

MoneyMe Limited (ASX: MME)

ASX Announcement

24 February 2021

2021 Interim Results

MoneyMe Limited (ASX: MME) (“MoneyMe” or “Group”) is pleased to announce its interim financial results to 31 December 2020.

MoneyMe delivers record originations, record gross customer receivables, a step change reduction in loan provisioning whilst maintaining profitability in the half.

Highlights

Receivables Growth & Diversification

- **Originations of \$114m up 21% on pcp (\$95m, 1H FY20)** with the quarter on quarter growth accelerating in Q2 FY21 to 52% on originations of \$69m, a record. Growth is continuing with current Q3 FY21 originations projecting a run rate of approximately \$90m, a 30% increase on the previous record;
- **Customer receivables of \$168m up 32% pcp (\$127m, 1H FY20)** with receivables growth outperforming expectations and setting up revenue delivery for the 2021 calendar year. 1H FY21 average weighted gross receivables life has increased to 32 months (24 months, 1H FY20) which is increasing the life time value of receivables alongside higher credit quality and higher average receivable size;
- **47% of customer originations were driven by returning customers**, further improving loan unit economics through lower acquisition and servicing costs, and lower loss rates. The strong new customer flows of 53% have resulted in further diversifying the book;
- **13% of originations were from BNPL MoneyMe+ and new innovations ListReady and RentReady.** New product innovations and distribution channels continue to resonate in market and are expected to continue to deliver receivables growth and diversification in future periods.

Profitable Returns

- **Revenue growth up 12% in 1H FY21 on revenue of \$24m (\$21m, 1H FY20).** Revenue growth is expected to accelerate into 2H FY21 to reflect the significant originations growth from Q2 FY21 in particular and further customer receivables growth in 2H FY21;
- **2H FY21 contracted revenue has grown to over \$20m¹ in line with the record originations;**

¹ 1H FY21 Interest Income Margin % multiplied by 1H FY21 closing gross receivables.

- **24% cost of funds reduction** with funding costs reduced to 8.7% from 11.4% at 30 June 2020 following the establishment of a new Major Bank Warehouse Facility;
- **12% core operating cost margin.** 1H FY21 core operating costs to average assets 11.8% (13.2%, 1H FY20) reflecting scalability of the Horizon Technology Platform;
- **Statutory NPAT of \$1.3m in 1H FY21** achieved alongside significant balance sheet growth and origination acceleration, indicative of Group's ability to deliver both growth and profitability. On a statutory basis PBT was \$0.2m (-\$1.6m, 1H FY20) with the Group achieving an Underlying PBT of \$5.3 million.

The Group received an unsolicited confidential, non-binding indicative proposal to effectively acquire MoneyMe Limited in the 1H FY21 period from a very credible and significant third party that implied an equity value for MoneyMe at a significant premium to the current share price. The associated net expense of reviewing this proposal, after reimbursements, was \$0.9m and is reflected in statutory PBT and NPAT but has been excluded from Underlying PBT. Underlying PBT also includes an adjustment to remove stage 1 provisioning related to 1H FY21 originations.

Strong Credit & Book Quality

- **Record low net charge-offs of 4.7% in 1H FY21, a 14% drop to pcp (5.5%, 1H FY20)** reflects a continuing improvement in loan book quality;
- **Continuing Equifax score improvement to 638 (611, 1H FY20)**, shows the higher quality of receivables being originated while accelerating originations growth;
- **Significant reduction in provisions with 7.9% achieved (9.6%, FY20)**, reflecting a significant improvement in the performance of the loan book and remaining management macroeconomic overlays.

Commentary

Receivables Growth & Diversification

Originations in 1H FY21 were \$114m (\$95m, 1H FY20). There continues to be an acceleration in originations growth with current run rate of originations for Q3 FY21 of approximately \$90m, a 30% increase on Q2 FY21 originations of \$69m which was a previous record. Gross customer receivables in 1H FY21 grew to \$168m (\$127m, 1H FY20). Record originations and receivables growth reflect increasing product diversification as the Group attracts new customers with innovations from PayAnyone to MoneyMe Perks, and recent product launches from MoneyMe+ to RentReady. It also reflects increases to Personal Loan and Freestyle product offer sizes and pricing reductions following the establishment of the new Major Bank warehouse facility.

Ongoing diversification is expanding the addressable market for customer receivables growth as MoneyMe's expanding product range and offerings attract new customers across wider opportunities. Further growth is being supported by the new Major Bank funding facility, as reflected in the recent approval to increase the senior note funding in this facility by \$50m to \$150m off the back of strong book quality and origination momentum.

Profitable Returns

1H FY21 revenue was \$24m (\$21m, 1H FY20). The group has delivered robust margins and business returns alongside high balance sheet growth while appropriately managing in the COVID-19 environment and investing in product innovations and the Horizon technology platform. Significant cost of fund reductions are being delivered following the refinancing of the Velocity warehouse facility in November 2020 using the new Major Bank warehouse facility with the Group's operating cost margins continuing to reduce in line with growing economies of scale. The benefit of these reductions will continue to support business profitability and growth for 2021 and beyond.

Strong Credit & Book Quality

The Group is continuing to deliver strong credit book quality with the average Equifax score increasing further to 638 for 1H FY21. The Group's 1H FY21 loan provisioning to gross loan book of 7.9% reflects the improving macroeconomic environment and the strong receivables book performance with its robust underlying diversification and positive repayment profiles from customers. COVID-19 hardship payment plan deferrals reduced to 0.4% of gross receivables at 31 December 2020 (1.4% at 30 June 2020).

Further Information

The Group's financial accounts are reviewed and audited by Deloitte. Please refer to the Group's 1H FY21 Investor Presentation and 2021 Interim Financial Report for further information.

Clayton Howes, MoneyMe's Managing Director and CEO said:

"I am delighted with MoneyMe's profitable growth for the half year ended 31 December 2020 that continues to reflect the increasing diversification of our products and their distribution. It is exciting to see the new funding warehouse facility delivering significantly lower funding costs and new business origination capacity and our core and more recently launched products resonating so well with Generation Now. The innovation pipeline is continuing at pace as we continue to invest for massive scale and product diversification opportunities.

A fantastic first half that sets the business up well for further high and profitable balance sheet growth."

Authorised on behalf of the MoneyMe Board and Disclosure Committee by:

Clayton Howes
Managing Director & CEO

ENDS

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About MoneyMe

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

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

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

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