

11 October 2022

ASX Announcement

1Q23 TRADING UPDATE

MONEYME Executes Shift to Focus on Statutory Profit

MONEYME Limited (“MONEYME” or “Group”) today announced its first quarter results for the period ending 30 September 2022, with strong execution of its profitability strategy driving gross revenue of \$57 million and ahead of planned realisation of SocietyOne acquisition cost synergies.

1Q23 Trading Highlights

- Gross revenue of \$57m, up 148% yoy (\$23m, 1Q22; \$60m, 4Q22)
- Gross customer receivables of \$1.28b, up 183% yoy (\$452m, 1Q22; \$1.35b, 4Q22)
- Originations of \$130m, down 25% yoy (\$173m, 1Q22; \$334m, 4Q22)
- Net losses of 5% (5%, 1Q22; 4%, 4Q22)

Clayton Howes, MONEYME’s Managing Director and CEO said:

“It is clear we are entering a higher interest rate environment, which has changed our focus to building further resilience in our business by managing our cash reserves and the credit performance of our loan book.

In addition to a very strong revenue and overall business result, it has been remarkable to see how efficiently and effectively the team and business have executed the strategy to position MONEYME appropriately in the current external environment. This tech-enabled agility is indicative of our strong historical focus on unit economics and highly efficient operating model with the rapid transition to focus on delivering statutory profits, a clear long-term advantage in an evolving market.

The transformation to tech-enable SocietyOne’s new business originations to the Horizon Technology Platform is another major milestone accelerated for the Group as it delivers on realising synergy benefits from the acquisition. This is allowing us to provide SocietyOne new business the same leading customer acquisition and service experience as MONEYME.

Autopay continues to be a priority for the business as we prepare to unlock the opportunity in the auto finance market through strategic partnerships and exciting new product innovation designed to drastically transform the car buying experience for consumers.

While the macroeconomic outlook continues to be challenged, I believe we are uniquely positioned to deliver innovation while achieving our strategic initiative of generating statutory profit. Our result in Q1 is a strong first step toward this evolving strategy and is setting the business up well for the remainder of FY23.”

Executing through the cycle to deliver on profitability

As announced in the 4Q22 Trading Update, MONEYME has positioned itself for the changing economic cycle, shifting its strategic focus to prioritise generating statutory returns following a period of consistently high growth.

MONEYME’s technology-led business model allows it to rapidly calibrate its credit decisioning, pricing and variable cost base to balance growth and profitability at various points in the economic cycle. 1Q23 has seen MONEYME move quickly to reposition the business strategically and has shifted to slower growth in the immediate term to support increased liquidity while prioritising higher quality credit originations.

Swift execution of this strategic shift has delivered a reduction in the Group’s cost base while revenue is on target to be greater than \$200m for FY23, with Gross Revenue of \$57m for the quarter.

Managing a higher interest rate environment

In addition, the agility of its proprietary technology platform has assisted MONEYME in successfully lifting its variable customer rates in reference to the RBA’s cash rate increases as well as adding new capabilities to its collections processes.

The tightening of new originations and an increase in customer pre-payment behaviour due to market driven rate increases have driven a slight reduction of the loan book from the previous quarter, with Gross Customer Receivables of \$1.28b as at 30 September 2022 (\$1.35b, 4Q22).

Technology-driven cost efficiencies

Optimising cost efficiencies remains a key priority as the company leverages the enhanced automation capabilities and scale advantages achieved in FY22.

The SocietyOne cost synergy realisation has been accelerated to achieve an important milestone in 1Q23, ahead of plan, with all legacy SocietyOne channel originations now using MONEYME’s Horizon Technology Platform.

Proactive cost management will continue to be part of the strategic objectives for the next

quarter, while a recalibrated acquisition strategy will leverage the low-cost acquisition opportunity in offering MONEYME's product range to ~200,000 SocietyOne customers.

Increased credit quality of the portfolio

The Equifax profile of the book increased to 711 (704, 4Q22) as the Group continues to focus on originating higher credit quality loan assets, with a key objective to further reduce the proportion of the book with a below average Equifax profile. This focus has resulted in a reduction of assets with an Equifax profile of <600, from 21% at the start of the quarter to 19% as at 30 September 2022.

Credit outcomes remain within expectation at the Group level with net losses 5% for 1Q23 (4%, 4Q22), reflecting the impact of a lower book balance in MONEYME Personal Loans and Freestyle.

Management continues to provision for losses at closing FY22 provisioning levels with existing overlays expected to provide appropriate contingency for the current macroeconomic environment.

The Group received \$2.5m from planned impaired asset debt sales in 1Q23.

Funding and liquidity

MONEYME was pleased to announce the completion of the \$20m institutional placement on 1 September 2022, of which approximately \$2m requires approval at the Extraordinary General Meeting on 11 October 2022.

MONEYME has complied with its facility arrangements for 1Q23 with revised settings being put in place from 2Q23 in respect to both PEP facility covenants and trust Tangible Net Worth covenants, subject to completion of binding legal documentation. The revised PEP Facility covenant settings include implementing an alternative capital solution for which a process has been initiated, which may include a partial repayment of the PEP Facility which will unlock further covenant flexibility. Revised business and asset performance covenants will be agreed as part of this resetting.

The recalibrated funding facility covenant settings reflect a recently updated outlook which take into account more challenging securitisation term-out and debt capital market conditions, higher customer pre-payment rates following market led interest rate increases and increases to net loss rates (which remain within risk appetite). In recognition of revised covenants and market conditions, the Group no longer expects to raise an additional circa \$5 million in debt capital by 31 December 2022. The Group does not have any covenant requirements tied to its share price or market capitalisation.

Cybersecurity

In light of recent events and heightened cybercrime activity, the Group remains vigilant to protect customers from identity theft and malicious cyberattacks.

MONEYME utilises leading cybersecurity methods and systems, continuous systems vulnerability checks and comprehensive end point protection. Customer data is secured using industry best practice protocols, whilst biometric identification and multi-factor authentication processes are some of the effective measures used to protect customers from impersonation attacks and account hi-jacking.

Further Information

Please refer to the attached **1Q23 Investor Presentation** for further information.

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

Clayton Howes
Managing Director & CEO

About MONEYME

MONEYME is a leading Australian disruptor, using technology to become the #1 challenger to the major banks.

With a focus on innovation, it funds credit approved ambitious people with the advantage of market-leading speed and automated customer experiences. Leveraging AI and advanced cloud-based technology, it offers highly automated credit products across personal, auto and real estate finance.

The Group's core brands MONEYME and SocietyOne reflect digital-first experiences that meet, and exceed, the expectations of 'Generation Now'.

MONEYME Limited is listed on the ASX and the Group includes licensed and regulated credit and financial services providers operating in Australia.

For more information, visit moneyme.com.au or investors.moneyme.com.au

1Q23 Investor Presentation

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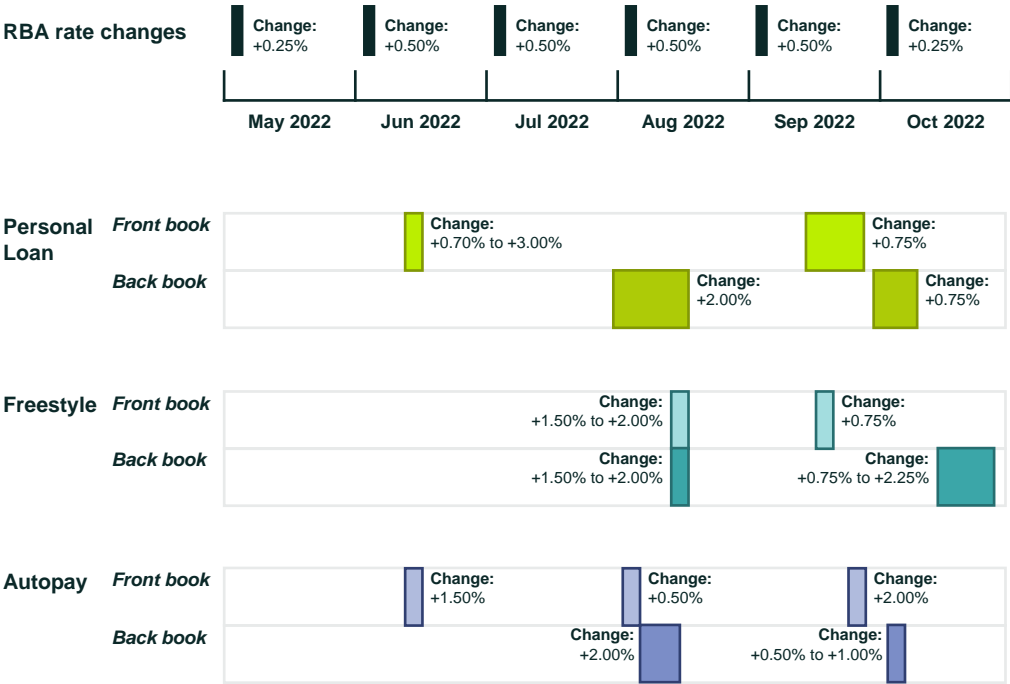
Calibrating to a higher interest rate environment

MONEYME’s technology-driven agility has allowed the business to promptly adjust its pricing to protect yields in a rising interest rate environment:

- Subsequent to the Reserve Bank’s cash rate increases, MONEYME has deployed staggered rate increases to all variable rate loans and advances across its Autopay, Personal Loans and Freestyle products
- Enabled by the Horizon technology platform’s scalability, these consecutive pricing calibrations have been executed efficiently to risk-based pricing cohorts for over 50,000 customers
- Both front-book and back-book pricing have been adjusted appropriately across the Group’s product range
- SocietyOne fixed rate loans are hedged

MONEYME continues to review its pricing strategy against the external environment.

Interest rate calibration timeline



Increased credit quality of the portfolio

MONEYME continues to focus on originating higher credit quality loan assets and increasing the credit profile of its loan book:

- Average Equifax profile increased to 711 in 1Q23, up from 658 at 1Q22
- Assets with an Equifax profile of <600 reduced from 36% of the portfolio in 1Q22 to 19% in 1Q23
- Secured assets as a % of the loan book continues to increase, sitting at 40% as at 30 September 2022

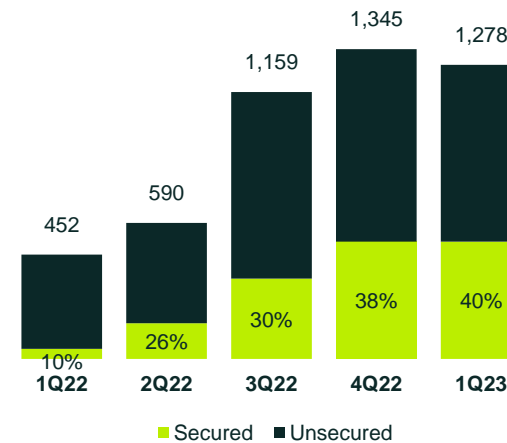
MONEYME's gross customer receivables was \$1.28b for 1Q23, slightly down from \$1.35b in 4Q22 and up 183% yoy (\$452m, 1Q22).

The change in loan book size has primarily been driven by the following factors:

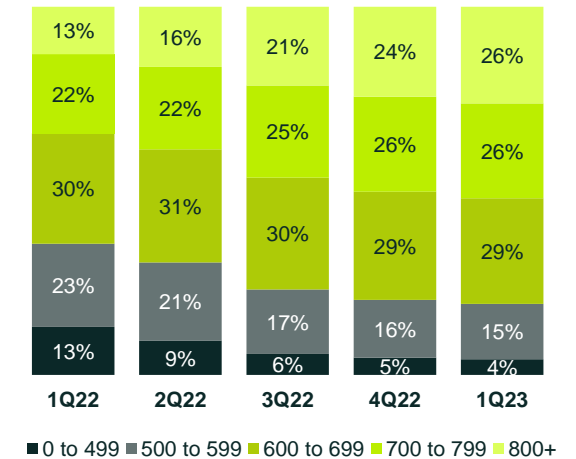
- Slightly higher customer pre-payment rates in response to increasing interest rates
- Priming our portfolio for strong credit performance by originating higher credit quality customers while shifting away from lower credit quality customers on existing loan book – the portfolio mix is expected to have a favourable impact on loan book losses which is expected to manifest later in FY23 and into FY24
- Moderated growth to execute on the strategy of delivering statutory profits

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Gross customer receivables (\$m)
vs. Secured asset %



Equifax cohort % of loan book for
each quarter



Average Equifax score



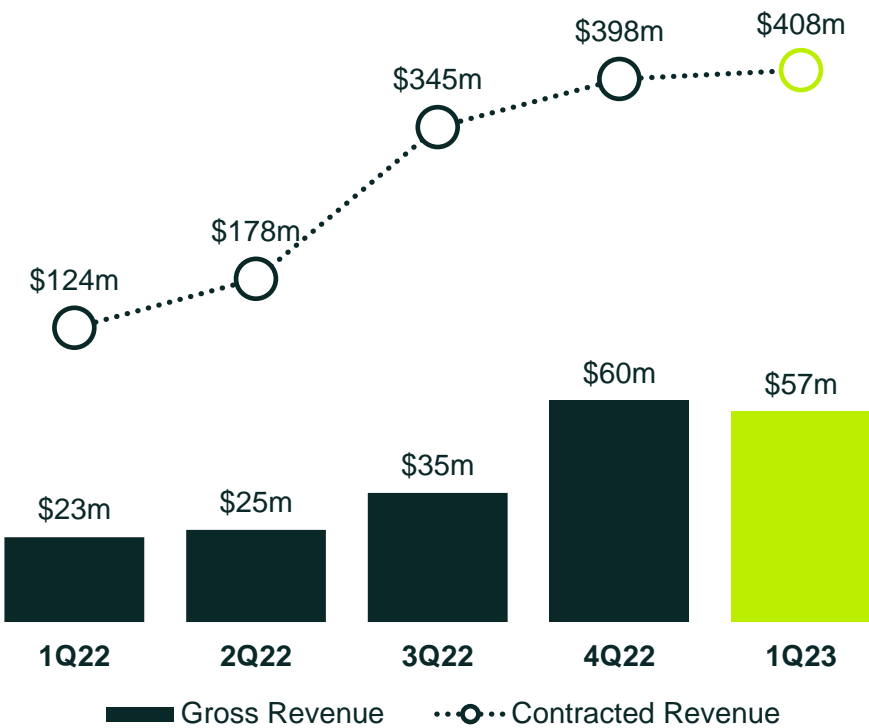
Gross revenue on track for >\$200m in FY23

As announced at the end of FY22, MONEYME has shifted focus to prioritise generating statutory returns following a year of consistently high growth.

MONEYME's tech-enabled agility and ability to transition quickly between growth and profitability has been demonstrated in the past, reflected in the delivery of statutory profits from FY17 through to FY20.

Strong execution of MONEYME's strategic shift in the first quarter delivered Gross Revenue of \$57m in 1Q23, with revenue on target for >\$200m in FY23.

Gross revenue vs. Contracted revenue



Technology innovation driving further efficiencies

Optimising operational efficiencies remains a key priority as MONEYME leverages scale advantages and recent technological advancements, including:

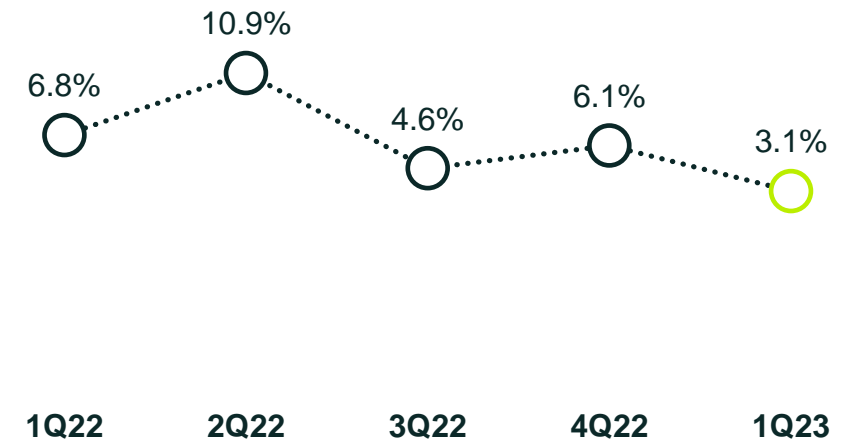
- The latest release of MONEYME's artificial intelligence, AIDEN® 3.0, driving continuous improvements to accuracy and efficiency of credit decisioning
- Increased automation capabilities in MONEYME's proprietary technology platform Horizon

The migration of SocietyOne onto MONEYME's technology platform is progressing ahead of plan, with an important milestone achieved in 1Q23:

- From 20 September 2022, all legacy SocietyOne channel originations are completed using MONEYME's Horizon platform
- The migration of channel originations to Horizon has drastically improved processing times from ~24-48 hours with multiple human touch points to ~1 hour with a more efficient automated solution
- Originating SocietyOne loans through Horizon is driving human capital efficiencies and improved customer experiences, while leveraging AIDEN® 3.0 for credit decisioning

Core office operating expenses as a % of average gross customer receivables has decreased to 3.1% in 1Q23 (6.8%, 1Q22; 6.1%, 4Q22).

Core office operating expenses as % of average gross customer receivables



Provisioning & losses

Credit outcomes remain within expectation and risk appetite at the Group level with net credit losses of 5% for 1Q23 (4%, 4Q22):

- The increase reflects strong originations in MONEYME Personal Loans and Freestyle in CY2021
- Net losses of 5% exclude expected future recoveries from Autopay receivables

Management continues to provision for losses at closing FY22 provisioning levels with existing overlays expected to provide appropriate contingency for the current macroeconomic environment.

- Total provisioning remains 6.1% for Q1, with provisioning ratios 3.2% for secured assets and 7.8% for unsecured assets

Note 11.2.1 and 11.2.2 of the FY22 annual report were revised in September 2022 to reflect the correct stage allocation for gross customers receivables and corresponding provisioning ratios as at 30 June 2022.

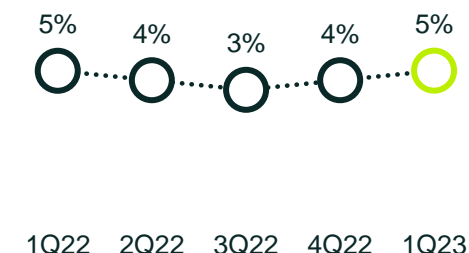
Gross customer receivables and provision balances by impairment stage¹ (as at 30 June 2022)

	Stage 1	Stage 2	Stage 3	Total
Gross customer receivables (\$'000)	1,279,506	36,128	29,642	1,345,276
Stage % of gross customer receivables	95%	3%	2%	100%
Provision % of gross customer receivables	3.1%	42.0%	88.0%	6.1%

FY22 provisioning % – secured vs. unsecured

Cohort	Prov
Secured	3.2%
Unsecured	7.8%
Total portfolio	6.1%

Net losses (%)



What you can expect from us in FY23:

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**Quick calibration
of our business
strategy to the
higher interest rate
environment**



**Continued
innovation for
Autopay**



**Loan book shift
towards higher
Equifax profile to
build defence
against credit risk**



**Improvement in
cost to income ratio
driven by tech-
enabled efficiencies**

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The information contained in this presentation has been prepared by MONEYME Limited (MONEYME or Company) in connection with the 1Q23 ASX Trading Update on 11 October 2022.

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