



MoneyMe Limited: 2024 Interim Report for the six months ended 31 December 2023

Impact Financial News

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Body

Sydney, Australia: **MoneyMe** Limited has issued the following news release:

On behalf of the Board of Directors, it is my pleasure to present **MONEYME** 's 1H24 interim report for the six months to 31 December 2023.

Strong performance despite macroeconomic headwinds MONEYME 's \$6 million statutory net profit after tax (NPAT) was achieved against the ongoing backdrop of high interest rates, heightened inflation, and low consumer wage growth. The Reserve Bank of Australia (RBA) increased the cash rate five times in CY23, closing the calendar year at a cash rate of 4.35%, a 12-year high. In response, **MONEYME** continued to effectively manage customer pricing, improve credit performance, and optimise operations to deliver strong performance in the first half.

Enhanced credit quality protects against external factors Our near-term strategy continues to be guided by a greater sense of conservatism and a strong focus on credit risk management. Inline with this strategy, **MONEYME** kept the loan book steady at \$1.2 billion in the first half, as we optimise the business for sustainable growth in line with an improving macro environment. During the first half, notable progress was made in further enhancing the credit quality of our loan book and increasing the proportion of secured assets. As a result, credit losses decreased. The performance of the loan portfolio was further underscored by two recent Moody 's credit rating upgrades of our term securitisations. Looking ahead, we expect the improved credit quality of the book will continue to strengthen the business against interest rate pressures and the projected rise in unemployment rates. We remain focused on further enhancing the credit quality of our portfolio.

Strong governance in an evolving risk landscape Our commitment to environmental, social and governance (ESG) best practices is reflected in the achievement of B Corp Certification in August 2023. The B Corp framework serves as a tool to measure and improve our impact in a way that is understandable, verifiable, and recognisable. It allows

us to demonstrate the tangible benefits of our ESG initiatives, including reduced environmental footprint, enhanced community engagement, and transparent governance practices. Susan Wynne retired as a **MONEYME** Director in 1H24 to focus on her other career commitments. We thank Susan for her contributions to the Board in stewardship of the company during her four years as a Director. To replace Susan, the Board appointed Susan Hansen as Non-Executive Director, effective from 1 December 2023. Susan Hansen brings a wealth of experience in finance, risk assessment, and governance. On behalf of the Board of Directors, I would like to thank Team **MONEYME** for their dedication and resilience in a challenging environment and extend our gratitude to our business and community partners and customers.

MONEYME has delivered a solid first half result, executing on our profitable strategy by reducing losses, increasing our secured assets, and advancing our technology for future opportunities. Continued profits from an increasingly robust loan book. **MONEYME** delivered \$6 million of statutory net profit after tax (NPAT) in 1H24, reflecting technology-driven cost efficiencies in our operations, good credit performance, and effective interest rate management. In 1H24, new principal loan originations increased to \$277 million, up from \$242 million in 1H23 and \$224 million in 2H23. This originations growth facilitated a further shift in the composition of our loan book, currently at \$1.2 billion, towards higher credit quality assets to support long-term stability and reduced credit risk. Gross revenue for 1H24 totalled \$108 million, down from \$121 million in 1H23 and \$118 million in 2H23, reflecting our deliberate transition to higher credit quality assets. While these assets are characterised by a lower income yield, they come with an improved expected credit loss profile, enhancing the overall quality of our loan portfolio. As macroeconomic conditions begin to improve, we anticipate gradually increasing originations, while maintaining our focus on profit delivery and high credit quality assets to continue to bolster the resilience of our business. Reduced loan book losses in line with enhanced credit quality. Net losses² reduced to 4.6% in 1H24, a notable improvement from 6.0% in 1H23 and 5.7% in 2H23, as the significantly higher credit quality of the book is realised and the lower credit quality assets roll off. As planned, we increased the ratio of secured assets in our book, which was 48% as at 31 December 2023, up from 41% as at 31 December 2022 and 44% as at 30 June 2023. Our closing average Equifax credit score was 741 for 1H24, up on the prior period results of 714 in 1H23 and 727 in 2H23. 86% of the loan book had an Equifax score equal to or above 600, up from 81% in 1H23 and 83% in 2H23, further demonstrating the increasing credit quality of our book. Innovation and optimisation for future growth. **MONEYME** continued to build readiness for growth in 1H24. Operational efficiency was boosted through further digitisation and automation of application processes, accompanied by enhancements to our core products. Notable improvements included expanding Autopay to caravans and introducing a homeowner discount for Autopay loans aimed at attracting high-credit quality customers. Furthermore, **MONEYME** began development of applications leveraging generative Artificial Intelligence (AI) to enhance customer service interactions and operational efficiency. As part of this initiative, **MONEYME** is creating an internal tool aimed at enhancing the speed and accuracy of customer service responses. A beta version of this tool is set for release in 2H24, following significant progress made during 1H24. During the half, new business flows for non-core products were phased out as part of the strategy to simplify the business and focus on our core markets. Warehouse financing renewals proceeded as planned in 1H24, and it was great to see the strength of our loan portfolio recognised by two recent Moody's credit rating upgrades of our term securitisations. Strengthened information security frameworks. Protecting the data of our customers and other stakeholders remains a top priority for **MONEYME** and we continue to take a proactive approach to new and emerging cybersecurity threats. Building upon our ISO 27001 certification, we invested heavily in strengthening our information security systems and processes in 1H24.

Strategy and outlook. **MONEYME** plans to leverage its technology advantage for growth when the macroeconomic environment improves. With banks prioritising mortgages and facing limitations due to legacy platforms and outdated processes, there is a prime opportunity for **MONEYME** to gain market share with our car loan, personal loan, and credit card products. **MONEYME**'s strategy has five key focus areas: 1. Extending our technology advantage. **MONEYME**'s competitive edge lies in innovative, hard-to-replicate technology. We will continue to enhance our proprietary technology platform to drive operational efficiency and enhanced customer experiences. This includes actively exploring applications of generative AI in customer service interactions and other parts of our operations. 2. Increasing our secured loan book. We will continue to increase our secured loan book by leveraging our award-winning vehicle loan product, Autopay, and expanding secured asset funding programs. 3. Growing our operating leverage. Building on progress made in FY23, we will capitalise on our low-cost operating model and scale

advantages to grow our operating leverage. This includes leveraging automation to further optimise our technology platform and operations.4. Optimising the business for growthWe will continue to optimise the business for growth, including refining our warehouse programs for capital and cost efficiencies, evolving our channel distribution, and sharpening the design of our core products.5. Continuing to strengthen data protectionBuilding on our significant investment in this area in 1H24, we will continue to strengthen our defences against cyber security threats. Looking ahead, we are optimistic about the future of our industry and see significant potential for growth in our key verticals, particularly in the car loan market. We are uniquely positioned to seize the market opportunity quickly when the macro environment improves. I would like to thank our customers and partners for trusting us with their needs, Team **MONEYME** for their dedication to our mission, our financiers and shareholders for their ongoing support, and our Board for their expert guidance.

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