

Half-Year Financial Report

**For the half-year ended
31 December 2019**

MoneyMe Ltd. and its
controlled entities

moneyme

Contents

1	Directors' Report
3	Directors' Declaration
4	Independent Auditor's Report
6	Independent Auditor's Statement of Independence
7	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
8	Condensed Consolidated Statement of Financial Position
9	Condensed Consolidated Statement of Changes in Equity
10	Condensed Consolidated Statement of Cash Flows
11	Notes to the Condensed Consolidated Financial Statements
11	1. Group Information
11	2. New Accounting Standards
13	3. Statement of Compliance
13	4. Public Listing & Business Reorganisation
14	5. Taxation
15	6. Earnings Per Share
16	7. Cash & Cash Equivalents
16	8. Other Receivables and Payables
16	9. Net Loan Receivables
18	10. Leases
19	11. Intangible Asset
19	12. Borrowings
20	13. Share Capital
20	14. Share-Based Payments
23	15. Related-Party Transactions
23	16. Subsequent Events
Corporate Directory	

Directors' Report

The Directors present their report together with the condensed consolidated financial statements and accompanying notes of MoneyMe Ltd. (the Company) and its controlled entities (the Group) for the period ended 31 December 2019 (H1'20).

Directors

The Directors of the Company at the date of this report and of MoneyMe Financial Group Pty Ltd. were:

MoneyMe Ltd. ¹	MoneyMe Financial Group Pty Ltd. ²
Clayton Howes	Clayton Howes
Scott Emery	–
Peter Coad	–
Jonathan Lechte	–
Susan Wynne	–

1. All MoneyMe Ltd. Directors held office from 11 October 2019.

2. All MoneyMe Financial Group Pty Ltd. Directors held office during the 2019 Financial Year. Scott Emery and Steven Bannigan were also Directors in the 2019 Financial Year and in the 2020 Financial Year until 6 December 2019 when they both resigned.

Results of operations and financial results

On 12 December 2019, MoneyMe Ltd. listed on the Australian Securities Exchange (ASX) via an Initial Public Offering (IPO). Accordingly, this is the first time that the Group has completed a Half-Year Financial Report to meet ASX listing obligations.

The Half-Year Financial Report also reflects a restructure that was completed as part of the IPO process with MoneyMe Ltd. becoming the parent entity of MoneyMe Financial Group Pty Ltd. and the entities MoneyMe Financial Group Pty Ltd. controlled prior to the IPO completion. The comparative financial information presented in these financial statements relates to MoneyMe Financial Group Pty Ltd. and its controlled entities. Refer to the Company's IPO related Prospectus, and the Half-Year Financial Report for further details relating to the IPO and restructure.

These financial statements reflect the adoption of AASB 16 *Leases*. Under the transition method chosen, comparative information has not been restated. The H1'20 period results are therefore not directly comparable to the prior period. The impacts of applying the new standard are described in the notes to the financial statements.

Key Financial Measures with comparatives are provided below.

	Half-year to 31 December 2019 \$'000	Half-year to 31 December 2018 \$'000
Total Revenue	21,313	14,809
Profit Before Tax (PBT)	(1,553)	4
Net Profit After Tax (NPAT)	4,317	104
Net increase in cash & cash equivalents	35,003	17,983

	31 December 2019 \$'000	30 June 2019 \$'000
Total Assets	171,813	86,590
Total Equity	50,064	3,698

Directors' report

The revenue growth materially reflects growth in the gross loan receivables. H1'20 PBT materially reflects an increase in expenses incurred to support loan book growth and the impact of the Group's IPO in December 2019. Refer to the MoneyMe Ltd. Investor Report for further information. H1'20 NPAT reflects PBT plus an income tax benefit that materially reflects the effect of setting up the new tax consolidated group. The period-on-period asset increase reflects gross loan receivable growth and recognition of a right of use asset following adoption of the new AASB 16 *Leases* accounting standard. Period-on-period equity and cash/cash equivalent increases reflect the completion of the IPO in December. Refer to the Financial Statements and accompanying notes for further information.

A copy of the Auditor's Independence Declaration is set out as part of the Half-Year Financial Report.

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.

Signed in accordance with a resolution of the Directors.



Peter Coad

Chairman, MoneyMe Ltd.

Sydney, 25 February 2020

Directors' Declaration

In the opinion of the Directors of MoneyMe Ltd.:

1. the 2020 Half-Year MoneyMe Ltd. 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 Group's financial position at 31 December 2019, and of its performance for the half financial year ended on that date.
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.



Peter Coad

Chairman, MoneyMe Ltd.

Sydney, 25 February 2020

Independent Auditor's Report



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Directors of MoneyMe Limited and its controlled entities

Review of a half-year financial statements

We have reviewed the accompanying half-year financial report of MoneyMe Limited and its controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2019, and 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 of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 23.

Directors' Responsibility 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2019 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*. As the auditor of MoneyMe Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MoneyMe Limited and its controlled entities, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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 MoneyMe Limited and its controlled entities is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R. Jones

Rebecca Jones
Partner
Chartered Accountants
Sydney, 25 February 2020

Independent Auditor's Statement of Independence



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

25 February 2020

Dear Board Members

MoneyMe Limited and its controlled entities

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 controlled entities.

As lead audit partner for the review of the financial statements of MoneyMe Limited for the half-year ended 31 December 2019, 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 "R. Jones".

Rebecca Jones
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2019

	Note	For the half-year ended 31 December 2019 \$'000	For the half-year ended 31 December 2018 \$'000
Loan interest income		19,103	12,988
Other income		2,210	1,821
Total Revenue		21,313	14,809
Interest expense		(6,123)	(3,545)
Sales & marketing expense		(2,385)	(1,660)
Product design & development expense		(1,387)	(625)
General & administrative expense		(6,154)	(2,965)
Depreciation & amortisation expense		(414)	(92)
Loan impairment expense	9.3	(6,403)	(5,918)
Total Operating Expenses		(22,866)	(14,805)
Profit/(Loss) Before Tax		(1,553)	4
Income tax benefit	5.2	5,870	100
Net Profit/(Loss) After Tax		4,317	104
Other comprehensive income		–	–
Total Comprehensive Income		4,317	104

	Note	cents	cents
Basic profit per share	6	3	42
Diluted profit per share	6	3	42

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 2019

	Note	31 December 2019 \$'000	30 June 2019 \$'000
Cash & cash equivalents	7	41,065	6,062
Other receivables	8	1,279	506
Net loan receivables	9	116,564	78,332
Current tax asset		–	4
Deferred tax asset	5.4	9,179	760
Property, plant & equipment		448	145
Right of use assets	10	2,194	–
Intangible assets	11	1,084	781
Total assets		171,813	86,590
Other payables	8	2,189	1,099
Lease liabilities	10	2,375	–
Borrowings	12	115,470	81,564
Current tax payable	5.3	1,414	–
Employee related provisions		301	229
Total liabilities		121,749	82,892
Net assets		50,064	3,698
Share capital	13	211,800	2,794
Reorganisation reserve	4	(167,090)	–
Share-based payments reserve	14	351	118
Retained earnings	2	5,003	786
Total equity		50,064	3,698

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 half-year ended 31 December 2019

	Note	Share Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 30 June 2018		2,794	90	1,634	4,518
Adjustment on adoption of AASB 9		–	–	(1,172)	(1,172)
Balance as at 1 July 2018		2,794	90	462	3,346
Profit for the period		–	–	104	104
Other comprehensive income		–	–	–	–
Shares issued		–	–	–	–
Share options		–	(36)	–	(36)
Balance as at 31 December 2018		2,794	54	566	3,414
Balance as at 30 June 2019		2,794	118	786	3,698
Adjustment on adoption of AASB 16	2	–	–	(100)	(100)
Balance as at 1 July 2019		2,794	118	686	3,598
Profit for the period		–	–	4,317	4,317
Other comprehensive income		–	–	–	–
Shares issued	13	208,706	–	–	208,706
Performance rights	14.3	300	–	–	300
Reorganisation reserve	4	–	(167,090)	–	(167,090)
Share-based payments reserve	14.4	–	233	–	233
Balance as at 31 December 2019		211,800	(166,739)	5,003	50,064

The financial statements are to be read in conjunction with the notes to the financial statements.

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2019

	Note	31 December 2019 \$'000	31 December 2018 \$'000
Receipts from customers		21,283	14,878
Payments to suppliers & employees		(10,006)	(4,723)
Net interest paid		(5,470)	(3,012)
Income tax (paid)/received		–	(716)
Net cash inflows from operating activities		5,807	6,427
Payments for property, plant & equipment		(353)	(79)
Payments for intangible asset development		(422)	(258)
Net loan disbursements		(44,636)	(16,667)
Net cash outflows from investing activities		(45,411)	(17,004)
Proceeds from borrowings		33,265	28,560
Payments for leases		(274)	–
Proceeds from issued share capital		41,616	–
Net cash inflows from financing activities		74,607	28,560
Net increase (decrease) in cash & cash equivalents		35,003	17,983
Cash & cash equivalents at the beginning of the period		6,062	3,503
Cash & cash equivalents	7	41,065	21,486

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 half-year ended 31 December 2019

1. Group Information

1.1 Company Information

MoneyMe Ltd. (the Company) is a listed public company limited by shares, incorporated and domiciled in Australia. The Company was incorporated on 17 October 2019. The Company is also the parent and ultimate holding entity of the MoneyMe Group. 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 retail consumer finance. The Group reflects a business reorganisation that was completed in December 2019. Refer to note 4 for further information.

1.2 Controlled Entities Information

Name	Establishment/ Incorporation date	Proportion of ownership held by the Group
MoneyMe Financial Group Pty Ltd.	9 May 2013	100%
MoneyMe Finance Pty Ltd. ¹	7 November 2019	100%
MoneyMe Technology Pty Ltd.	7 November 2019	100%
MoneyMe Partnership Pty Ltd. ²	7 November 2019	100%
MoneyMe Velocity Warehouse Trust ³	17 December 2017	100%
MoneyMe Horizon Warehouse Trust ³	19 December 2018	100%
List Ready Pty Ltd.	29 May 2019	100%

All the entities in the Group are incorporated in Australia.

1. Owns the residual income units relating to MoneyMe Velocity Warehouse Trust and MoneyMe Horizon Warehouse Trust.
2. Owns 100% of the shares of List Ready Pty Ltd.
3. Ownership reflects capital and residual income unit ownership.

2. New Accounting Standards

AASB 16 – Leases

AASB 16 *Leases* is applicable to reporting periods beginning on or after 1 January 2019 and was adopted by the Group from 1 July 2019. The standard replaces the previous standard, AASB 117 *Leases*. The Group has applied the requirements of AASB 16 to the existing leases as at 1 July 2019.

AASB 16 adopts a balance sheet approach, which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. This replaces the accounting treatment for a lessee under AASB 117 which was based on categorising the lease either as a finance lease (recognised on balance sheet) or an operating lease (not recognised on balance sheet). The Group has recognised a 'lease liability' and corresponding 'right-of-use' (ROU) asset upon adoption.

The Group chose to adopt the 'modified retrospective approach' under AASB 16 and therefore the impact of AASB 16 prior to the adoption date was adjusted to opening retained earnings at 1 July 2019, with no impact to comparatives.

Two lease agreements existed as at 31 December 2019 relating to 131 Macquarie Street ('Sydney') and 317 Hunter Street ('Newcastle'). The Group's Sydney lease agreement does not stipulate an option to renew and therefore it is assumed by management that the only available option is termination. Under AASB 16, if only a lessor has the right to terminate a lease, the non-cancellable period of the lease includes the period covered by the option to terminate the lease. Conversely, the Group's Newcastle lease has an option to renew for a further two years, subject to new commercial terms.

Further, the Group considered and determined that no embedded leases were in effect as at 31 December 2019.

Notes to the Condensed Consolidated Financial Statements

The table below highlights the impact of different accounting treatment between AASB 117 and AASB 16 on the Group's Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position to/at 1 July 2019 from adopting AASB 16 under the 'modified retrospective' approach.

	AASB 117	AASB 16	Impact of adoption of AASB 16
Statement of Profit or Loss and Other Comprehensive Income			
Interest expense:	n/a	Recognition of interest expense on lease liabilities	Higher interest expense
General & administrative expense:	Recognition of operating lease expense	n/a	Lower general & administration expense
Depreciation & amortisation expense:	n/a	Recognition of right of use asset depreciation expense	Higher depreciation expense
Operating expenses:	Recognition of operating lease expense	Interest expense less depreciation expense	Higher operating expenses on initial recognition but lower over time
Statement of Financial Position			
Right of use asset:	n/a	Recognition of right of use asset	Higher assets
Lease liability:	n/a	Recognition of lease liability	Higher liabilities

The table below quantifies the impact from adopting AASB 16 relating to the prior year reflected in an adjustment to 1 July 2019 retained earnings.

	AASB 117 carrying amount \$'000	AASB 16 carrying amount \$'000	Retained earnings impact \$'000
Right of use asset	-	1,781	1,781
Lease liability	-	(1,918)	(1,918)
Net impact as at 1 July 2019	-	(137)	(137)
Opening balance tax effect of lease remeasurement	-	37	37
Total impact on opening retained earnings (1 July 2019)	-	-	(100)

Refer to note 10 for further information.

3. Statement of Compliance

The Group is a for-profit business which is publicly accountable. The Half-Year Financial Report is a general-purpose financial report, which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The Half-Year 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 Financial Group Ltd. 2019 Annual Financial Report and any public announcements made by the Group since listing.

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 2019 reporting period. Significant and other accounting policies applied in this consolidated Half-Year Financial Report are the same as those applied by the MoneyMe Financial Group Ltd. as at the year ended 30 June 2019 unless otherwise stated.

4. Public Listing & Business Reorganisation

During the period, the Group undertook an IPO and reorganisation. This included establishing a listed entity, MoneyMe Ltd., which became the parent entity of MoneyMe Financial Group Pty Ltd. and its controlled entities. The Company and the existing shareholders in MoneyMe Financial Group Pty Ltd. acquired the holdings of the previous shareholders in consideration for cash and shares in the Company immediately upon IPO completion.

The IPO related restructuring is considered to be a form of capital restructuring and group reorganisation in reference to AASB 3 *Business Combinations* that is being accounted for at book value as follows:

- the assets and liabilities of MoneyMe Ltd. include the carrying values of the assets and liabilities of MoneyMe Financial Group Pty Ltd.;
- the retained earnings and other equity balances recognised in the consolidated financial statements include the existing retained earnings and other equity balances of MoneyMe Financial Group Pty Ltd.; and
- the amounts recognised as issued capital in the consolidated financial statements of the MoneyMe Ltd. reflects the impact of the restructure, and the market capitalisation of the Company at the date of the IPO completion. An offsetting entry to a reorganisation reserve has been recognised to align total equity with the net asset position of the Group.

During the period, the Group incurred IPO-related expenses. IPO-related expenses directly related to the equity raising were allocated against equity (\$4.0 million) (gross of tax), with the remaining IPO-related expenses allocated against general & administrative expenses (\$2.1 million).

Refer to note 13 for further information.

5. Taxation

5.1 Overview

The restructure on listing resulted in a new tax consolidated group being created with MoneyMe Ltd. as its head entity. As a result, all tax values of the Group's assets and liabilities were reset and current and deferred tax amounts relating to transactions, events and balances of all entities in the Group were treated as if those transactions, events and balances were the head entity's own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Any adjustments to the tax bases of assets and liabilities were recognised through the Group's Statement of Profit or Loss and Other Comprehensive Income.

5.2 Income Tax Benefit

	31 December 2019 \$'000	31 December 2018 \$'000
<i>The components of tax expense comprise:</i>		
Current tax	1,834	445
Deferred tax	(7,288)	(115)
R&D tax offset	(416)	(430)
Income tax benefit	(5,870)	(100)

5.3 Current Tax Payable

	\$'000
Current tax asset/(payable) as at 30 June 2019	4
Current tax expense for the period	(1,834)
R&D tax offset	416
Current tax asset/(payable) as at 31 December 2019	(1,414)

5.4 Deferred Tax

	Net deferred tax at 30 June 2019 \$'000	AASB 16 adjustments \$'000	Net balance at 1 July 2019 \$'000	Tax cost base reset adjustment \$'000	Recognised in P&L \$'000	Recognised in equity \$'000	Net deferred tax at 31 December 2019 \$'000
Cash & cash equivalents	-	-	-	-	-	-	-
Other receivables	31	-	31	-	-	-	31
Net loan receivables	617	-	617	-	1,645	-	2,262
Property, plant & equipment	-	-	-	8	(23)	-	(15)
Right of use asset	-	37	37	-	68	-	105
Intangible assets	-	-	-	5,433	(27)	-	5,406
Other payables	48	-	48	-	19	-	66
Lease liability	-	-	-	-	(73)	-	(73)
Borrowings	1	-	1	-	(0)	-	1
Employee related provisions	63	-	63	-	(13)	-	50
IPO costs	-	-	-	-	253	1,094	1,347
Net deferred tax asset/(liability)	760	37	797	5,441	1,848	1,094	9,179

A Deferred Tax Asset has been recognised in regards to intangible assets in the period. This reflects an estimate as to the tax recoverable on differences between the carrying amounts of the intangible assets in the financial statements and the corresponding tax bases used in the computation of taxable profit at this point in time. The change in the tax base is as a result of the business re-organisation as described in note 3 and will be released against taxable profits over time.

6. Earnings Per Share

	31 December 2019 \$'000	31 December 2018 \$'000
Profit/(loss) after income tax	4,317	104

	No.	No.
Weighted average number of ordinary shares used in calculating basic EPS	139,254,914	246,134
<i>Adjustments for calculation of diluted EPS:</i>		
Options	2,274,095	2,500
Rights	1,834,000	-
Weighted average number of ordinary shares used in calculating diluted EPS	143,363,009	248,634

	cents	cents
Basic profit/(loss)/EPS	3	42
Diluted profit/(loss)/EPS	3	42

The diluted earnings per share calculation to 31 December 2018 and 31 December 2019 includes those options that have a dilutive effect, i.e. the average market price of ordinary shares during the period exceeds the exercise price of the options. They are therefore 'in the money'.

7. Cash & Cash Equivalents

	31 December 2019 \$'000	30 June 2019 \$'000
Cash at Bank	32,310	947
Restricted cash held in the Group's Warehouse Trusts	8,755	5,115
Total cash & cash equivalents	41,065	6,062

8. Other Receivables and Payables

8.1 Other receivables

Other receivables are held at amortised cost. As at 31 December 2019, they materially reflect prepaid insurance and a rental bond.

8.2 Other payables

Other payables represent liabilities for goods and services provided. As at 31 December 2019, they materially reflect IPO and warehouse trust related expenses due to be paid after 31 December 2019.

9. Net Loan Receivables

9.1 Overview

	31 December 2019 \$'000	30 June 2019 \$'000
Gross loan receivables	126,829	87,458
Loan provisions	(10,265)	(9,126)
Net loan receivables	116,564	78,332

9.2 Gross loan receivables

	\$'000
Balance as at 30 June 2019	87,458
Loans originated during the year	97,121
Principal payments received	(52,486)
Loans written off	(5,264)
Balance as at 31 December 2019	126,829

9.3 Loan provisions

	\$'000
Balance as at 30 June 2019	9,126
Additional provisioning	6,403
Loans written off	(5,264)
Balance as at 31 December 2019	10,265

The Group's loan book increased significantly in H1'20 driven by loan originations. H1'20 originations reflect continued growth in the Group's personal loan product and the introduction of a new Virtual Credit Account product ('Freestyle') during 2019. Loan book growth, alongside the booking of stage 1 provisioning, has materially driven the overall increase in the Expected Credit Loss (ECL) and loan provisions.

The following tables show movements in gross carrying amounts of loan receivables subject to impairment requirements to net loan receivables for the prior and current period.

30 June 2019	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Gross loan receivables	72,648	13,382	1,428	87,458
Provision	(4,201)	(3,534)	(1,391)	(9,126)
Net loan receivables	68,447	9,848	37	78,332

31 December 2019	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Gross loan receivables	119,630	5,100	2,099	126,829
Provision	(6,057)	(2,467)	(1,741)	(10,265)
Net loan receivables	113,573	2,633	358	116,564

The following table shows movements in the provision exposure subject to impairment requirements for the current period related provisioning.

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Provisions as at 30 June 2019	4,201	3,534	1,391	9,126
Provision	1,856	(1,067)	350	1,139
Provisions as at 31 December 2019	6,057	2,467	1,741	10,265

10. Leases

The Group's lease commitments relate to leases in place for the office premises at 131 Macquarie Street, Sydney NSW 2000 and 317 Hunter Street, Newcastle NSW 2300. They have been recognised as follows in accordance with AASB 16 *Leases*:

10.1 Right of use asset

	\$'000
Balance as at 30 June 2019	-
Establishment of right of use asset	2,227
Adjustment on adoption of AASB 16	(446)
Balance as at 1 July 2019	1,781
Additions	657
Depreciation expense for the period	(244)
Balance as at 31 December 2019	2,194

10.2 Lease liability

	\$'000
Balance as at 30 June 2019	-
Establishment of lease liability	2,227
Adjustment on adoption of AASB 16	(309)
Balance as at 1 July 2019	1,918
Additions	657
Interest accrual in the period	74
Payments in the period	(274)
Balance as at 31 December 2019	2,375
Net lease related asset/(liability)	(181)

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%.

Refer to note 2 for further information.

11. Intangible Asset

	\$'000
Balance as at 30 June 2019	781
Additions	422
Amortisation expense for the period	(119)
Balance as at 31 December 2019	1,084

12. Borrowings

The Group sells customer receivables to special purpose vehicle securitisation warehouses (the MME Velocity Warehouse Trust and the MME Horizon Warehouse Trust) through its asset-backed securitisation program. The special purpose vehicles are consolidated as the Group owns all units of the two trusts, entitling it to 100% of the net income distribution.

The tables below reconcile the borrowings associated with the two warehouse trusts, including the drawn balance, facility limits and undrawn balances. The difference between the drawn balance and total borrowings disclosed on the balance sheet is due to the capitalised borrowing costs that offset against the liability.

	31 December 2019 \$'000	30 June 2019 \$'000
MME Velocity Warehouse Trust	70,000	61,925
MME Horizon Warehouse Trust	47,500	19,000
Drawn balances	117,500	80,925
MME Velocity Warehouse Trust	-	8,075
MME Horizon Warehouse Trust	-	-
Undrawn balances	-	8,075
MME Velocity Warehouse Trust	70,000	70,000
MME Horizon Warehouse Trust	47,500	19,000
Facility limits	117,500	89,000

All corporate debt related party borrowings reported at 30 June 2019 were repaid in December 2019 as part of the IPO.

13. Share Capital

	Date	Shares (No.)	Issue price	\$'000
Balance	30 June 2019	246,134		2,794
Issuance of shares ¹	July 2019	6,712	446.96	3,000
Cancellation of shares ²	December 2019	(252,846)	–	–
Issuance of shares ³	December 2019	136,000,000	–	–
Transaction costs ⁴	December 2019	–	–	(2,884)
Issuance of shares on IPO	December 2019	33,200,000	1.25	41,500
2020 EPR – Series 1 ⁵	December 2019	240,000	1.25	300
Revaluation of shares on IPO ⁶	December 2019	–	–	167,090
Balance	31 December 2019	169,440,000		211,800

1. Impact of proceeds from capital raise.

2. Cancellation of MoneyMe Financial Group Pty Ltd. shares.

3. Issuance of MoneyMe Limited shares.

4. Transaction costs arising on IPO eligible for offset against share capital (net of tax).

5. Vesting of 2020 EPR – Series 1 on IPO. See note 14 for further details.

6. The amount recognised as issued capital in the Group reflected the impact of the restructure and the capital reorganisation, and thereby the market capitalisation of the Group at the date of the offer (less costs that are offset against issued capital). An offsetting capital reorganisation reserve was created to align total equity with the net asset position of the Group.

14. Share-Based Payments

14.1 Overview

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

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.

The Group issued employee performance rights (EPRs) and, board performance rights (BPRs). These reflect performance rights that were granted and vested on listing and performance rights that were granted on listing and will vest into the future.

The EPRs have nil consideration and exercise price. The unvested EPRs were issued subject to employee performance from 1 July 2019 to 30 June 2020 and will only vest if the EPR participant is an employee at the time of vesting. 50% of the EPRs that remain on foot can vest on the day following the release of MoneyMe's annual financial results for the financial year ending 30 June 2021 and 50% on the day following the release of MoneyMe's annual financial results for the financial year ending 30 June 2022.

The BPRs have nil consideration and exercise price. The BPRs have been issued subject to performance from 1 July 2019 to 30 June 2020 and will only vest if the BPR participant is a Director at the time of vesting. 50% of the EPRs that remain on foot can vest on the day following the release of MoneyMe's annual financial results for the financial year ending 30 June 2020 and 50% on the day following the release of MoneyMe's annual financial results for the financial year ending 30 June 2021.

14.2 Share options

	2017	2018	2020 – Series 1	2020 – Series 2
Current period expense (\$'000)	–	–	(9)	(36)
Weighted average exercise price (\$)	–	–	0.54	0.82
Fair value per option (\$)	–	–	0.14	0.24
Grant date (contractual)	01/12/2017	01/12/2018	01/12/2017	01/12/2018
Vesting date (contractual)	01/12/2020	01/12/2021	01/12/2020	01/12/2021
Fair value model volatility ¹	45.25%	37.98%	45.25%	37.98%
Fair value model risk-free interest rate ²	2.03%	2.53%	2.03%	2.53%
Fair value model dividend yield	0.00%	0.00%	0.00%	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.

	2017 No. of options	2018 No. of options	2020 – Series 1 No. of options	2020 – Series 2 No. of options
Outstanding at the beginning of the period	2,345	1,935	–	–
Granted	–	–	1,257,461	1,016,634
Forfeited	–	–	–	–
Lapsed	–	–	–	–
Exercised	–	–	–	–
Cancelled	(2,345)	(1,935)	–	–
Outstanding at the end of the period	–	–	1,257,461	1,016,634
Exercisable at the end of the period	–	–	–	–

14.3 Performance rights

	2020 EPR – Series 1	2020 EPR – Series 2	2020 EPR – Series 3	2020 BPR
Current period expense (\$'000)	(300)	(88)	(39)	(61)
Weighted average exercise price (\$)	0.00	0.00	0.00	0.00
Fair value per option (\$)	1.25	1.25	1.25	1.25
Grant date (contractual)	11/11/2019	11/11/2019	11/11/2019	11/11/2019
Projected vesting date 1 (contractual)	12/12/2019	31/08/2021	10/11/2020	31/08/2020
Projected vesting date 2 (contractual)	n/a	31/08/2022	10/11/2021	31/08/2021
Fair value model volatility ¹	n/a	63.25%	63.25%	63.25%
Fair value model risk-free interest rate ²	n/a	0.78%	0.78%	0.78%
Fair value model dividend yield	n/a	0.00%	0.00%	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.

	2020 EPR – Series 1 No. of rights	2020 EPR – Series 2 No. of rights	2020 EPR – Series 3 No. of rights	2020 BPR No. of rights
Outstanding at the beginning of the period	-	-	-	-
Granted	240,000	1,134,000	300,000	400,000
Forfeited	-	-	-	-
Lapsed	-	-	-	-
Exercised	(240,000)	-	-	-
Cancelled	-	-	-	-
Outstanding at the end of the period	-	1,134,000	300,000	400,000
Exercisable at the end of the period	-	-	-	-

14.4 Share-based payment reserve reconciliation

The following reconciles the movement in the share-based payment reserve in the half-year ended 31 December 2019 and the prior financial year.

	\$'000
Balance as at 30 June 2019	118
Recognition of additional share-based payments (excluding 2020 EPR – Series 1)	233
2020 EPR – Series 1	300
Vesting of 2020 EPR – Series 1	(300)
Balance as at 31 December 2019	351

15. Related-Party Transactions

The table below discloses the related-party borrowings in respect of the two warehouse trusts.

	31 December 2019 \$'000	30 June 2019 \$'000
Velocity Trust Note Asset Holdings	4,795	3,209
Horizon Trust Note Asset Holdings	2,500	1,000
Total Trust Notes held within the Group	7,295	4,209

16. Subsequent Events

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 Group's financial position as at 31 December 2019.



This page has been left intentionally blank.

Corporate Directory

COMPANY'S REGISTERED OFFICE

MoneyMe Financial Group 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 (Chairman)

Clayton Howes (CEO and Managing Director)

Jonathan Lechte (Independent Non-Executive Director)

Scott Emery (Non-Executive Director)

Susan Wynne (Independent Non-Executive Director)

AUDITOR

Deloitte Touche Tohmatsu

Level 9

255 George Street

Sydney, New South Wales 2000

COMPANY SECRETARY

Justin Clyne

WEBSITE

www.moneyme.com.au

INVESTOR RELATIONS

investors@moneyme.com.au

WEBSITE

investors.moneyme.com.au

The background of the entire page is a vibrant blue. It features a pattern of white binary code (0s and 1s) scattered across the upper half. In the lower half, there are white, stylized circuit board traces that meander and connect to small circular nodes, resembling a digital network or data flow.

money.me

The smarter, faster way to borrow