

Appendix 4D

1. Entity and Reporting Period

Name of entity: MoneyMe Limited
 ABN: 29 636 747 414
 Reporting period: Six months ended 31 December 2021
 Previous corresponding reporting period: Six months ended 31 December 2020

2. Results for Announcement to the Market

Six Months Ended December	2021	2020	Variances	
Revenue from ordinary activities (\$'000)	47,979	23,924	Up	101%
Profit / (loss) from ordinary activities after tax attributable to members (\$'000)	(18,675)	1,290	Down	1,548%
Net tangible asset backing per ordinary share	0.11	0.27	Down	61%

No dividends have been declared for the half-year ended 31 December 2021 or for the previous corresponding period.

Additional information supporting Appendix D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2021.

3. Control Gained Over Entities Having Material Effect

Name of entity	MME Autopay 2021 Trust
Date of gain of control	23 November 2021
Is the contribution of the entity to the Group's profit from ordinary activities during the period considered material?	No
Name of entity	MoneyMe TM Pty Limited
Date of gain of control	6 December 2021
Is the contribution of the entity to the Group's profit from ordinary activities during the period considered material?	No

This report is based on the consolidated financial statements for the half-year ended 31 December 2021 which have been reviewed by Deloitte.

This information should be read in conjunction with the most recent annual financial report being the financial report for the year ended 30 June 2021 that was released to ASX on 30 August 2021.



money**me**

2022 Interim Report

for the six months ended 31 December 2021

MoneyMe Limited and its controlled entities

ACN: 636 747 414

ASX: MME

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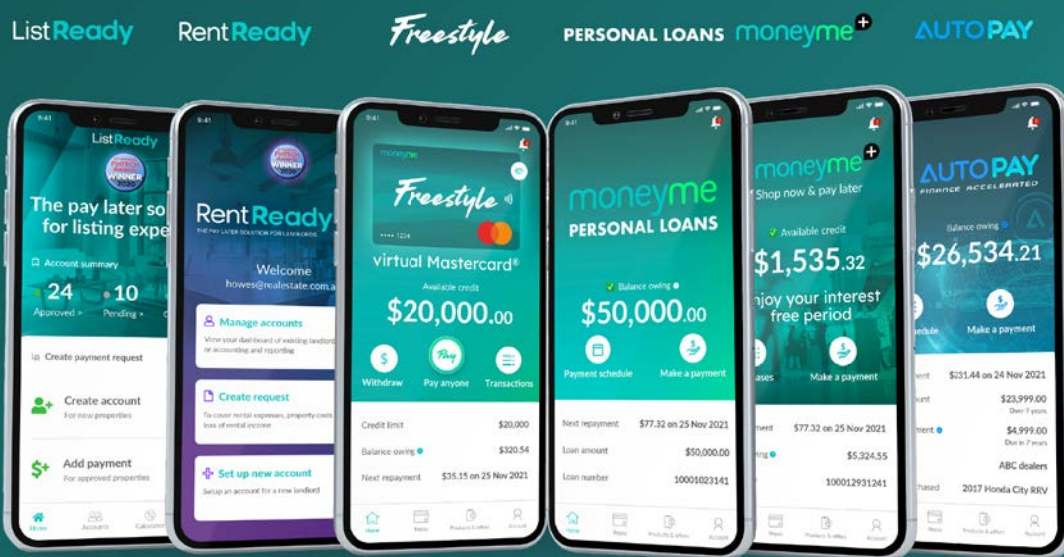
About MoneyMe

MoneyMe is a leader in innovation with its own technology (Horizon Technology Platform) and uses 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.



4.7/5 ★★★★★

Google
Reviews ★★★★★

4.7/5 ★★★★★

PRODUCT REVIEW
COM.AU



Chairman's Letter

On behalf of the Board of Directors, it is a pleasure to present the MoneyMe 2022 Interim Report for the six-month period ended 31 December 2021.

1H22 was another successful period for the company. Revenue increased by 101% on the prior comparable period to \$48 million, gross customer receivables increased by 77% on the prior comparable period to \$590 million and the business delivered significant year-on-year operating efficiencies across its funding, impairment, and core operating expense areas. The Group posted a negative Net Profit After Tax (NPAT) of \$19 million for 1H22 compared to a \$1 million positive NPAT for 1H21, reflecting among other factors an accounting result timing difference between revenue recognition over time and the upfront provisioning on record originations. These timing differences are set to unwind in due course to reflect positive NPAT as revenue from gross loan assets is recognised over time.

The Group continued to further deliver on its growth strategy in 1H22 to increase its addressable market opportunities and diversify the profile of its customer receivables by rapidly expanding its secured lending presence with Autopay. The Group also continued to evolve its funding platform with the establishment of a new corporate syndicated facility with an inaugural \$50 million drawdown and establishment of a new Autopay tailored warehouse to support the high growth in this product. The Group's ongoing strong performance and ability to continue to successfully manage throughout the COVID-19 impacted environment is testament to the resilience of our operating model, the quality and capability of our management team and employees, the Group's competitiveness within the market, and our ability as a disrupter to gain market share despite the challenging conditions.

I am pleased to highlight MoneyMe's ongoing commitment to having a positive impact on our community and environment. In 1H22, MoneyMe began measuring its scope 1, 2 and 3 greenhouse gas emissions, implemented an inaugural major charity partnership with Canteen, and updated employee Long-Term Incentive performance conditions to formally and explicitly include ESG performance outcomes. The Group acknowledges that climate change poses a significant risk to our environment, economy, and community, and is committed to doing its part to assist Australia in meeting the targets of The Paris Agreement to keep global warming to below 2°C.

On 17 December 2021, the Group announced it had executed a Merger Implementation Agreement to acquire the shares of SocietyOne Holdings Pty Limited (SocietyOne) with a scheduled completion date of 15 March 2022. The proposed acquisition of SocietyOne by MoneyMe combines two of the most widely recognised consumer credit disruptors to boost revenue, customer, and profit growth. I look forward to sharing more in relation to this transaction as it progresses.

Our digital operating model and proprietary technology platform, the combination of current and planned new products, expanding distribution opportunities, a lower cost of funds and proactive credit risk management will continue to enable the business to achieve strong financial performance from an increasingly diversified customer receivables base. The Group is set to maintain its current focus on the opportunities for growth.

On behalf of the Board, I would again like to thank our customers and shareholders for your trust and ongoing support and our employees for their outstanding work, customer service and the significant milestones achieved in the period.

We look forward to pursuing the opportunities we see for the business and delivering strong shareholder returns.

Yours sincerely



Peter Coad
Chairman
Sydney, 21 February 2022



CEO's Letter

Defining acceleration for the market, MoneyMe continues to grow and gather momentum. The brand is keenly positioned through its suite of cross-category products, with more innovations earmarked for release in 2022. The relatively new Freestyle virtual card has continued on its trajectory to take centre stage and the newly released MoneyMe+ and ListReady products are also increasing their scale and impact. We are particularly excited with the market reception to our recently launched Autopay product, which is set for high growth in FY22.

Financial Highlights

I am very pleased to report that 1H22 was a strong period of financial performance for MoneyMe. Financial highlights include:

- Customer originations of \$441 million¹, up 286% on 1H21.
- Gross customer receivables of \$590 million, up 77% on the 30 June 2021 result.
- Revenue of \$48 million, up 101% on the prior comparable period.
- Weighted-average closing cost of funds of <5%.
- Core operating costs² down to 7% of average receivables compared to 12% for the prior comparable period reflecting the increasing operating leverage.
- Net losses reduced to 4%, down from 5% on 1H21.
- NPAT loss of \$19 million compared to \$1 million profit for 1H21 reflecting robust underlying economics and an accounting result timing difference between revenue recognition over time and the upfront provisioning on record originations.

The Group's cash and cash equivalent balance remains robust at \$68 million at 31 December 2021.

Operational Highlights

The pace of innovation is not slowing down and the highly spirited performance culture at MoneyMe is creating incredible customer experiences and positive impacts for our community and environment, in line with our core values that include building profit with purpose. Some of the key operational highlights for the 6 months to 31 December 2021 were:

- The fast-paced growth of the Group's Autopay product, our first secured finance product, delivering drive away finance

in 60 minutes, and the establishment of a new Autopay tailored warehouse to support the high growth in the product.

- Expansion and further diversification of customer distribution channels base through the introduction of the Personal Loans broker platform and expanding reach of Autopay through brokers and dealers.
- Increasing the funding from a Major Bank warehouse from \$250 million to \$470 million.
- Establishing a new corporate syndicated facility with an inaugural \$50 million drawdown to support growth initiatives.
- Establishing a new debt sale program, with \$7.3 million in debt sale proceeds to date. The first \$3.6 million tranche was in December 2021, with the remaining \$3.7 million tranche received in January 2022.
- High levels of customer satisfaction, with a high NPS score of 78.
- Began measuring our scope 1, 2 and 3 greenhouse gas emissions.
- Implemented a carbon offset initiative for Autopay, where we offset emissions produced from the first 1,000 kilometres driven in every car financed. Through our partnership with Greenfleet, a leading environmental charity, we voluntarily offset this carbon by supporting tree planting projects that plant thousands of legally protected native trees in Australia. In 1H22 we offset the carbon emissions produced from over 5 million kilometres driven, that is 124 laps around the world.
- Implemented formal employee engagement surveys for all employees, with an employee NPS of 72 and engagement scores significantly higher than Financial Services Industry and Tech Industry benchmarks.

- Voluntarily submitted a 2021 Modern Slavery Statement to the Australian Border Force's Modern Slavery Register.
- Implemented an inaugural major charity partnership with Canteen, whom we are supporting their Education and Career Support Service which helps young people who have been impacted by cancer return to their educational or vocational plans.
- Updated employee remuneration to include ESG performance conditions. ESG performance now accounts for 30% for the FY22 issued performance rights incentive for the CEO and CFO, and 10% for the FY22 issued Employee Equity Incentive Plan for all eligible employees.
- Maintained our very high levels of customer satisfaction and low numbers of complaints even as our customer base grew significantly, with only 0.07% of active customers making a complaint to The Australian Financial Complaints Authority (AFCA) in 1H22.

The COVID-19 pandemic continues to bring about challenges for the industry, and continues to impact the Group in several areas including credit risk. However, the Group's digital, low fixed cost and recurring revenue business model support its ability to meet these challenges.

2H22 and beyond

MoneyMe's growth trajectory is now well established reflecting our diversified product and distribution strategy paying off and consistent focus to deliver a leading innovative and digital experience for the Generation Now customer through our proprietary Horizon Technology Platform. The business remains well positioned to continue this high growth despite the COVID-19 headwinds and to ensure that credit quality is maintained through the cycle supported by robust risk adjusted pricing, asset diversification and digital servicing capabilities.

¹This number relates to principal originations.

²The core operating costs as a percentage of customer receivables represents sales and marketing plus general and administrative expenses, less any one-off expenses, as a percentage of average gross customer receivables (annualised).

I am also looking forward to the Group continuing to build profitable growth with purpose, in particular, we have plans underway to further measure and reduce our greenhouse gas emissions, set scientific-based reduction targets, and become carbon-neutral in the coming years.

We are looking forward to welcoming the SocietyOne shareholders to the MoneyMe journey from March to merge two of the most widely recognised customer credit disruptors to further accelerate revenue, customer and profit growth.

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

Yours sincerely



Clayton Howes

Managing Director and
Chief Executive Officer
Sydney, 21 February 2022



Directors' Report

The Directors present their report together with the Condensed Consolidated Financial Statements and accompanying Notes of MoneyMe Limited (the Company) and its controlled entities (the Group) for the six-month period ended 31 December 2021 (1H22).

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

Principal Activities

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

Operational and Financial Review

Operational Highlights

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

- Period-on-period growth of 77% on gross customer receivables and 101% growth in revenue.
- The fast paced growth of the Group's Autopay product, its first secured finance product, delivering drive away finance in 60 minutes, and the establishment of a new Autopay tailored warehouse to support the high growth in the product.
- Expansion and further diversification of customer distribution channels base through the introduction of the Personal Loans broker platform and expanding reach of Autopay through brokers and dealers.
- Increasing the funding from a Major Bank warehouse from \$250 million to \$470 million.
- Establishing a new corporate syndicated facility with an inaugural \$50 million drawdown to support growth initiatives.
- Establishing a new debt sale program and completing the sale of a first tranche in December 2021.
- High levels of customer satisfaction, with a high NPS score of 78.
- Ongoing operating efficiencies being delivered through low fixed costs and high automation with core operating costs¹ as a percentage to average assets reducing to 7% (10%, FY21).

The COVID-19 pandemic continues to bring about challenges for the industry, and continues to impact the Group in several areas, including credit risk. However, the Group's digital, low fixed cost and recurring revenue business model support its ability to meet these challenges.

The Group's digital focus, enabled by its proprietary technology platform, has allowed employees and management to flexibly transition between office and work-from-home arrangements, while continuing to deliver great customer engagement, effectively manage the customer origination process, proactively refine credit decision-making, and manage risk and operational processes.

¹ The core operating costs as a percentage of customer receivables represents sales and marketing plus general and administrative expenses, less any one-off expenses, as a percentage of average gross customer receivables (annualised).

Financial Highlights

Key financial measures with comparatives are provided below.

	Six months to 31 December 2021	Six months to 31 December 2020
	\$'000	\$'000
Total revenue	47,979	23,924
Profit / (loss) before tax (PBT)	(18,675)	228
Net profit / (loss) after tax (NPAT)	(18,675)	1,290
	31 December 2021	30 June 2021
	\$'000	\$'000
Cash and cash equivalents	67,979	26,164
Gross customer receivables	590,057	332,550
Total assets	631,046	345,973
Total equity	22,418	40,238

Revenue growth in 1H22 materially reflects growth in the gross customer receivables from the prior period. The 1H22 negative NPAT reflects revenue growth offset by operating expenses that includes 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 period-on-period gross customer receivables increase reflects originations growth. Period-on-period total asset increases reflect gross customer receivables growth. Period-on-period cash increases reflect the draw down on external funding facilities.

The Group continues to apply financial macroeconomic overlays in a number of areas including customer receivable asset provisioning and the on-balance sheet recognition of deferred tax assets.

Signed in accordance with a resolution of the Directors.



Peter Coad
Chairman
Sydney, 21 February 2022



Clayton Howes
Managing Director and Chief Executive Officer
Sydney, 21 February 2022

Financial Report

Directors' Declaration

In the opinion of the Directors of MoneyMe Limited:

1. the 2022 Interim Financial Statements and Notes are in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting* and give a true and fair view of the financial position of the Group as at 31 December 2021, and of its performance for the half financial year ended on that date; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors.



Peter Coad

Chairman

Sydney, 21 February 2022



Clayton Howes

Managing Director and Chief Executive Officer

Sydney, 21 February 2022

Independent Auditor's Report



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Independent Auditor's Review Report to the Shareholders of MoneyMe Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MoneyMe Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on page 10 to 34.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "M Stretton".

Mark Stretton
Partner
Chartered Accountants

Melbourne, 21 February 2022

Independence Declaration



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21 February 2022

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

Dear Board Members

Auditor's Independence Declaration to MoneyMe Limited and its subsidiaries

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

As lead audit partner for the review of the financial statements of MoneyMe Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "M Stretton".

Mark Stretton
Partner
Chartered Accountants

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

For the six months ended 31 December 2021

	Note	For the six months ended 31 December 2021 \$'000	For the six months ended 31 December 2020 \$'000
Interest income		44,766	21,816
Other income		3,213	2,108
Total revenue		47,979	23,924
Commission expense		(298)	–
Net revenue		47,681	23,924
Interest expense		(11,885)	(5,507)
Sales and marketing expense		(7,846)	(3,739)
Product design and development expense		(2,342)	(1,810)
General and administrative expense		(13,066)	(6,067)
Customer receivable impairment expense	9	(30,219)	(5,770)
Depreciation and amortisation expense		(998)	(803)
Total operating expenses		(66,356)	(23,696)
Profit / (loss) before tax		(18,675)	228
Income tax benefit	6	–	1,062
Net profit / (loss) after tax		(18,675)	1,290
Other comprehensive income		–	–
Total comprehensive income		(18,675)	1,290
		cents	cents
Basic profit / (loss) per share	7	(11.0)	0.8
Diluted profit / (loss) per share	7	(10.9)	0.8

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 \$'000	30 June 2021 \$'000
Cash and cash equivalents	8	67,979	26,164
Other receivables	12	4,459	1,034
Current tax asset	6	13	13
Net customer receivables	9	545,803	306,279
Intangible asset	10	4,271	3,265
Right-of-use assets	11	794	1,381
Property, plant and equipment		1,346	1,456
Deferred tax asset	6	6,381	6,381
Total assets		631,046	345,973
Other payables	12	11,469	2,908
Current tax payable	6	–	–
Lease liabilities	11	953	1,557
Employee-related provisions		1,546	1,542
Borrowings	13	594,660	299,728
Total liabilities		608,628	305,735
Net assets		22,418	40,238
Share capital	14	44,108	44,108
Reserves	15	2,929	2,074
Retained earnings / (losses)		(24,619)	(5,944)
Total equity		22,418	40,238

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2021

		Share capital	Reserves	Retained earnings / (losses)	Total
	Note	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020		44,108	759	1,985	46,852
Profit / (loss) for the period		–	–	1,290	1,290
Other comprehensive income		–	–	–	–
Share-based payment expense	15	–	470	–	470
Balance as at 31 December 2020		44,108	1,229	3,275	48,612
Balance as at 1 July 2021		44,108	2,074	(5,944)	40,238
Profit / (loss) for the period		–	–	(18,675)	(18,675)
Other comprehensive income		–	–	–	–
Share-based payment expense	15	–	855	–	855
Balance as at 31 December 2021		44,108	2,929	(24,619)	22,418

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2021

	Note	31 December 2021 \$'000	31 December 2020 \$'000
Income from customers		42,737	19,749
Payments to suppliers and employees		(15,714)	(8,401)
Borrowings interest and fees paid	i	(8,904)	(4,636)
Other interest and fees received	ii	–	15
Income tax (paid) / received		–	(1,577)
Transaction costs related to borrowings		(4,308)	(323)
Net cash inflows from operating activities		13,811	4,827
Net customer receivable disbursements		(267,927)	(36,850)
Payments for intangible asset development		(1,497)	(823)
Payments for property, plant and equipment		(100)	(497)
Net cash outflows from investing activities		(269,524)	(38,170)
Proceeds from borrowings		297,890	26,880
Principal repayment of leases		(362)	(349)
Net cash inflows from financing activities		297,528	26,531
Net increase / (decrease) in cash and cash equivalents		41,815	(6,812)
Cash and cash equivalents at the beginning of the period		26,164	35,379
Cash and cash equivalents	8	67,979	28,567

i: includes interest related to borrowings (see Note 13).

ii: interest related to cash balances (see Note 8).

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2021

1. Group Information

1.1 Company Information

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

Level 3
131 Macquarie Street
Sydney NSW 2000

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

1.2 Controlled Entities Information

Name	Location	Establishment date	Proportion of ownership held by Group	
			31 Dec 2022	30 Jun 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%	–
MME Horizon Warehouse Trust ⁴	Australia	19 December 2018	100%	100%
MME Horizon 2020 Warehouse Trust ⁴	Australia	25 August 2020	100%	100%
MME Autopay 2021 Trust ⁴	Australia	23 November 2021	100%	–
MME Share Plan Trust ⁵	Australia	7 December 2020	100%	100%
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 Warehouse 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 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.

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. Basis of Preparation

The Group is a for-profit business which is publicly accountable. The Interim Financial Report is a general-purpose financial report, which has been prepared in accordance with the Corporations Act and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The Interim Financial Report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the MoneyMe Limited 2021 Annual Report and any public announcements made by the Group.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the end of the Group's 2021 reporting period. Significant and other accounting policies applied in this consolidated Interim Financial Report are the same as those applied by the Group as at the year ended 30 June 2021 unless otherwise stated.

The Condensed Consolidated Financial Statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments as appropriate. All amounts are presented in Australian dollars, unless otherwise noted.

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

A going concern assessment has been made in reference to accounting standards and Corporations Act requirements to confirm that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

4.3 Expected Credit Loss Provisioning

4.3.1 Customer Receivable Credit Risk and Default

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

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 Personal Loan and Freestyle products. Personal Loan and Freestyle modelling applies up to 2 years of the most recent historic data. A base provision is applied to the Group's Autopay book that reflects a review of performance to date and benchmarking to similar auto-loan books in the market with an overlay. There is insufficient historical data available to reliably use a full data-based model approach in this area given the product's launch in April 2021.

PD for Personal Loans has been segmented into two groups for borrowers based on their employment profile. Personal Loan PD segmentation has not changed from the prior comparable period. Freestyle PD has also been segmented into two groups, but based upon credit risk groupings. 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 Personal Loan and Freestyle has been segmented based on borrower's employment with a specific industry sector. The segmentation has been updated in the 6 months to 31 December 2021 from 30 June 2021 and includes new industry sectors.

The maximum input for Exposure at default (EAD) for the Personal Loan product at 31 December 2021 remains the same as 30 June 2021, being \$50,000. This is in line with the Group's current customer receivable offering. EAD maximum input for Freestyle is at \$20,000 as at 31 December 2021, the same as at 30 June 2021.

The CCF percentages applied at 31 December 2021 were the same as those applied at 30 June 2021.

As at 31 December 2021, \$4.1 million (0.7%) of gross customer receivables were classified as general hardship customer receivables all of which are subject to revised payment arrangements (\$3.1 million, 30 June 2021).

4.3.3 Loss Allowance Overlay Calculations

Management have applied a model risk overlay to address the risk of data modelling errors. The 31 December 2021 loss allowance model risk approach remains unchanged from the FY21 approach with the same risk buffer applied as at 30 June 2021 and 31 December 2021.

Management have also applied a macroeconomic overlay to reflect uncertainty from the broader economic environment. Macroeconomic overlays for 1H22 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 31 December 2021 are Gross Domestic Product (GDP), GDP index, Consumer Price Index (CPI), and Unemployment. The 30 June 2021 position used the same macroeconomic indicators. 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 CPI growth rates, trimmed CPI, and unemployment. Economic reports from the market were also used to support and validate this data.

Macroeconomic scenario modelling reflects reference to a base case forecast sourced from credible third parties, adjusted to determine upside and downside scenarios. The weightings used in the 1H22 position compared to the 1H22 position reflect an increase to the base case forecast weighting, with the upside and downside weightings reduced to reflect the overall improvement in the macroeconomic environment forecasted by third party sources compared to FY21 that in turn reflect consideration of the COVID-19 impacted environment.

A 2% increase to the downside scenario weighting, with a 1% reduction to each of the base and upside scenarios would increase the Group's 1H22 provision by \$1.2 million to 7.7% of gross customer receivables, from 7.5%. A 2% decrease to the downside scenario weighting, with a 1% increase to each of the base and upside scenarios would reduce the Group's 1H22 provision by \$1.2 million and to 7.3% of gross customer receivables, from 7.5%. A 1% transfer of stage 1 gross customer receivables (calculated on a 12-month expected credit loss basis) to stage 2 (calculated on a lifetime expected credit loss basis) would increase the Group's 1H22 provision by \$0.6 million to 7.6% of gross customer receivables, from 7.5%.

The 1H22 macroeconomic overlay reflects an overall reduction compared to FY21. 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.

Management have also decided to apply an additional management overlay across all products for the 31 December 2021 provisioning. This reflects the current uncertainty due to the latest wave of the COVID-19 Omicron variant in Australia, as well as the relatively new lifecycle of the Autopay book.

Refer to Note 9 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 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 product 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.

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 of 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 utilised.

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 macroeconomic environment. The macroeconomic overlay applied to the current and prior period deferred tax asset balances reflects consideration of the COVID-19 environment in particular.

Refer to Note 6 for further information.

5. Coronavirus 2019 (COVID-19)

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

5.1 Credit Risk

The business has continued to originate customer receivables with credit decision rules calibrated through its Horizon Technology Platform and decision settings made appropriate for the COVID-19 environment during 1H22. Regular and enhanced reporting and analysis of customer receivable performance and new originations has continued to be completed as the COVID-19 environment has progressed to inform and guide timely and appropriate decision-making.

The Group is aware that some borrowers benefited from government stimulus-related measures, such as JobKeeper or early access to superannuation funds. It is also likely that some borrowers may have benefited from hardship arrangements put in place by other financial institutions. As a result of such arrangements, some borrowers may present a lower credit risk to the Group in the current environment than otherwise might have been the case.

The Group continues to adopt a robust approach in accounting for the potential impacts of COVID-19 on credit risk and provisioning. Despite the inherent uncertainties from the COVID-19 environment, the Group's diversified customer base and targeted origination growth strategy continue to minimise COVID-19-related credit risk.

Refer to Note 9 for further information in relation to credit risk and provisioning.

5.2 Liquidity Risk

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

As planned the Group executed a new warehouse funding facility in 1H22, the MME Autopay 2021 Trust. This will allow the Group to continue to support the rapid growth of the new Autopay product, launched in April 2021. Further, the Group secured a \$50 million initial funding commitment in a corporate syndicated facility set-up with Pacific Equity Partners (PEP). The new funding will be used to accelerate growth across MoneyMe's product suite. The Group also secured a further tap in July 2021 on its inaugural secured corporate bond, which was initially issued in 2H21 and was repaid in full in November 2021.

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

Refer to Note 13 and 18 for further information in relation to borrowings and liquidity risk.

5.3 Operational Risk

The Group was fully operational throughout the period with development ongoing to further enhance and develop the core Horizon Technology Platform in particular. There has not been any material impact from the use of third-party suppliers as a result of COVID-19 related issues.

5.4 People

Employee working arrangements have continued to evolve in response to the environment and government advice and directives. The Group has continued to implement remote/home working and manage office-based work arrangements that reflect implementation of the appropriate safety and wellbeing protocols as required without any significant impacts noted from these changes.

Staff morale and engagement continued to remain high during 1H22 despite the COVID-19 environment and while adopting changing working arrangements. The business has continued to attract and retain high-performing talent to support current and future business performance with a strong focus throughout the period to maintain regular communication and implement the latest government health and safety requirements.

6. Taxation

6.1 Income Tax Benefit

The components of tax expense comprise:

	31 December 2021 \$'000	31 December 2020 \$'000
Adjustment in relation to prior year tax expense	–	(3)
Current tax	–	(270)
Deferred tax	–	(1,059)
Research and Development (R&D) tax offset ¹	–	270
Income tax benefit	–	(1,062)

¹ The R&D tax offset is an offset available for active R&D entities on eligible R&D activities. The offset is applied against the Group's income tax expense in the relevant financial year. If in a tax loss position, the R&D offset is carried forward as part of the deferred tax asset balance to be applied against future income tax expenses.

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

	31 December 2021 \$'000	31 December 2020 \$'000
Profit before income tax	(18,675)	228
Income tax using the domestic tax rate of 30% in 2021 (2020: 30.0%)	(5,603)	68
Effect of expenses that are not deductible	9	3
Effect of concessions (R&D and other allowances)	207	337
Deferred tax assets not recognised / (Recognition of previously unrecognised deferred tax assets)	5,387	(1,467)
Adjustment in relation to prior year tax expense	–	(3)
Income tax benefit	–	(1,062)

6.2 Current Tax Payable

	\$'000
Current tax asset / (payable) as at 30 June 2021	13
Current tax expense for the period	–
R&D tax offset	–
Tax payments made	–
Closing current tax asset / (payable) as at 31 December 2021	13

6.3 Net Deferred Tax

2022	Net deferred tax at 1 July 2021 \$'000	Recognised in P & L \$'000	Net deferred tax at 31 December 2021 \$'000
Cash & cash equivalents	-	-	-
Net customer receivables	2,487	1,457	3,944
Intangible asset	2,145	(1,947)	198
Right-of-use assets	312	85	397
Property, plant & equipment	(96)	(1,055)	(1,151)
Other receivables	913	47	960
Borrowings	(1)	-	(1)
Other payables	195	1,114	1,309
Lease liabilities	(444)	(158)	(602)
Employee-related provisions	99	50	149
IPO costs	(22)	(429)	(451)
Tax losses	793	352	1,145
R&D offset	-	484	484
Net deferred tax asset / (liability)	6,381	-	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 31 December 2021.

The carrying amount of deferred tax assets has been reviewed as at 31 December 2021 in reference to management projections as well as considering the current COVID-19 environment. It is assessed that there is sufficient evidence to support the reported deferred tax asset, with overlays applied, after considering tax regulations, business plans and probable projected taxable profits.

The deferred tax asset balance of \$6.4 million remains unchanged as at 31 December 2021. The balance reflects consideration of the Group's high gross customer receivable growth, from \$333.6 million to \$590.1 million in gross customer receivables, the credit risk of those receivables, the contracted revenue associated with the receivables and the reduction achieved in the Group's funding and operating costs relative to the customer receivable growth. It also reflects a momentum in customer receivable originations that is reasonably expected to continue, supported by the core Personal Loan and Freestyle products, and newer product innovations that include 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 \$11.9 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 and uncertainties relating to the COVID-19 environment. The Group has unrecognised deferred tax asset of \$0.5 million relating to R&D expenditure.

The Group has unused tax losses of \$3.8 million as at 31 December 2021 (\$2.6 million, 30 June 2021), which contributes \$1.1 million to the deferred tax asset balance as at 31 December 2021.

7. Earnings Per Share

	31 December 2021 \$'000	31 December 2020 \$'000
Profit / (loss) after income tax	(18,675)	1,290
	No.	No.
Weighted-average number of ordinary shares used in calculating basic EPS	169,440,001	169,440,001
<i>Adjustments for calculation of diluted EPS:</i>		
Options	867,490	980,989
Rights	609,000	–
Weighted-average number of ordinary shares used in calculating diluted EPS	170,916,491	170,420,990
	cents	cents
Basic profit / (loss) / EPS	(11.0)	0.8
Diluted profit / (loss) / EPS	(10.9)	0.8

8. Cash and Cash Equivalents

	31 December 2021 \$'000	30 June 2021 \$'000
Cash at Bank	22,917	9,596
Restricted cash held in the Group's Warehouse Trusts ¹	45,062	16,568
Total cash and cash equivalents	67,979	26,164

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

9. Net Customer Receivables

9.1 Overview

	31 December 2021 \$'000	30 June 2021 \$'000
Gross customer receivables	590,057	332,550
Customer receivable provisions	(44,254)	(26,271)
Net customer receivables	545,803	306,279
Provisions as % gross customer receivables	7.5%	7.9%

The provision as a percentage of the total customer receivables has reduced from 7.9% as at 30 June 2021 to 7.5% as at 31 December 2021.

9.2 Gross Customer Receivable Movements

	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance	332,550	133,560
Customer receivables originated during the year	474,994	398,897
Principal payments received	(197,978)	(184,618)
Net customer receivables written off	(19,509)	(15,289)
Closing balance	590,057	332,550

The above disclosure includes effective interest rate related balances.

The Group's gross customer receivables have grown by a significant 77% from the prior comparable period. 1H22 originations reflect continued growth in the Group's Personal Loan, Freestyle virtual credit account (Freestyle) and Autopay products in particular.

9.3 Gross Customer Receivable Provision Movements

	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance	26,271	12,809
Additional provisioning	37,492	28,751
Recoveries on customer receivables previously provided for	1,821	2,092
Gross customer receivables written off	(21,330)	(17,381)
Closing balance	44,254	26,271

The above disclosure includes effective interest rate related balances.

The growth in the provision balance in 1H22 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 31 December 2021 includes \$15.2 million of principal written off.

Additional provisioning of \$37.5 million excludes the impact of bad debt sale income totalling \$7.3 million. The sale was executed in December 2021, with proceeds offsetting against customer receivable impairment expense. \$3.6 million settled on 30 December 2021 and \$3.7 million settled on 6 January 2022. Note that the customer receivable impairment expense in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income includes the impact of the \$7.3 million bad debt sale proceeds.

9.4 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.

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
31 December 2021				
Gross customer receivables	561,912	16,709	11,436	590,057
Provision	(27,178)	(8,682)	(8,394)	(44,254)
Net customer receivables	534,734	8,027	3,042	545,803
Provisions as % gross customer receivables	4.8%	52.0%	73.4%	7.5%
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
30 June 2021				
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%

9.5 Gross Customer Receivable Provision Movements by Impairment Stage

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

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Opening balance as at 30 June 2021	16,213	4,025	6,033	26,271
Transfers between stages	(24,908)	3,949	20,959	–
Originations	33,643	–	–	33,643
Write-offs	–	–	(19,509)	(19,509)
Risk parameter changes	2,230	708	911	3,849
Closing balance as at 31 December 2021	27,178	8,682	8,394	44,254

The above table reflects an \$18.0 million (68%) increase in the customer receivable provision from \$26.3 million in FY21 to \$44.2 million in 1H22. \$33.6 million (187%) of the incremental increase relates to the significant growth in new assets that were originated during the year.

The table also reflects \$27.2 million (61%) of the closing 1H22 provision balance in the stage 1 with \$8.7 million (20%) in stage 2 and \$8.4 million (19%) in stage 3. Write-offs materially relate to assets originated in the prior year.

The risk parameter changes reflect 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 31 December 2021, gross customer receivables reflected:

- 32% in NSW, 27% VIC, 22% QLD and 9% WA..
- 10.2% in Logistics, Transport & Supply, 9.4% in Hospitality, Travel & Tourism, 9.3% in Construction, Building & Architecture, 7.7% in Medical & Healthcare and 7.3% in Retail.
- 20.0% to borrowers aged from 18 to 25, 39.3% to borrowers aged 26 to 35 and 40.7% to borrowers over 35.
- 66.3% to borrowers in full time employment, 14.2% to self-employed and 9.8% to borrowers in part-time employment.
- 70.5% to non-secured product borrowers and 25.1% to secured borrowers.
- An average Equifax score of 672 as at 31 December 2021 (650 as at 30 June 2021).

Refer to Note 4.3.1 and 9 for further information.

9.6 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.

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Opening balance as at 30 June 2021	316,680	9,425	6,445	332,550
Originations	474,994	–	–	474,994
Repayments, transfers between stages and parameter changes	(229,762)	7,284	24,500	(197,978)
Write-offs for current period customer receivables	–	–	(19,509)	(19,509)
Closing balance as at 31 December 2021	561,912	16,709	11,436	590,057
Secured	149,875	4,192	–	154,067
Unsecured	412,037	12,517	11,436	435,990
Closing balance as at 31 December 2021	561,912	16,709	11,436	590,057

The above table reflects \$561.9 million, 95% (2021: \$316.7 million, 95%) of 1H22 closing gross customer receivables being in stage 1 provisioning.

The 1H22 provision associated with the secured gross customer receivables book was 26%, while the unsecured portion of the book was 74%. The secured book comprises the Autopay product, while the unsecured book comprises of other MoneyMe products.

9.7 Undrawn Commitment 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. Undrawn balances are considered as stage 1 only.

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2021				
Gross undrawn customer receivables	130	–	–	130
Provision	(1)	–	–	(1)
Net undrawn customer receivables	129	–	–	129
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
30 June 2021				
Gross undrawn customer receivables	90	–	–	90
Provision	(1)	–	–	(1)
Net undrawn customer receivables	89	–	–	89

10. Intangible Assets

	\$'000
Opening balance as at 30 June 2021	3,265
Additions	1,497
Amortisation expense for the period	(491)
Closing balance as at 31 December 2021	4,271

11. Leases

The Group's lease commitments relate to existing leases in place for the office premises at 131 Macquarie Street, Sydney NSW 2000 and 317 Hunter Street, Newcastle NSW 2300. A new lease was entered into during the 2022 financial year for new office premises at 352 Hunter Street, Newcastle NSW 2300, which is expected to commence in March 2022. Leases have been recognised as follows in accordance with AASB 16 *Leases*:

11.1 Right-of-Use Assets

\$'000

Opening balance as at 30 June 2021	1,381
Additions	–
Lease bank guarantee deposit interest ¹	(290)
Depreciation expense for the period	(297)
Closing balance as at 31 December 2021	794

¹ Reflects adjustment for potential to not exercise option to renew 317 Hunter Street, Newcastle lease.

11.2 Lease Liabilities

\$'000

Opening balance as at 30 June 2021	1,557
Additions	–
Lease term modification adjustment ¹	(290)
Interest accrual in the period	48
Payments in the period	(362)
Closing balance as at 31 December 2021	953
Net lease related asset / (liability)	(159)

¹ Reflects adjustment for potential to not exercise option to renew 317 Hunter Street, Newcastle lease.

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

The maturity of the unwinding of the lease liability is one to two years.

12. Other Receivables and Payables

12.1 Other Receivables

\$4.5 million of other receivables are held at amortised cost. The \$3.5 million increase from 30 June 2021 is predominantly driven by the recognition of accrued income related to the sale of historical customer receivables. This income has been recognised in the impairment expense line item in line with AASB 9 requirements.

12.2 Other Payables

\$11.5 million of other payables represent liabilities for goods and services provided. \$5.4 million of the increase from 30 June 2021 is driven by the Group's third-party commitments resulting from a potential inorganic growth opportunity. Of this amount, \$4.5 million relates to fees payable on transaction completion. Management have assessed that the transaction is likely to be completed and therefore have accrued for the total cost of this fee. See Note 18 for further details.

13. Borrowings

	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance	299,728	113,126
Drawdowns	388,549	127,679
Repayments	(118,535)	58,000
Other	24,918	923
Closing balance	594,660	299,728

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

	31 December 2021 \$'000	30 June 2021 \$'000
MME Horizon Warehouse Trust	63,684	66,101
MME Horizon 2020 Warehouse Trust	420,526	243,347
MME Autopay 2021 Trust	62,901	–
MoneyMe Financial Group Pty Limited	42,946	23,102
Gross customer receivables	590,057	332,550

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

The table below reconciles the borrowings associated with the warehouse trusts and corporate syndicated facilities 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.

	31 December 2021 \$'000	30 June 2021 \$'000
MME Horizon Warehouse Trust ¹	61,750	61,750
MME Horizon 2020 Warehouse Trust ¹	435,150	222,000
MME Autopay 2021 Trust ¹	70,000	–
Corporate Bond	–	15,000
Corporate Syndicated Facility	50,000	–
Drawn balances	616,900	298,750
MME Horizon Warehouse Trust ¹	–	–
MME Horizon 2020 Warehouse Trust ¹	31,800	28,000
MME Autopay 2021 Trust ¹	120,000	–
Corporate Bond	–	–
Corporate Syndicated Facility	–	–
Undrawn balances	151,800	28,000
MME Horizon Warehouse Trust ¹	61,750	61,750
MME Horizon 2020 Warehouse Trust ¹	466,950	250,000
MME Autopay 2021 Trust ¹	190,000	–
Corporate Bond	–	15,000
Corporate Syndicated Facility	50,000	–
Funding limits	768,700	326,750

¹ Excludes note investments by MoneyMe Financial Group Pty Limited.

14. Share Capital

	Date	Shares (No.)	\$'000
Balance	30 June 2021	169,440,001	44,108
Change in ordinary and treasury shares		–	–
Balance	31 December 2021	169,440,001	44,108

The above are consolidated balances which exclude 2 million treasury shares which are eliminated on consolidation.

15. Reserves

15.1 Share-Based Payment Reserve Reconciliation

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.

The following reconciles the movement in the share-based payment reserve in the six months to 31 December 2021 and the prior comparable period.

	\$'000
Opening balance as at 30 June 2021	2,074
Recognition of additional share-based payment expense	855
Closing balance as at 31 December 2021	2,929

15.2 Share Options

31 December 2021	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	–
Total	1,733,481	–	–	(47,305)	1,686,176	867,490

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.

15.3 Performance Rights

	Current period expense (\$'000)	Fair value per right (\$)	Grant date (contractual)	Projected vesting date (contractual)	Projected vesting date (contractual)
S2 2020 EPR	149	1.25	12/2019	08/2021	08/2022
S3 2020 EPR	34	1.25	12/2019	11/2020	11/2021
S1 2021 EPR	598	1.46	12/2020	08/2021	08/2022
S2 2021 EPR	12	1.37	04/2021	08/2021	–
S1 2022 EPR	5	1.87	12/2021	08/2023	08/2024

31 December 2021	Opening balance	Granted	Lapsed / Cancelled	Vested / Exercised	Closing balance	Exercisable at the end of the period
No.						
S2 2020 EPR	1,018,000	–	(103,000)	–	915,000	459,000
S3 2020 EPR	300,000	–	–	–	300,000	150,000
S1 2021 EPR	2,200,000	–	(137,500)	–	2,062,500	–
S2 2021 EPR	17,857	–	–	(17,857)	–	–
S1 2022 EPR	–	2,379,532	–	–	2,379,532	–
	3,535,857	2,379,532	(240,500)	(17,857)	5,657,032	609,000

The Group issued employee performance rights (EPRs) in 2022 and 2021. The EPRs have \$nil consideration and \$nil exercise price.

16. Related Party Transactions

16.1 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 \$0.2 million for the 2022 financial half year to 31 December 2021. The transaction is deemed to be a related party transaction due to a common KMP relationship.

16.2 Corporate Bond Transaction

A related party was paid \$0.2 million in 2021 financial year to arrange a \$15 million corporate bond issuance that completed in April 2021. The same related party was paid \$0.2 million in the 2022 financial year to arrange an increase to the bond issue to \$22 million. The corporate bond was redeemed in November 2021 which resulted in a \$1.1 million payment to bond note holders. The transaction was made in accordance with normal terms and conditions of the market with pricing assessed to be on an arm's length basis. The transaction is deemed to be a related party transaction due to a common KMP relationship.

17. Parent Entity Information

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

The parent entity had total assets of \$44.1 million as at 31 December 2021 (30 June 2021: \$44.1 million), \$nil total liabilities in the current and prior year periods and total equity of \$44.1 million as at 31 December 2021 (30 June 2021: \$44.1 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.

18. Subsequent Events

Acquisition of SocietyOne

On 17 December 2021, the Group announced it had executed a Merger Implementation Agreement (MIA) to acquire the shares of SocietyOne Holdings Pty Limited (**SocietyOne**).

The timetable to complete the transaction is on track, scheduled for 15 March 2022.

On 1 February 2022, MoneyMe's shareholders voted with a 99.99% majority to support the resolution facilitating the issue of MoneyMe shares as consideration for the acquisition. This approval was a condition to completion under the MIA. Under the MIA, SocietyOne shareholders were required to make elections to receive either cash or MoneyMe shares as consideration. The election process has concluded and 88.7% of SocietyOne shareholders have elected to receive MoneyMe shares as consideration, a strong endorsement of the transaction. The MIA also contained a condition to completion that at least 92.5% of SocietyOne shareholders elected for scrip consideration. The 88.7% scrip consideration election by SocietyOne shareholders is below the MIA set condition. MoneyMe has agreed to waive this condition to enable SocietyOne shareholder liquidity preferences and to facilitate completion of the transaction. The consideration payable to SocietyOne shareholders is expected to represent 67m MoneyMe shares (28% of MoneyMe shares on issue post completion) and cash consideration of \$15m. Satisfaction of the remaining conditions precedent remains on track.

The COVID-19 Environment

The COVID-19 environment has continued to evolve and develop during the period post 31 December 2021. Infection and hospitalisation rates continued to increase across Australia however most states and territories have not implemented further lockdown arrangements. Consumer spending levels reported in January 2022 were at the lowest level recorded since the start of the COVID-19 pandemic, while Australia's unemployment rates dropped 0.5% to 4.2%, the lowest level recorded since 2008.

The Group is continuing to monitor the changing environment and considers that no adjustments are required as a result of changes after 31 December 2021 in relation to the critical estimates and judgements in particular as set out in Note 4.

Board Approval of Capital Raise

On 21 February 2022, the Board approved a future equity capital raise to support ongoing business growth.

Corporate Directory

COMPANY'S REGISTERED OFFICE

MoneyMe Limited

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SHARE REGISTRY

Link Group

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Jonathan Lechte (Independent Non-Executive Director)

Susan Wynne (Independent Non-Executive Director)

Scott Emery (Non-Executive Director)

Clayton Howes (CEO and Managing Director)

AUDITOR

Deloitte Touche Tohmatsu

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COMPANY SECRETARY

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