

17 December 2021

ASX Announcement

MONEYME TO ACQUIRE SOCIETYONE

Highlights:

- **MoneyMe to acquire SocietyOne** to boost revenue, customer and profit growth
- **72% increase** in MoneyMe's pro forma¹ loan book size to \$934m (30 November-2021)
- **86% increase** in MoneyMe FY21 combined, pro forma¹ revenue
- **\$146m in annualised² revenue** (a **63% increase for MoneyMe**) based on combined 1Q FY22 unaudited results (combined, pro forma¹)
- **\$17m per annum** in pre-tax cost synergies³
- **Greater than \$15m per annum** in pre-tax revenue synergies³
- **Material uplift in cash profitability** of the group in future years following the combination and synergies
- **Revenue per share accretive** in FY23⁴
- **Average Equifax score increasing from 656 to 685** (pro forma¹)
- **Significant operating leverage** through consolidation onto MoneyMe's Horizon platform
- **Large incremental revenue opportunity** through marketing of MoneyMe products to SocietyOne's high quality, differentiated customer base, improved SocietyOne customer experience and unlocking new distribution strategies
- **Power of \$2bn+ of combined of customer origination data** for credit underwriting, marketing and customer behaviour analysis
- **Funding benefits** including diversity and securitisation program acceleration
- **Implied acquisition price** of SocietyOne of \$132m based on MoneyMe 16 December 2021 closing share price and assuming consideration is 100% MoneyMe shares⁵

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

"The SocietyOne acquisition combines two of the most widely recognised consumer credit disruptors to deliver immediate scale advantages and incremental revenue opportunities.

The strategic value is immense for both businesses, and we are incredibly excited. The opportunity to accelerate growth and cost efficiencies are quickly realised by combining the strengths of both brands and migrating SocietyOne operations onto MoneyMe's high-tech Horizon Technology Platform. The SocietyOne brand will continue to thrive and will benefit from access to MoneyMe's diversified product set and ability to deliver leading customer experiences.

There are many new innovations we will expand on, including the SocietyOne credit score product which will be brought to the MoneyMe customer base and the Banking-as-a-Service partnership with Westpac that we will continue to explore.

We are excited to be leading industry consolidation and fast tracking our journey to become the number one non-bank credit provider in Australia.”

A Highly Strategic Transaction

MoneyMe is pleased to announce that it has executed a Merger Implementation Agreement (“MIA”) to acquire SocietyOne.

The transaction delivers a powerful combination of two of the leading innovators in the consumer lending market and will harness SocietyOne’s strong brand recognition as a pioneer in disruptive personal lending, with MoneyMe’s leadership in product innovation, efficiency and customer experience through its proprietary technology platform (Horizon). 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.

SocietyOne is a pioneer and leading brand in disruptive consumer lending:

- Strong net promotor scores (NPS) of +69 and a Product Review score of 4.7 out of 5.0
- A \$392m pro forma¹ loan book at 30 November 2021 built with a personal loan product distributed through direct and broker channels
- Pro forma¹ unaudited revenue of \$50m for FY21
- A large and prime customer base:
 - ~25k active loan customers
 - ~147k customers engaged in SocietyOne’s credit score wellness product
- A well progressed transition from an off-balance sheet peer to peer model to an on-balance sheet funding model, which enables SocietyOne to generate higher revenue and margin
- Backed by a high quality shareholder base including Seven West Media, Australian Capital Equity, News Corporation, Reinventure, Consolidated Press Holdings and G&C Mutual Bank

MoneyMe’s strategic rationale for the transaction includes:

1. **Significant operating leverage through increased scale:** 72% increase in MoneyMe pro forma¹ loan book size to \$934m (30 November 2021); material operating leverage benefits as SocietyOne business is migrated to MoneyMe’s Horizon platform
2. **Material cost synergy opportunity:** \$17m p.a. (pre tax) by removing duplicate functions, systems, premises, processes; incremental opportunity to lower funding costs through accelerated securitisation

3. **Large revenue synergy opportunity from SocietyOne customer base:** Market MoneyMe’s diverse product suite to SocietyOne’s unique and high-quality customer and introducer base; SocietyOne customer experience “turbocharged” with Horizon platform – reduce time to fund from ~1-2 days to ~1-2 hours
4. **Unlocking new distribution opportunities:** Expand broker channel, with optimised user experience on Horizon; accelerating financial wellness channel, leveraging SocietyOne’s credit score product with ~147k customer base (a low-cost channel); Banking-as-a-Service partnership opportunity with Westpac
5. **Leverage power of combined data:** Over \$2b of combined customer origination data, enabling increased revenue and improved credit risk management through advancements in credit underwriting, artificial intelligence (AIDEN), marketing and customer behaviour analysis

Key Transaction Terms

The consideration offered to SocietyOne shareholders is up to 75.2m MoneyMe shares (“Scrip Consideration”). A cash consideration option has also been offered and a condition of the transaction is that shares representing no more than 7.5% of SocietyOne elect cash. The total cash consideration is set at a maximum of \$9.7m assuming 7.5% of SocietyOne shareholders elect cash. Shareholders representing 79% of SocietyOne have signed the MIA and 78% have elected to receive the Scrip Consideration.

If 100% of elections were for Scrip Consideration, SocietyOne shareholders would own 30.5% of MoneyMe post transaction and MoneyMe would issue 75.2m MoneyMe shares as consideration. If 92.5% of elections were for Scrip Consideration, SocietyOne shareholders would own 28.9% of MoneyMe post transaction and MoneyMe would issue 69.6m MoneyMe shares as consideration.

Based on MoneyMe’s share price \$1.76 at market close on 16 December 2021, the total value of the consideration is \$132m assuming 100% of SocietyOne shareholders elect for MoneyMe shares.

Completion of the acquisition of SocietyOne is subject to certain conditions including:

- Approval of MoneyMe shareholders by way of a shareholder vote (to satisfy ASX Listing Rule 7.1 given the volume of shares to be issued as consideration under the MIA)
- At least 92.5% of SocietyOne shareholders accept MoneyMe shares as consideration
- No material adverse change in either MoneyMe or SocietyOne
- No prescribed occurrence occurs in either MoneyMe or SocietyOne
- No order of a regulatory authority is imposed that will materially adversely impact Completion
- The MoneyMe VWAP on ASX does not fall by at least 25% and remain at or lower than that level over a period of 10 consecutive business days when compared with certain benchmarks⁶

- Third party funder consents to change of control being obtained for certain material contracts

The remaining SocietyOne shareholders who are not a party to the MIA must make their Scrip Consideration or cash alternative election within 30 business days from the date of signing of the MIA.

SocietyOne shareholders representing 60% of the SocietyOne share register and who will hold between 18.3% and 18.7% of the MoneyMe shares on issue at Completion of the acquisition⁷ (including News Corporation, Seven West Media, Reinventure, Consolidated Press Holdings and Australian Capital Equity) have voluntarily agreed to escrow arrangements extending to MoneyMe's 1H23 results in February 2023.

Prior to Completion, SocietyOne may nominate a person to become a director of MoneyMe.

Transaction Timetable

- Friday 17 December 2021: Sign Merger Implementation Agreement
- Wednesday 22 December 2021: Dispatch the Notice of Meeting advising MoneyMe shareholders how to attend Extraordinary General Meeting and vote
- Tuesday 1 February 2022: Extraordinary General Meeting held
- Tuesday 15 March: Scheduled Completion Date and issue of Consideration Shares

This timetable is subject to change.

Further details about the transaction and its terms are contained in the investor presentation provided to ASX today by MoneyMe.

Advisors

MoneyMe was assisted on the transaction by Morgan Stanley as financial adviser and Gilbert + Tobin as legal advisor.

Authorised on behalf of the MoneyMe Board and Disclosure Committee by:
Clayton Howes
Managing Director & CEO

Notes

1. Pro forma SocietyOne financials assume that all off balance sheet SocietyOne loans are funded “on balance sheet” and hence the revenue is earned by SocietyOne. The off balance sheet peer-to-peer funding program has been discontinued and now all loans originated by SocietyOne are funded on balance sheet, with the transition expected to be largely complete by FY24. See the Important Notices and Disclaimer section of the investor presentation related today by MoneyMe for further information about the pro forma financial information contained in this announcement. The investor presentation also includes a reconciliation of the pro forma financial information to statutory financial information.
2. 1Q FY22 annualised revenue is determined by multiplying 1Q FY22 revenue by 4
3. Full year effect of revenue and cost synergies is expected to commence from FY24
4. Revenue per share accretion is determined based on broker consensus estimates for MoneyMe revenue as at December 2021
5. SocietyOne shareholders can also elect to receive cash consideration. The transaction includes a Condition Precedent that at least 92.5% of SocietyOne shareholders elect to receive MoneyMe shares
6. Please refer to the Appendix B of the investor presentation provided to ASX today for further details on the condition precedent relating to MoneyMe share price underperformance
7. Disregarding any other share issuances between now and Completion of the acquisition

ENDS

For further information please contact:

Managing Director and CEO
Clayton Howes
clayton@moneyme.com.au

Chief Financial Officer
Neal Hawkins
neal@moneyme.com.au

Company Secretary
Jonathan Swain
companysecretary@moneyme.com.au

For general investor enquiries, please email investors@moneyme.com.au

About MoneyMe

MoneyMe is a leader in innovation with its own technology (Horizon Technology Platform) and AI to deliver highly automated innovative credit products and customer experiences.

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

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

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

About SocietyOne

SocietyOne is a leading brand in disruptive consumer lending in Australia.

SocietyOne’s core product is a personal loan product that is offered on an unsecured and a secured basis. These products are provided to consumers through the direct and broker channels. Direct channels include a mix of digital and traditional marketing strategies. The broker channel comprises an expansive network of ~1,700 brokers across Australia.

SocietyOne has focused on building a high quality, prime customer base that has an average Equifax score of 721. SocietyOne also offers a credit score tool to customers as part of its financial wellness program.

In February 2021, SocietyOne and Westpac announced a partnership to focus on delivering an innovative Banking-as-a-Service proposition to SocietyOne customers.