | **cents** |
| **Basic profit / (loss) / EPS** | | **(26.4)** | **(4.7)** |
| **Diluted profit / (loss) / EPS** | | **(26.4)** | **(4.7)** |

## 10. Cash and cash equivalents

### 10.1 Overview

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Cash at Bank | 14,168 | 9,596 |
| Restricted cash held in the Group's Warehouse Trusts[1] | 66,507 | 16,568 |
| **Total cash and cash equivalents** | **80,675** | **26,164** |

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

### 10.2 Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| **Operating profit / (loss) after income tax** | **(50,364)** | **(7,929)** |
| Adjustments for: | | |
| Net interest income | 21,314 | 8,157 |
| Impairment expense | 101,448 | 28,751 |
| Share-based payment expense | 2,455 | 1,315 |
| Depreciation and amortisation expense | 2,239 | 1,689 |
| Commission expense | (1,169) | – |
| Non-cash fee income | 360 | – |
| Gain on derivatives | (6,417) | – |
| Gain on disposal of assets | 4 | – |
| (Increase) in other receivables | (1,876) | (35) |
| (Decrease) in current tax | – | (1,578) |
| (Increase) / Decrease in deferred tax asset | 2,582 | (2,103) |
| Interest accrued as part of borrowings | 90 | 135 |
| Increase in other payables | 6,737 | 2,300 |
| Increase in employee-related provisions | 1,775 | 532 |
| **Net cash from operating activities** | **79,178** | **31,234** |

## 11. Net customer receivables

### 11.1 Customer receivable balance summary

*11.1.1 Gross and provision customer receivable balances*

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Gross customer receivables | 1,345,276 | 332,550 |
| Customer receivable provisions | (81,488) | (26,271) |
| **Net customer receivables** | **1,263,788** | **306,279** |
| Provisions as % gross customer receivables | 6.1% | 7.9% |

The provision as a percentage of the total customer receivables has reduced from 7.9% as at 30 June 2021 to 6.1% as at 30 June 2022.

*11.1.2 Gross customer receivable movements*

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Opening balance** | **332,550** | **133,560** |
| Customer receivables originated during the year | 916,124 | 398,897 |
| Acquired receivables[1] | 241,899 | – |
| Principal payments received | (97,670) | (184,618) |
| Net customer receivables written off | (47,627) | (15,289) |
| **Closing balance** | **1,345,276** | **332,550** |

[1] Represents the receivables originated by SocietyOne during FY22, prior to the date of acquisition.

The above disclosure includes effective interest rate related balances.

The Group's customer receivables increased significantly in FY22 driven by originations and the acquisition of SocietyOne. FY22 originations reflect exponential growth in the Group's Autopay product in particular.

*11.1.3 Customer receivable provision movements*

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Opening balance** | **26,271** | **12,809** |
| Additional provisioning | 102,844 | 28,751 |
| Recoveries on customer receivables previously provided for | 3,420 | 2,092 |
| Gross customer receivables written off | (51,047) | (17,381) |
| **Closing balance** | **81,488** | **26,271** |

The above disclosure includes effective interest rate related balances.

The growth in the provision balance in FY22 reflects the high growth in gross customer receivables and stage 1 provisioning requirements in particular, offset by an overall reduction in the provisioning rate.

Gross customer receivables written off to 30 June 2022 includes $45.2 million of principal written off.

Additional provisioning of $102.8 million excludes the impact of bad debt sale income totalling $11.8 million in FY22. The sale was executed throughout the financial year, starting from December 2021, with proceeds offsetting against customer receivable impairment expense. Note that the customer receivable impairment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income includes the impact of the $11.8 million bad debt sale proceeds received throughout the financial year.

## 11.2 Customer receivable balances by impairment stage

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

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

| 30 June 2022 | Stage 1 $'000 | Stage 2 $'000 | Stage 3 $'000 | Total $'000 |
|---|---|---|---|---|
| Gross customer receivables | 1,241,489 | 42,286 | 61,501 | 1,345,276 |
| Provision | (40,225) | (15,168) | (26,095) | (81,488) |
| **Net customer receivables** | **1,201,264** | **27,118** | **35,406** | **1,263,788** |
| Provisions as % gross customer receivables | 3.2% | 35.9% | 42.4% | 6.1% |

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

*11.2.2 Customer receivable movements by impairment stage*

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

| 30 June 2022 | Stage 1 $'000 | Stage 2 $'000 | Stage 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Opening balance** | **316,680** | **9,425** | **6,445** | **332,550** |
| Originations | 916,124 | – | – | 916,124 |
| Acquired receivables | 234,688 | 6,118 | 1,093 | 241,899 |
| Repayments, transfers between stages and parameter changes | (226,003) | 26,743 | 101,590 | (97,670) |
| Customer receivables written off | – | – | (47,627) | (47,627) |
| **Closing balance** | **1,241,489** | **42,286** | **61,501** | **1,345,276** |
| Secured | 491,568 | 15,362 | 2,798 | 509,728 |
| Unsecured | 749,921 | 26,924 | 58,703 | 835,548 |
| **Closing balance** | **1,241,489** | **42,286** | **61,501** | **1,345,276** |

| 30 June 2021 | Stage 1 $'000 | Stage 2 $'000 | Stage 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Opening balance** | **126,182** | **4,191** | **3,187** | **133,560** |
| Originations | 398,897 | – | – | 398,897 |
| Repayments, transfers between stages and parameter changes | (208,399) | 5,234 | 18,547 | (184,618) |
| Net customer receivables written off | – | – | (15,289) | (15,289) |
| **Closing balance** | **316,680** | **9,425** | **6,445** | **332,550** |
| Secured | 5,934 | 197 | 141 | 6,272 |
| Unsecured | 310,746 | 9,228 | 6,304 | 326,278 |
| **Closing balance** | **316,680** | **9,425** | **6,445** | **332,550** |

The above table reflects $1.2 billion, 92% (2021: $316.7 million, 95%) of FY22 closing gross customer receivables being in stage 1 provisioning.

The FY22 ECL associated with the secured gross customer receivables book was 18%, while the unsecured portion of the book was 82%. The secured book comprises the Autopay product and a portion of the fixed rate PL portfolio. The unsecured book comprises the rest of the MONEYME Group's suite of products.

*11.2.3 Gross customer receivable provision movements by impairment stage*

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

| 30 June 2022 | Stage 1 $'000 | Stage 2 $'000 | Stage 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Opening balance** | **16,213** | **4,025** | **6,033** | **26,271** |
| Transfers between stages | (56,297) | 8,042 | 48,255 | – |
| Originations | 72,551 | – | – | 72,551 |
| Write-offs | – | – | (47,627) | (47,627) |
| Risk parameter changes | 7,758 | 3,101 | 19,434 | 30,293 |
| **Closing balance** | **40,225** | **15,168** | **26,095** | **81,488** |

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

The above table reflects a $55.2 million (210%) increase in the customer receivable provision from $26.3 million in 2021 to $81.5 million in 2022. $72.6 million of the incremental increase relates to the significant growth in new assets that were originated during the year. As expected, assets originated in the prior period substantially represent stage 3 closing customer receivable provisioning before write-offs and risk parameter changes.

The table also reflects $40.2 million (49%) of the closing 2022 provision balance in the stage 1 with $15.2 million (19%) in stage 2 and $26.1 million (32%) in stage 3. Write-offs materially relate to assets originated in the prior year.

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

The Group also manages the credit risk profile of its book through a focus on loan portfolio diversification. This is assessed on an ongoing basis in relation to key criteria that include customer residency and loan purpose, among other factors. As at 30 June 2022, gross customer receivables reflected:

- 30% in NSW, 26% VIC, 24% QLD and 10% WA.
- 11% in Construction, Building & Architecture, 10% in Logistics, Transport & Supply, 9% in Hospitality, Travel and Tourism, 8% in Manufacturing, Trades and Services and 8% in Medical & Healthcare.
- 14% to borrowers aged from 18 to 25, 32% to borrowers aged 26 to 35 and 54% to borrowers over 35.
- 69% to borrowers in full-time employment, 8% to borrowers in part-time employment, 15% to self-employed and 8% to casual borrowers.
- An average Equifax score of 704 as at 30 June 2022 (650 as at 30 June 2021).

The Group monitors the portfolio to support avoiding disproportionate exposures to any single debtor or its monitored groups of debtors. This diversification is an important credit risk mitigant during the COVID-19 environment in particular.

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

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

Refer to Notes 3.2 and 4.3 for further information.

## 11.3 Undrawn commitment customer receivable balances by impairment stage

Undrawn balances are considered as stage 1 only. Net undrawn customer receivables as at 30 June 2022 were $102.6 million (2021: $89.0 million). This comprised gross undrawn customer receivables of $115.4 million (2021: $89.7 million) less stage 1 provision balance $12.8 million (2021: $0.7 million).

# 12. Goodwill and intangible assets

## 12.1 Intangible assets

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Opening balance** | | **3,265** | **2,166** |
| Additions - in the ordinary course of business | | 3,506 | 1,843 |
| Additions - on acquisition of subsidiary | 5 | 30,388 | – |
| Amortisation expense for the period | | (1,106) | (744) |
| **Closing balance** | | **36,053** | **3,265** |

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Intangible asset at cost | 38,532 | 4,638 |
| Accumulated amortisation | (2,479) | (1,373) |
| **Total intangible asset** | **36,053** | **3,265** |

The Group's intangible asset balance primarily relates to intangible assets that were recognised upon acquisition of SocietyOne Holdings Pty Limited. Under the acquisition method outlined in AASB 3 *Business Combinations*, the Group is required to separately recognise intangible assets at the Valuation Date only if it meets the definition of an intangible asset as set out in AASB 138 *Intangible Assets* and its fair value can be measured reliably.

The Group engaged independent technical advisers to assist with the identification of identifiable intangible assets upon the acquisition of SocietyOne Holdings Pty Limited in line with the relevant accounting standards. The following intangible assets were identified and recognised on the date of acquisition:

| | 2022 $'000 |
|---|---|
| Brokers' relationships | 5,018 |
| Brand name | 5,613 |
| Advertising contract | 1,000 |
| Software platforms | 18,757 |
| **Total acquired intangible assets** | **30,388** |

The remaining balance of intangible assets at 30 June 2022 is $5.7 million (2021: $2.5 million) of internally generated intangible assets, relating to the Group's Horizon Technology Platform (Horizon). Horizon supports the Group's customer receivable processes, from origination, underwriting and settlement to servicing, securitisation funding and collection management. Capitalised spend reflects both the addition of new product capability to the system, and further system capability enhancements, such as Artificial Intelligence capability developments. The Horizon asset is being amortised on a straight-line basis over 5 years.

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

## 12.2 Goodwill

Goodwill is an intangible asset that is associated with the purchase of one company by another. Specifically, goodwill is the portion of the purchase price that is higher than the sum of the net fair value of all of the assets purchased in the acquisition and the liabilities assumed in the process.

Goodwill on acquisition is initially measured at cost, being the excess of the consideration for the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at least annually or whenever these is an indication of impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

The Group recognised goodwill of $63.5 million on the acquisition of SocietyOne Holdings Pty Limited. All units within the Group are expected to benefit from the revenue and cost synergies of this combination, and therefore the Group is considered one cash-generating unit for the purposes of allocating the $63.5 million of goodwill. The recoverable amount of this unit is determined using the fair value less costs of disposal method, and specifically discounted cash flow projections. Management have assumed a growth rate of 0% to extrapolate cash flow projections and applied a discount rate of 10% over a period of one year. Goodwill is assessed as not impaired as at 30 June 2022.

Refer to Notes 5 for further information as to the Group's application of acquisition accounting, including the calculation of goodwill..

## 13. Leases

The Group's lease commitments relate to existing leases for the office premises at 131 Macquarie Street, Sydney NSW 2000 and 317 Hunter Street, Newcastle NSW 2300, with the addition of a new lease for office premises at 352 Hunter Street, Newcastle NSW 2300. This was entered into on 13 June 2022 with occupancy expected to commence during the month of August 2022. The Group has decided to not exercise the option to renew the existing Newcastle lease. SocietyOne held a lease on office premises at 309 George Street, Sydney which expired in April 2022 and was not renewed.

All the above leases have been recognised in accordance with AASB 16 *Leases* as follows:

### 13.1 Right-of-use assets

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Opening balance** | | **1,381** | **1,905** |
| Additions - in the ordinary course of business | | 2,030 | - |
| Additions - on acquisition of subsidiary | 5 | 79 | - |
| Lease bank guarantee deposit interest[1] | | - | 64 |
| Lease term modification adjustment[2] | | (303) | - |
| Depreciation expense for the period | | (687) | (588) |
| **Closing balance** | | **2,500** | **1,381** |

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

[2] Reflects adjustment for potential to not exercise option to renew 317 Hunter Street Newcastle lease, as well as early termination of office premises and equipment leases acquired upon acquisition of SocietyOne Holdings Pty Limited.

### 13.2 Lease liabilities

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Opening balance** | | **1,557** | **2,120** |
| Additions - in the ordinary course of business | | 2,030 | – |
| Additions - on acquisition of subsidiary | 5 | 103 | – |
| Interest accrual in the period | | 90 | 136 |
| Payments in the period | | (812) | (699) |
| Lease term modification adjustment[1] | | (306) | – |
| **Closing balance** | | **2,662** | **1,557** |
| **Net lease related asset / (liability)** | | **(162)** | **(176)** |

[1] Reflects adjustment for potential to not exercise option to renew 317 Hunter Street Newcastle lease, as well as early termination of office premises and equipment leases acquired upon acquisition of SocietyOne Holdings Pty Limited.

A lease interest expense relating to the lease liability was recognised as part of interest expense during the period. No explicit incremental borrowing rate has been outlined in the lease agreements. The Group has applied an incremental borrowing rate of 7.25%.

## 14 Property, plant and equipment

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Opening balance** | | **1,456** | **1,105** |
| Additions - in the ordinary course of business | | 349 | 708 |
| Additions - on acquisition of subsidiary | 5 | 23 | - |
| Disposals | | (2) | - |
| Movements in accumulated depreciation | | (446) | (357) |
| **Closing balance** | | **1,380** | **1,456** |

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Property, plant and equipment at cost | 3,194 | 2,112 |
| Accumulated depreciation | (1,814) | (656) |
| **Total property, plant and equipment** | **1,380** | **1,456** |

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

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

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

## 15. Other receivables and payables

### 15.1 Other receivables

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Marketing prepayments | 4,568 | – |
| Other prepayments | 1,645 | – |
| Portfolio sales | 1,400 | – |
| Rental bond[1] | 739 | 326 |
| Other | 1,845 | 708 |
| **Total other receivables** | **10,197** | **1,034** |

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

For the purposes of impairment assessment, the other receivables balance is considered to have low credit risk following an assessment of the relevant counterparties. The expected credit loss on other receivables has been assessed as immaterial and has not been recognised. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

### 15.2 Other payables

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Sales and marketing | 4,628 | 849 |
| Tax, audit and consulting related services | 7,488 | 508 |
| Legal and related consulting services | 279 | 788 |
| General office expenses | 1,224 | 284 |
| Other | 1,842 | 479 |
| **Total other payables** | **15,461** | **2,908** |

## 16. Borrowings

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| **Opening balance** | **299,728** | **113,126** |
| Drawdowns – in the ordinary course of business | 1,121,466 | 127,679 |
| Repayments | (410,376) | 58,000 |
| Borrowings – via acquisition | 352,142 | - |
| Other | (4,689) | 923 |
| **Closing balance** | **1,358,271** | **299,728** |

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

The Group also holds assets on trust for investors in the SocietyOne Personal Loans Trust. The Group holds no units in SocietyOne Personal Loans Trust however has power over the relevant activities of the structured entity. The Group is exposed to variable returns from its involvement in the structured entity and has the ability to affect its returns, therefore the Group consolidates the structured entity in the financial statements. The trust is a Structured Entity such that voting or similar rights are not the dominant factor in deciding who controls the entity.

The table below reconciles the gross carrying amounts of securitised customer receivables and customer receivables held on trust.

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| MME Horizon 2020 Warehouse Trust | 322,666 | 243,347 |
| MME Autopay 2021 Trust | 308,247 | – |
| SocietyOne Funding Trust No. 2 | 157,448 | – |
| SocietyOne Funding Trust No. 1 | 120,351 | – |
| MME Horizon Warehouse Trust | 85,761 | 66,101 |
| MME PL Trust 2022-1 | 200,933 | – |
| SocietyOne PL 2021-1 Trust | 112,799 | – |
| SocietyOne Personal Loans Trust | 21,454 | – |
| MoneyMe Financial Group Pty Limited | 15,617 | 23,102 |
| **Gross customer receivables** | **1,345,276** | **332,550** |

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

Refer to Note 21 for further information including the drawn balance, funding limits and undrawn balances of borrowing facilities, as well as information on borrowings maturity.

# 17. Employee related provisions and KMP remuneration

## 17.1 Employee related provisions

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Opening balance** | **1,542** | **1,010** |
| Additional provisions | 5,290 | 1,763 |
| Provision reductions | (2,708) | (1,231) |
| **Closing balance** | **4,124** | **1,542** |

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date.

These benefits include annual leave and long service leave.

## 17.2 KMP Remuneration

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Fixed annual remuneration | 1,175 | 1,173 |
| Post-employment benefits | 92 | 84 |
| Share-based payments | 604 | 421 |
| Short-term incentives | 600 | 600 |
| **Total KMP remuneration** | **2,471** | **2,278** |

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

## 18. Share capital

| Ordinary shares | Date | Shares (No.) | Issue price | $'000 |
|---|---|---|---|---|
| **Balance** | **30 June 2020** | **169,440,001** | | **44,108** |
| Issuance of treasury shares [1] | | 2,000,000 | | |
| **Balance** | **30 June 2021** | **171,440,001** | | **44,108** |
| Issuance of ordinary shares for acquisition of SocietyOne | | 66,407,225 | 1.49 | 98,947 |
| **Ordinary and treasury shares** | **30 June 2022** | **237,847,226** | | **143,055** |
| Elimination of inter-group transactions [2] | | (2,000,000) | | |
| **Balance** | **30 June 2022** | **235,847,226** | | **143,055** |

[1] Issuance of treasury shares to the MoneyMe Share Plan Trust.
[2] Elimination of inter-group transaction between MoneyMe Limited and the MoneyMe Share Plan Trust.

## 19. Reserves

### 19.1 Reserves summary

| | Note | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|---|
| Share options | 19.2 | 247 | 195 |
| Performance rights | 19.3 | 1,827 | 564 |
| **Opening balance** | | **2,074** | **759** |
| Share option expense | 19.2 | 46 | 52 |
| Performance rights expense | 19.3 | 2,409 | 1,263 |
| Performance rights exercised | 18 | – | – |
| **Share-based payment expense** | | **2,455** | **1,315** |
| Share options | 19.2 | 293 | 247 |
| Performance rights | 19.3 | 4,236 | 1,827 |
| **Closing balance** | | **4,529** | **2,074** |

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

## 19.2 Share options

| | Current period expense ($'000) | Weighted average exercise price ($) | Fair value per option ($) | Grant date | Vesting date | Fair value model volatility[1] | Fair value model risk-free interest rate[2] | Fair value model dividend yield |
|---|---|---|---|---|---|---|---|---|
| **S1 2020** | - | 0.54 | 0.09 | 12/2017 | 12/2020 | 45.25% | 2.03% | 0.00% |
| **S2 2020** | 46 | 0.82 | 0.23 | 12/2018 | 12/2021 | 37.98% | 2.53% | 0.00% |

[1] The fair value model volatility rate reflects a management estimate made in reference to the share prices for similar listed entities.
[2] The fair value model risk-free rate reflects a management estimate made in reference to government bond interest rates.

| 2022 | Opening balance | Granted | Lapsed/ Cancelled | Vested/ Exercised | Closing balance | Exercisable at the end of the period |
|---|---|---|---|---|---|---|
| **No.** | | | | | | |
| **S1 2020** | **914,795** | – | – | (47,305) | **867,490** | 867,490 |
| **S2 2020** | **818,686** | – | – | – | **818,686** | 818,686 |
| **Total** | **1,733,481** | – | – | (47,305) | **1,686,176** | 1,686,176 |

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

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

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

## 19.3 Performance rights

| | Current period expense ($'000) | Fair value per right ($) | Grant date (contractual) | Projected vesting date (contractual) | Projected vesting date (contractual) |
|---|---|---|---|---|---|
| **S2 2020 EPR** | 240 | 1.25 | 12/2019 | 08/2021 | 08/2022 |
| **S3 2020 EPR** | 34 | 1.25 | 12/2019 | 11/2020 | 11/2021 |
| **S1 2021 EPR** | 1,141 | 1.46 | 12/2020 | 08/2021 | 08/2022 |
| **S2 2021 EPR** | 12 | 1.37 | 04/2021 | 08/2021 | – |
| **S1 2022 EPR** | 981 | 1.87 | 12/2021 | 08/2023 | 08/2024 |

| 2022 | Opening balance | Granted | Lapsed/ Canceled | Vested/ Exercised | Closing balance | Exercisable at the end of the period |
|---|---|---|---|---|---|---|
| **No.** | | | | | | |
| **S2 2020 EPR** | **1,018,000** | – | (131,000) | – | **887,000** | 407,000 |
| **S3 2020 EPR** | **300,000** | – | – | – | **300,000** | 300,000 |
| **S1 2021 EPR** | **2,200,000** | – | (162,500) | – | **2,037,500** | – |
| **S2 2021 EPR** | **17,857** | – | – | (17,857) | **–** | – |
| **S1 2022 EPR** | **–** | 2,379,532 | (120,000) | - | **2,259,532** | – |
| | **3,535,857** | 2,379,532 | (413,500) | (17,857) | **5,484,032** | 707,000 |

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

The Group issued employee performance rights (EPRs) in 2022 and 2021. EPRs have $nil consideration and exercise price. EPRs issued are subject to business and individual performance conditions for a determined performance period. Performance conditions for the 2022 issuances include the Group achieving its revenue targets, Environmental, Social, and Governance (ESG) targets and Total Shareholder Return (TSR) targets, and their individual targets. EPRs also have a vesting condition for the holder to be contracted to provide services to the Group at the time of vesting.

## 20. Coronavirus 2019 (COVID-19)

The global COVID-19 pandemic has continued to present key challenges for businesses, governments, and individuals to manage. An assessment of its impact some of the Group's key risk, is provided below.

### 20.1 Credit risk

The business has continued to originate customer receivables with credit decision rules calibrated through its Horizon Technology Platform and decision settings appropriate for the COVID-19 environment during FY22. Regular and enhanced reporting and analysis of customer receivable performance and new originations has continued to be completed as the COVID-19 environment has progressed to inform and guide timely and appropriate decision-making.

The Group is aware that some borrowers had previously benefited from government stimulus-related measures, such as JobKeeper or early access to superannuation funds. It is also likely that some borrowers may have benefited from hardship arrangements put in place by other financial institutions. The Group has not identified any impact resulting from such measures being discontinued.

The Group continues to adopt a robust approach in accounting for the potential impacts of COVID-19 on credit risk and provisioning. Despite the inherent uncertainties from the COVID-19 environment, the Group's diversified customer base and targeted origination growth strategy continue to minimise COVID-19-related credit risk. The Group monitors the portfolio to support avoiding disproportionate exposures to any single debtor or its monitored groups of debtors.

Refer to Notes 11 and 21 for further information in relation to credit risk and provisioning.

### 20.2 Liquidity risk

Management has continued to complete additional reporting and analysis of liquidity risk and actual and projected cash flows as the COVID-19 environment has progressed to inform and guide timely and appropriate decision-making.

The Group accessed a number of government COVID-19 stimulus measures that have supported operational cash flows in the immediate term. As at 30 June 2022, $0.6 million has been offset against the Group's total expenses, before tax.

Despite the uncertainties of the COVID-19 environment, the Group has established an ability to access capital and has positive cash balance and cash flow projections. Refer to Notes 16, 21 and 24 for further information in relation to borrowings and liquidity risk.

### 20.3 Operational risk

The Group's operations continued uninterrupted throughout the year, despite enforced lockdowns and ongoing uncertainty surrounding COVID-19. Employees continued to make use of remote/home working during periods of lockdown, the Group now operates on a recently introduced hybrid model. Measures taken by the Group, along with the rapid uptake of COVID-19 vaccinations, has ensured the ongoing health and safety of its employees. The Group has not experienced any issues with any of its supply chain services.

### 20.4 People

Staff morale and engagement remained high during FY22 despite the COVID-19 environment and while adopting changing working arrangements. The Group continues to attract and retain high-performing talent to support its business with an ongoing strong focus throughout the period to maintain regular communication and implement the latest government health and safety requirements.

### 20.5 Customer and brand reputation

The Group's NPS was an impressive 76 at 30 June 2022. This continues to represent high customer satisfaction levels, driven by high levels of automation and no disruption to service levels during a period when customers may have expected long wait times and disruption to services.

## 21. Financial risk management

### 21.1 Overview

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

The Group's customer receivables portfolio consists of $948.9 million of variable rate gross customer receivables and $396.4 million of fixed rate customer receivables. To minimise the effects of any interest rate risk arising from the fixed rate gross customer receivables, the Group enters into derivative financial instruments to hedge the risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on interest rate risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

### 21.2 Credit risk

MONEYME's Chief Credit Officer has primary responsibility for Credit Risk Management with oversight by the Credit Committee which meets quarterly and more frequently if or as required.

The Group's exposure to credit risk arises through potential risk a counterparty will default on its contractual obligations, with the maximum exposure of the risk equal to the carrying amount of these receivables at the end of the reporting period being $1.35 billion (2021: $332.6 million).

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

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

Refer to Note 11 for further information.

### 21.3 Market risk

MONEYME's Treasurer has primary responsibility for Market Risk Management with oversight by the Asset and Liability Committee.

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

Of the Group's total gross customer receivables, 71% (100%; FY21) are variable rate loans. In the event of a movement in interest rates, the Group reviews its pricing as appropriate. The Group have been passing on the increase in interest rates to customers to the extent required in the current interest rate environment. The Group will continue to do this in the coming financial year, as it appropriately manages its market risk.

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates and lend funds at fixed interest rates. The Group earns fixed interest from $396.4m of its customer receivables as at 30 June 2022. The risk is managed by the Group using interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group is exposed to AUD BBSW. The exposures arise on derivatives and non-derivative financial assets and liabilities (e.g., debt).

**Interest rate sensitivity analysis**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| *Effect on profit before tax assuming no hedging:* | | |
| 1% increase in interest rates | (2,874) | (1,946) |
| 1% decrease in interest rates | 2,874 | 1,946 |

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

## 21.4 Liquidity risk

MONEYME's Treasurer has primary responsibility for Liquidity Risk Management with oversight by the Asset and Liability Committee.

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

Liquidity risk is managed through the monitoring of cash flow forecasts to actuals to ensure that liability obligations are met when they fall due. The Group's balance sheet shows an excess of assets over liabilities as at 30 June 2022 of $91.3 million (2021: $40.2 million), with the Group having access to $383.6 million (2021: $28.0 million) in committed undrawn debt facilities to fund continued growth of the loan portfolio. The Group's current assets, available financing facilities, and ongoing positive operating cash flows continue to be sufficient to satisfy all payment obligations within the timeframes required. Management have undertaken an analysis to look at the earliest terms of which contractual obligations may be paid and assessed the cash flows required.

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

| 2022 | Less than 1 year | 1 to 5 years | Greater than 5 years | Total amounts |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Cash and cash equivalents | 80,675 | – | – | 80,675 |
| Other receivables | 10,193 | 4 | – | 10,197 |
| Net customer receivables | 22,049 | 948,838 | 292,901 | 1,263,788 |
| Derivative financial instruments | – | 10,486 | – | 10,486 |
| **Total financial assets** | **112,917** | **959,328** | **292,901** | **1,365,146** |
| Other payables | 15,461 | – | – | 15,461 |
| Borrowings | – | 915,988 | 442,283 | 1,358,271 |
| Lease liabilities | 1,038 | 1,624 | – | 2,662 |
| **Total financial liabilities** | **16,499** | **917,612** | **442,283** | **1,376,394** |
| **Net maturity** | **96,418** | **41,716** | **(149,382)** | **(11,248)** |

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

The Group's principal source of funding are revolving warehouse facilities and asset-backed securities issued in Australia.

The contractual maturities attached to the securitisation liabilities range between two to eight years. Actual securitisation liability repayments occur when the trust reaches contractual amortisation periods (commencing in zero to two years) based on assumed repayment patterns in underlying receivables. The securitisation facilities provide for additional funding as shown in the table below. Significant changes in funding during the year include:

- MME Horizon 2020 Warehouse Trust – existing mezzanine investor refinanced by two new mezzanine investors; external commitments increased from $250 million to $503.7 million.
- MME Autopay 2021 Trust – establishment of a new warehouse facility to fund Autopay receivables.
- MME PL Trust 2022-1 – establishment of the first term securitisation transaction backed by personal loans originated by MONEYME.

The Group also entered into a new Syndicated Facility Agreement during the year, which was used, amongst other things, to repay a $22 million corporate bond issuance and to fund the acquisition of SocietyOne Holdings Pty Limited. The facility had an outstanding amount of $75 million at the end of the financial year. The facility has a maturity date of November 2025.

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

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| MME Horizon 2020 Warehouse Trust[1*] | 306,550 | 222,000 |
| MME Autopay 2021 Trust[1] | 299,791 | – |
| SocietyOne Funding Trust No. 2[2*] | 156,900 | – |
| SocietyOne Funding Trust No. 1[2] | 121,710 | – |
| MME Horizon Warehouse Trust[1] | 80,750 | 61,750 |
| MME PL Trust 2022-1[1] | 190,000 | – |
| SocietyOne PL 2021-1 Trust[2] | 113,070 | – |
| Corporate Debt Facility[*] | 75,000 | 15,000 |
| **Drawn balances** | **1,343,771** | **298,750** |
| MME Horizon 2020 Warehouse Trust[1] | 197,150 | 28,000 |
| MME Autopay 2021 Trust[1] | 129,609 | – |
| SocietyOne Funding Trust No. 2[2] | 33,100 | – |
| SocietyOne Funding Trust No. 1[2] | 23,790 | – |
| MME Horizon Warehouse Trust[1] | – | – |
| MME PL Trust 2022-1[1] | – | – |
| SocietyOne PL 2021-1 Trust[2] | – | – |
| Corporate Debt Facility | – | – |
| **Undrawn balances** | **383,649** | **28,000** |
| MME Horizon 2020 Warehouse Trust[1] | 503,700 | 250,000 |
| MME Autopay 2021 Trust[1] | 429,400 | – |
| SocietyOne Funding Trust No. 2[2] | 190,000 | – |
| SocietyOne Funding Trust No. 1[2] | 145,500 | – |
| MME Horizon Warehouse Trust[1] | 80,750 | 61,750 |
| MME PL Trust 2022-1[1] | 190,000 | – |
| SocietyOne PL 2021-1 Trust[2] | 113,070 | – |
| Corporate Debt Facility | 75,000 | 15,000 |
| **Funding Limits** | **1,727,420** | **326,750** |

[1] Excludes note investments by MoneyMe Finance Pty Limited.

[2] Excludes note investments by SocietyOne Australia Pty Limited.

The Group was in breach of the Tangible Net Worth covenant related to MME Horizon 2020 Warehouse Trust and SocietyOne Funding Trust No. 2 as tested on 30 June 2022. Waivers to these financial covenants were obtained from all respective financiers prior to the release of the Group's FY 2022 Annual Report.

The Group increased the PEP facility by $25 million in February 2022 to support the SocietyOne acquisition which led to breaches of the Liquidity Ratio tested on 31 March 2022 and Loans Asset to Debt Ratio and Liquidity Ratio tested covenants tested on 30 June 2022. Waivers have been received in these areas prior to the release of the Group's FY2022 Annual Report.

PEP has agreed as part of the waiver discussions that the $25 million advance may be a continued source of capital which is repayable at the same time as the rest of the PEP Facility (November 2025). As a consequence, the covenants contained in the PEP Facility will be amended to reflect the increase in the facility to $75 million.

The parties have also agreed to replace the 4.5% warrant, as stated in its 25 February 2022 and 27 September 2021 ASX releases, with a 4.5% coupon that aligns to the intended commercial outcome of the warrant and is to be paid at the repayment of the facility. The warrant cancellation has immediate effect.

Successful completion of the underwritten institutional placement to raise $20 million announced by MONEYME on the date of this Report will assist MONEYME to achieve management growth plans for FY23 and meet cash/cash equivalent requirements. The Group also expects to raise an additional circa $5 million in debt capital by 31 December 2022 for the same purposes.

## 21.5 Fair value of financial instruments

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

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

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

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

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

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

The carrying value of customer receivables, cash and other receivables/payables and borrowings materially approximates fair value. Refer to Notes 3.1.8.1, 3.1.8.2 and 3.1.8.3 respectively for further detail as to measurement of these financial instruments.

The following table summarises the attribution of financial instruments measured at fair value to the fair value hierarchy:

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | **Total** | Level 1 | Level 2 | Level 3 | **Total** |
| | $'000 | $'000 | $'000 | **$'000** | $'000 | $'000 | $'000 | **$'000** |
| **Financial assets measured at fair value** | | | | | | | | |
| Derivative financial instruments | – | 10,486 | – | **10,486** | – | – | – | **–** |
| **Total financial assets measured at fair value** | **–** | **10,486** | **–** | 10,486 | **–** | **–** | **–** | **–** |
| **Financial liabilities measured at fair value** | | | | | | | | |
| Derivative financial instruments | – | – | – | **–** | – | – | – | **–** |
| **Total financial liabilities measured at fair value** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |

## 22. Related party transactions

### 22.1 Funding transactions

A related party was paid $0.2 million in FY21 to arrange a $15 million corporate bond issuance that completed in April 2021. The same related party was paid $0.2 million in FY22 to arrange an increase to the bond issuance to $22 million. The corporate bond was redeemed in November 2021 which resulted in a $1.1 million payment to bond note holders. The same related party was paid $1.5 million in FY22 to arrange a $20 million trust sub-bond issuance.

There are no outstanding commitments in relation to this transaction. The transactions were made in accordance with normal terms and conditions of the market with pricing and assessed to be on an arm's length basis. The transactions are deemed to be a related party transactions due to a common KMP relationship.

### 22.2 Newcastle and Sydney office fit-out

A related party was engaged to complete office fit outs in Sydney and Newcastle in the 2021 and 2022 financial years. The transactions were made in accordance with normal terms and conditions of the market with pricing assessed to be on an arm's length basis. Total contracted spend was $0.6 million for the 2021 financial year and $0.3 million for the 2022 financial year.

### 22.3 Other related parties

A related party has investments of $19 million in investment trust arrangements related to the MONEYME Group as at 30 June 2022 and a shareholding in MONEYME of 1,987,981 shares. These investments have become related party arrangements for the MONEYME Group as a direct result of the SocietyOne acquisition. These arrangements were made in accordance with normal terms and conditions of the market with pricing assessed to be on an arm's length basis.

## 23. Parent entity information

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

The parent entity had total assets of $185.0 million in 2022 (2021: $44.1 million), $4.5 million total liabilities in 2022 (2021: $nil) and total equity of $180.5 million in 2022 (2021: $4.1 million).

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

## 24. Remuneration of auditors

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

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| – Group financial reporting | 668 | 329 |
| – Controlled entities financial reporting | 66 | 10 |
| **Statutory assurance services required by legislation to be provided by the auditor** | **734** | **339** |
| – APRA regulatory report assurance | 27 | 15 |
| – Audit of AFSL license | 10 | – |
| – Sustainability report assurance | 30 | – |
| – Financial and tax due dilligence in relation to inorganic growth opportunity | 524 | 503 |
| – Debt sale services | 264 | – |
| **Other assurance and agreed-upon procedures under other legislation or contractual arrangements** | **855** | **518** |
| **Tax compliance services** | **298** | **148** |
| **Total** | **1,887** | **1,005** |

## 25. Subsequent events

**The COVID-19 Environment**

Concerns were raised during July 2022 that Australia was entering its third wave of COVID-19, with a more infectious strain of the Omicron variant. There was a slight increase in cases reported within Australia during July, with a peak of 55,905 new cases being reported on 21 July, however this is now beginning to decline with 17,114 new cases reported on 19 August.

Refer to Note 20 for further information in relation to COVID-19.

**Economic Environment**

Inflation is currently 6.1%, which is the highest it has been since the early 1990's. Reserve Bank of Australia is forecasting it to peak later this year before we see a return to their target of between 2 and 3%. Interest rates were increased by 0.5% at both the July and August Reserve Bank Board meetings. The RBA cash rate is currently sitting at 1.85% with more increases predicted in the coming months. Unemployment is at its lowest for almost 50 years, at 3.5%. There is a heightened level of uncertainty around household spending and house prices, as a result of the pressure on household budgets due to the higher inflation and interest rates.

The ongoing conflict between Russia and Ukraine has entered its 6th month and shows little sign of abating. The Group has been indirectly impacted by the conflict through flow-through disruptions to inflation, overall economic growth and confidence, equity and debt capital market responses and a heighted risk from cyber-attacks.

Following the worst ever recorded flood disaster to hit the east coast of Australia in March 2022, certain areas of NSW were once again impacted by heavy rainfall in July 2022. Significant damage was caused due to the already saturated land, with an estimated 85,000 people displaced or directed to leave their homes by authorities4. People in certain areas remain unable to return to their homes since the March flooding. The NSW government introduced a Disaster Recovery Payment in July 2022 to assist its residents whose homes or incomes have been affected by the floods.

The Group is continuing to monitor the changing environment and considers that no adjustments are required as a result of changes after 30 June 2022 in relation to the critical estimates and judgements in particular as set out in Note 4.

**Board Approval of Capital Raise**

On 29 August 2022, the Board approved a future equity capital raise to support ongoing business growth. The Group is planning an underwritten capital raise of $20 million from 31 August 2022.

**Financial Covenant Waivers**

Financial covenant waivers were received by the Group in August 2022. Please refer to Note 21.4 for further details.

# 5 Other Information

Additional information required pursuant to ASX Listing Rule 4.10 and not disclosed elsewhere in this report is set out below. The information is correct as at 11 July 2022.

**Corporate governance:**

The Group's Corporate Governance Statement for the financial year ended 30 June 2022 can be found at https://moneyme.com.au/investor-centre

**Substantial holders:**

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

| Name of substantial holder | Date of latest notice | Number of shares |
|---|---:|---:|
| Perennial Value Management Limited | 17 March 2022 | 17,218,718 |
| Bannigan Nominees Pty Limited ATF Bannigan Family Trust | 25 September 2020 | 19,973,010 |
| Emery Pty Limited and Scott Emery | 17 March 2022 | 46,308,802 |
| Howes Advisory Pty Limited and Clayton Howes | 17 March 2022 | 50,294,717 |

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

| Class | On issue | Holders |
|---|---:|---:|
| Fully Paid Ordinary Shares | 237,847,226 | 2,679 |
| Unquoted Options | 1,686,176 | 21 |
| Performance Rights | 5,464,032 | 295 |

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

**Voting rights for each class of equity securities:**

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

**Distribution schedule – fully paid ordinary shares:**

| Range | Total Holders | Number of Shares | % of Shares |
|---|---:|---:|---:|
| 100,001 and Over | 86 | 219,869,586 | 92.45 |
| 10,001 to 100,000 | 428 | 12,025,073 | 5.06 |
| 5,001 to 10,000 | 346 | 2,695,341 | 1.13 |
| 1,001 to 5,000 | 971 | 2,793,760 | 1.17 |
| 1 to 1,000 | 848 | 463,466 | 0.19 |
| **Total** | **2,679** | **237,847,226** | **100.00** |

**Distribution schedule – unquoted options:**

| Range | Total Holders | Number of Options | % of Options |
|---|---:|---:|---:|
| 100,001 and Over | 5 | 695,436 | 41.24 |
| 10,001 to 100,000 | 16 | 990,740 | 58.76 |
| 5,001 to 10,000 | - | - | - |
| 1,001 to 5,000 | - | - | - |
| 1 to 1,000 | - | - | - |
| **Total** | **21** | **1,686,176** | **100.00** |

**Distribution schedule – performance rights:**

| Range | Total Holders | Number of Rights | % of Rights |
|---|---:|---:|---:|
| 100,001 and Over | 6 | 762,000 | 13.95 |
| 10,001 to 100,000 | 216 | 4,208,032 | 77.01 |
| 5,001 to 10,000 | 66 | 473,000 | 8.66 |
| 1,001 to 5,000 | 7 | 21,000 | 0.38 |
| 1 to 1,000 | - | - | - |
| **Total** | **295** | **5,464,032** | **100.00** |

**Unmarketable parcels:**

No holders of Fully Paid Ordinary Shares held less than a marketable parcel of Shares as at 11 July 2022, based on the closing market price of Shares on that date.

**Top 20 shareholders:**

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

| | Name | Number of Shares Held | % of Shares |
|---|---|---:|---:|
| 1 | Howes Advisory Pty Ltd | 50,294,716 | 26.11 |
| 2 | Emery Pty Ltd | 39,671,897 | 20.59 |
| 3 | National Nominees Limited | 14,458,689 | 7.51 |
| 4 | Citicorp Nominees Pty Limited | 10,616,208 | 5.51 |
| 5 | Bannigan Nominees Pty Ltd | 8,987,887 | 4.67 |
| 6 | UBS Nominees Pty Ltd | 6,218,905 | 3.23 |
| 7 | HSBC Custody Nominees (Australia) Limited | 5,968,475 | 3.10 |
| 8 | Bannigan Nominees Pty Ltd | 4,966,500 | 2.58 |
| 9 | Unity Bank Limited | 2,297,820 | 1.19 |
| 10 | Cavalane Holdings Pty Limited | 2,123,177 | 1.10 |
| 11 | G&C Mutual Bank Limited | 1,897,981 | 0.99 |
| 12 | MoneyMe Finance Pty Ltd | 1,813,501 | 0.94 |
| 13 | P2pconsortium Pte. Limited | 1,778,139 | 0.92 |
| 14 | R K Graham Investments Pty Ltd | 1,617,933 | 0.84 |
| 15 | BNP Paribas Noms Pty Ltd | 1,513,278 | 0.79 |
| 16 | BNP Paribas Noms(NZ) Ltd | 1,232,634 | 0.64 |
| 17 | HSBC Custody Nominees (Australia) Limited | 1,180,644 | 0.61 |
| 18 | BNP Paribas Nominees Pty Ltd | 1,173,997 | 0.61 |
| 19 | Cannibal Pty Ltd | 1,170,356 | 0.61 |
| 20 | RCG (NSW) Pty Limited | 1,041,583 | 0.54 |
| | **Total Top 20** | **160,024,320** | **83.07** |
| | **Total Balance of Holders** | **32,606,795** | **16.93** |
| | **Total Shares** | **192,631,115** | **100.00** |

**Escrowed securities:**

45,216,111 Fully Paid Ordinary Shares are subject to voluntary escrow. The escrow period for all of these Shares ends on the third trading day after the date on which the Company releases its financial results for the half year ending 31 December 2022.

**Other matters:**

There is no current on-market buy back. There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act. No securities were purchased on market during the year ending 30 June 2022 under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme. The Company is listed on the Australian Securities Exchange under the code 'MME'.

# Corporate Directory

**COMPANY'S REGISTERED OFFICE**
MoneyMe Limited
Level 3
131 Macquarie Street
Sydney, New South Wales 2000

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

**DIRECTORS**
Peter Coad (Chair and Independent Non-Executive Director)
Jonathan Lechte (Independent Non-Executive Director)
Susan Wynne (Independent Non-Executive Director)
David Taylor (Independent Non-Executive Director)
Scott Emery (Non-Executive Director)
Clayton Howes (Managing Director and Chief Executive Officer)

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

**COMPANY SECRETARY**
Jonathan Swain

**WEBSITE**
www.moneyme.com.au

**INVESTOR RELATIONS**
investors@moneyme.com.au

ASX: MME

ACN: 636 747 414

MoneyMe Limited
Level 3, 131 Macquarie Street
Sydney, New South Wales 2000
**www.moneyme.com.au**