

MoneyMe Limited ASX: MME

ASX Announcement

25 August 2020

Full year 2020 results

MoneyMe Limited (ASX: MME) (“MoneyMe” or “Group”), is pleased to announce its financial results for the financial year to 30 June 2020 (**FY20**).

FY20 Highlights

- **Revenue** of \$47.7 million, up 49.5% on the prior year (FY19: \$31.9 million) and ahead of forecast (Prospectus: \$45.8 million) by 4.0%.
- **Originations** of \$178.5 million, up 52.8% on the prior year (FY19: \$116.9 million) and ahead of forecast (Prospectus: \$168.2 million) by 6.1%.
- **Gross loan book** of \$133.6 million, up 52.7% on the prior year (FY19: \$87.5 million). Despite the higher than forecast originations, the gross loan book was 6% below forecast (Prospectus: \$141.9 million) due to an increase in customers making early repayments.
- **Credit quality** outperforms the prior year with static loss rates continuing to improve, supported by an increase in the average loan book Equifax score to 635 in FY20 from 620 in FY19.
- **Operating leverage** continues with General & Administrative expense to Total Revenue of 17.4%, from 24.7% in FY19 and ahead of Prospectus forecast of 20.7%
- **Pro forma EBITDA** of \$3.2 million and statutory EBITDA of \$1.1 million both ahead of forecast by 10.5% and 20.8% respectively.
- **Statutory NPAT** of \$1.3 million, impressive increase from the prior year by 300% (FY19: \$0.3 million).
- **ListReady** (launched in H1 FY20) currently has over 2,000 individual agents signed up and 1,300 homeowner customers.
- **COVID-19 positioning:** The Group is strongly positioned to manage through a COVID-19 national lockdown environment. Agile decision making and strong portfolio diversification have been instrumental in minimising the impact of COVID-19, and strengthened by a strong balance sheet with \$35.4 million in Cash and Cash Equivalents.

FY20 Key Operating Metric Performance

Income	FY19 Actuals		FY20 Actuals		FY20 Prospectus
Total revenue (\$m)	31.9	▲	47.7	▲	45.8
Total revenue growth (%)	32.6%	▲	49.5%	▲	43.7%
Portfolio weighted average simple interest rate (%)	22.6%	▲	23.3%	▲	22.9%
Loan book growth					
Originations (\$m)	116.9	▲	178.5	▲	168.2
Originations growth (%)	66.1%	▲	52.8%	▲	43.9%
Closing gross loan book (\$m)	87.5	▲	133.6	▼	141.9
Closing gross loan book growth (%)	81.8%	▼	52.7%	▼	62.2%
Loan book quality					
Net charge off (%)	6.2%	▼	3.6%	▼	5.8%
Loan provision to gross loan book (%)	10.4%	▼	9.6%	▼	9.8%
Loan impairment – net charge off (\$m)	5.0	▼	6.4	▼	6.6
Loan impairment – provision movement (\$m)	4.4	▼	3.7	▼	4.5
Cost measures					
Funding cost rate (%)	12.6%	▼	11.4%	◀▶	11.4%
Sales & marketing expenses to total revenue (%)	10.6%	◀▶	10.6%	▼	11.9%
General & administrative expenses to total revenue (%)	24.7%	▼	17.4%	▼	20.7%

Revenue & Loan Book Growth

The Group recorded revenue of \$47.7 million in FY20, representing a 49.5% increase on the prior year (FY19: \$31.9 million). Revenue growth from Personal Loan and Freestyle products was underpinned by strong originations of \$178.5 million, up 52.8% from FY19. The Group's growth in originations and gross loan book will materially benefit revenue growth in FY21 and beyond.

Credit demand grew by 63.5%, with MoneyMe receiving over \$1.8 billion in credit requests in FY20, up from \$1.1 billion in FY19. While the Group experienced higher than usual early repayments from customers when stimulus measures such as early access to superannuation were introduced, the Group's gross loan book grew by 52.7%, up from \$87.5 million in FY19 to \$133.6 million in FY20.

Credit Quality

MoneyMe's strong origination and gross loan book growth was achieved, while continuing to increase credit quality. Static loss rates continue to improve, along with the credit profile of the Group's customer base, with an increase in the average Equifax score to 635 in FY20 from 620 in FY19. Significantly, this improvement in customer credit profile was achieved whilst exceeding Prospectus forecasts for portfolio yield, with a portfolio weighted average simple interest rate in FY20 of 23.3% (Prospectus: 22.9%).

The Group's loan provisions to gross loan book reduced from 10.4% in FY19 down to 9.6% in FY20, outperforming the Prospectus forecast of 9.8%. Loan provision to gross loan book increased from 8.1%

in H1 FY20 to 9.6% to reflect additional overlays for macroeconomic uncertainties as a result of the COVID-19 environment.

Operating Costs

Greater operating efficiencies are being delivered through high automation and constrained fixed costs, enabled by the Horizon technology platform. Improving cost efficiency has been realised by a year-on-year decrease in funding cost rate and key operating expense ratios.

The Group recorded General & Administrative Expenses to Total Revenue of 17.4%, a significant improvement from prior year (FY19: 24.7%) and well under the forecast (Prospectus: 20.7%). The Group's FY20 funding cost rate was 11.4%, down from 12.6% in FY19 and in line with the Prospectus forecast.

Profits

The Prospectus forecast was exceeded across revenue, EBITDA, PBT, and NPAT, both on a pro forma and statutory basis. Equally significantly, these metrics have also demonstrated strong improvement year on year demonstrating the scale efficiencies of MoneyMe's model.

MoneyMe's FY20 pro forma EBITDA of \$3.2 million and statutory EBITDA of \$1.1 million were both ahead of Prospectus forecast (by 10.5% and 20.8% respectively). Pro forma PBT of \$2.0 million was achieved in FY20, a significant improvement from a loss of \$1.6 million in the prior year, and 6.9% ahead of the Prospectus forecast of \$1.9 million.

In FY20, MoneyMe recorded pro forma NPAT of \$2.8 million and statutory NPAT of \$1.3 million, a strong increase from the prior year (by \$1.0 million and \$3.9 million respectively).

Growth & Strategy

The Group plans to continue its high balance sheet growth strategy through focus on increasing automation to support scale and drive efficiency, expanding and gaining market share through existing products, entering new consumer lending verticals through product innovation and developing new partnerships to drive customer acquisition while maintaining the focus to provide digital direct to consumer lending products.

The Company remains confident in establishing a new funding warehouse facility, which when established, is expected to deliver materially lower funding costs and new business origination capacity.

Clayton Howes, MoneyMe's Managing Director and Chief Executive Officer said:

"The financial year ended 30 June 2020 was a significant year in the history of MoneyMe. We successfully completed our initial public offering, enabled Freestyle with a virtual Mastercard, launched ListReady and RentReady, entered new verticals, achieved accelerated growth, and exceeded our Prospectus forecasts while also outperforming credit risk expectations.

Throughout the year, our team contributed to delivering an outstanding set of results while meeting the operational challenges created by COVID-19 and successfully transitioning to operating as an ASX-listed company.

“MoneyMe operates in an agile development environment and has created a diversified customer base with a targeted and low cost origination growth strategy which enables us to minimise our credit risk exposure and quickly adapt to changing market conditions.

“The MoneyMe brand has gone from strength to strength. I am truly excited about the future for this business that is well positioned to build upon its record achievements from FY20 throughout and beyond the current COVID-19 environment, and be the favourite credit partner for Generation Now.”

This media release should be read along with the Appendix 4E, Annual Financial Report and FY20 Investor presentation.

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About MoneyMe

MoneyMe is a digital consumer credit business leveraging our technology platform (the Horizon Technology Platform) and big data analytics to deliver an innovative loan offering to tech-savvy consumers.

Founded in 2013, we originate consumer loans through our risk-based lending platform to tech-savvy consumers who are seeking fast, convenient and simple access to credit direct from their mobile devices. Our technology platform allows applications to be completed within approximately five minutes and funds to be disbursed, or credit limits to be available, to the customer shortly after approval.