Money3 Corporation Limited

ABN: 63 117 296 143

Appendix 4D [Rule 4.2A.3]

For the half year ended 31 December 2020

Results for Announcement to the Market

Key financial information				HY 2020 $'000	HY 2019 $'000
Revenue from continuing operations	Up	8.3%	to	67,898	62,678
Revenue from discontinued operations[1]	-	-	-	-	-
Profit from continuing operations after tax attributable to members	Up	26.8%	to	19,915	15,710
Profit from discontinued operations after tax attributable to members[1]	-	-	to	-	2,000

[1]Discontinued operations relate to sale of Money3 Branches Pty Ltd (Branch segment) and Money3 Services Pty Ltd (Online segment) in May 2019.

Dividend information	Amount per security	Franked amount per security at 30% tax
Final 2020 dividend per share	3.00 cents	3.00 cents
Interim 2021 dividend per share	3.00 cents	3.00 cents

Dividend dates	
Ex-dividend date	9 March 2021
Record date	10 March 2021
Payment date	8 April 2021

	31 Dec 2020	31 Dec 2019
Net tangible assets per security	$1.40	$1.23

This report is based on the Interim Financial Report for the half year ended 31 December 2020 which has been reviewed by BDO with the Independent Auditor's Review Report included in the Interim Financial Report.

Contents

Directors' Report

Your Directors present their report on the consolidated entity consisting of Money3 Corporation Limited ("the Company") and the entities it controlled ("the consolidated entity" / "the Group") at the end of or during the half year ended 31 December 2020.

Directors and Company Secretary

The following persons were Directors of the Company during the whole year, unless otherwise stated, and up to the date of this report:

- Stuart Robertson
- Symon Brewis-Weston
- Scott Baldwin
- Kate Robb

Terri Bakos is the Company Secretary appointed on 31 October 2016.

Principal Activities

The principal activities of the Group during the financial year were the provision of finance specialising in the delivery of secured automotive loans as well as secured and unsecured personal loans. There have been no significant changes to the Group's principal activities during the year.

Dividends – Money3 Corporation Limited

The Directors have declared an interim dividend of 3.00 cents per share. The dividend will be paid on the 8 April 2021 to those shareholders on the register at the close of business on the 10 March 2021.

Review of operations

The Group achieved record 1H FY21 result with Net Profit After Tax ("NPAT") from continuing operations of $19.9m representing a 26.8% growth over prior comparative period. Key contributors to the record results include strong cash collections from customers (23.6% growth over PCP) and significant improvement in the loan book quality resulting in lower bad debt experience (3.2% annualised on gross written loans) during the half year period compared to the historical range of 4.5% - 5.5%.

The key financial operating results of the Group's continuing operations for the half year ended 31 December 2020 are outlined in the table below:

	31 Dec 20 $'000	31 Dec 19 $'000	% Change
Total revenue	67,898	62,678	8.3%
EBITDA	40,471	30,468	32.8%
NPAT	19,915	15,710	26.8%
Gross written loans	**473,997**	**426,731**	**11.1%**
Loans receivable	**423,089**	**387,066**	**9.3%**

During the half year, as a result of COVID-19 pandemic, significant restrictions were placed in both Australia and New Zealand (albeit for a shorter period) which has a significant impact particularly on new loan originations. Despite tougher conditions, new loan originations grew 9.3% over prior comparative period.

Directors' Report (continued)

During the half year, the Group announced (on 7 December 2020) its plan for a capital raise of $50.0m at $2.70 per share; $45.0m through institutional placement and $5.0m through Share Purchase Plan. Both the institutional placement and Share Purchase Plan were oversubscribed. The institutional placement was completed on 11 December 2020 resulting in the issue of 16.7m ordinary shares raising $45.0m. The Share Purchase Plan was completed on 20 January 2021 resulting in the issue of 2.6m ordinary shares raising $7.0m. The Group utilised its placement capacity under ASX Listing Rule 7.1.

During the half year, the Group entered into a binding agreement to acquire Automotive Financial Services Pty Ltd ("AFS") for a consideration of $10.8m. AFS is a near prime lender specialising in vehicle loans of up to $100,000. The AFS acquisition expands the Group's product offering in Australia. This transaction was completed on 4 January 2021.

Significant changes in the state of affairs

The Group continues to transform itself into a specialist automotive finance company in Australia and New Zealand, with remarkable growth in the core business. There were no other significant changes in the state of affairs of the Group.

Significant Matters Subsequent to the Reporting Date

On 4 January 2021, the Group acquired 100% ownership of Automotive Financial Services Pty Ltd ("AFS") and on 2 February 2021, the Group acquired 100% ownership of GMF Australia Pty Ltd ("GMFA"). Additional disclosures in relation to the acquisitions are provided in Note 10.

The Share Purchase Plan as announced on 7 December 2020 was completed on 20 January 2021 resulting in the issue of 2.6m ordinary shares raising $7.0m.

Other than the above, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results or the state of affairs of the Group.

Likely Developments and Expected Results of Operations

The likely developments in the Group's operations, to the extent that such matters can be commented upon, are covered in the 'Review of Operations' section in this Report.

Environmental Regulation

The operations of the Group are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory law. The Directors are not aware of any breaches of any environmental regulations.

Indemnification and Insurance of Directors and Officers

The Group has indemnified the Directors and Officers for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the Directors and Executives against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Non-Audit Services

There were no non-audit services provided by the auditor during the 2020 or 2019 financial years.

Proceedings on behalf of the Group

No person has applied to the Court for leave to bring proceedings to which the Group is a party, for taking responsibility on behalf of the Group for all or part of these proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in some cases, to the nearest dollar.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Stuart Robertson
Chairman
Melbourne
15 February 2021

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF MONEY3 CORPORATION LIMITED

As lead auditor for the review of Money3 Corporation Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Money3 Corporation Limited and the entities it controlled during the period.

James Mooney
Director

BDO Audit Pty Ltd

Melbourne, 15 February 2021

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Money3 Corporation Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Money3 Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) 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 Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 the 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the 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 for the Review of the 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 2020 and its financial 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.

BDO Audit Pty Ltd

James Mooney
Director

Melbourne, 15 February 2021

Directors' Declaration

The Directors of Money3 Corporation Limited declare that:

1. in the Directors' opinion, the financial statements and the accompanying notes set out on pages 9 to 22 are 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 2020 and of its performance, for the financial year ended on that date; and

   (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and other mandatory professional reporting requirements.

2. the Interim Financial Report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1; and

3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 306 of the *Corporations Act 2001* by the Managing Director and Chief Financial Officer for the half year ended 31 December 2020.

Signed in accordance with a resolution of the Directors pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Stuart Robertson
Chairman
Melbourne
15 February 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2020

	Note	Consolidated Half-year 2020 $'000	Consolidated Half-year 2019 $'000
Revenue from continuing operations	3	**67,898**	**62,678**
Expenses from operating activities:			
Bad debt expense (net of recoveries)		7,572	9,690
Movement in allowance for impairment losses		434	2,798
Loan origination and servicing costs		3,561	2,970
Employee related expenses		11,465	12,601
Professional fees		527	1,034
Technology expenses		2,457	1,628
Advertising expenses		656	686
(Gain)/loss on disposal of assets		(5)	2
Finance costs, net		10,059	6,934
Depreciation and amortisation		1,197	867
Other expenses		760	801
Total expenses		**38,683**	**40,011**
Profit before income tax from continuing operations		**29,215**	**22,667**
Income tax expense		9,300	6,957
Profit after income tax from continuing operations		**19,915**	**15,710**
Profit from discontinued operations (attributable to equity holders of the Company)		-	2,000
Profit for the year		**19,915**	**17,710**
Profit is attributable to:			
Owners of Money3 Corporation Limited		19,915	17,710
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		48	71
Other comprehensive income for the year, net of tax		**48**	**71**
Total comprehensive income for the year		**19,963**	**17,781**
Total comprehensive income for the year is attributable to:			
Owners of Money3 Corporation Limited		19,963	17,781
Total comprehensive income for the year attributable to owners of Money3 Corporation Limited arises from:			
Continuing operations		19,963	15,781
Discontinued operations		-	2,000
		19,963	17,781
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents)	8	10.64	8.60
Diluted earnings per share (cents)	8	10.49	8.45
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents)	8	10.64	9.69
Diluted earnings per share (cents)	8	10.49	9.53

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Consolidated Statement of Financial Position

as at 31 December 2020

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents		73,443	44,474
Loans receivable	4	145,280	145,835
Other assets		5,873	2,551
		224,596	**192,860**
Non-current assets			
Loans receivable	4	245,418	210,587
Property, plant & equipment		1,450	1,845
Right-of-use assets		1,592	1,913
Intangible assets		22,488	22,849
Deferred tax assets		10,139	11,243
Other assets		-	264
		281,087	**248,701**
Total assets		**505,683**	**441,561**
LIABILITIES			
Current liabilities			
Trade and other payables		7,633	7,387
Borrowings	5	126,731	1,336
Current tax payable		4,572	4,920
Lease liabilities		857	749
Employee benefit obligations		2,114	1,510
Contingent consideration		1,848	1,740
Derivative financial instruments		29	31
Provisions		147	116
		143,931	**17,789**
Non-current liabilities			
Borrowings	5	48,253	168,422
Employee benefit obligations		191	273
Lease liabilities		1,154	1,533
Contingent consideration		3,207	3,019
Provisions		851	673
		53,656	**173,920**
Total liabilities		**197,587**	**191,709**
Net assets		**308,096**	**249,852**
EQUITY			
Share capital	6	213,626	169,472
Reserves		3,306	3,570
Retained earnings		91,164	76,810
Total equity		**308,096**	**249,852**

The consolidated statement of financial position is to be read in conjunction with the attached notes.

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2020

	Note	Share Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Total equity at 1 July 2019		**163,722**	**71,572**	**4,560**	**239,854**
Transition adjustments on adoption of new accounting standards and interpretations					
- AASB 16 Leases		-	(161)	-	(161)
- AASB Interpretation 23	1(d)	-	(418)	-	(418)
Restated total equity at 1 July 2019		**163,722**	**70,993**	**4,560**	**239,275**
Profit after income tax expense for the half year		-	17,710	-	17,710
Other comprehensive income for the half year		-	-	71	71
Total comprehensive income for the half year		-	17,710	71	17,781
Transactions with owners in their capacity as owners:					
Share based expenses, net		23	-	676	699
Issued shares on vesting of employee share scheme		1,429	-	(1,016)	413
Dividend paid	7	*1,710	(9,122)	-	(7,412)
Closing balance as at 31 December 2019		**166,884**	**79,581**	**4,291**	**250,756**
Total equity at 1 July 2020		**169,472**	**76,810**	**3,570**	**249,852**
Profit after income tax expense for the half year		-	19,915	-	19,915
Other comprehensive income		-	-	48	48
Total comprehensive income for the half year		-	19,915	48	19,963
Transactions with owners in their capacity as owners:					
Issue of shares		43,150	-	-	43,150
Share based payment expenses, net		-	-	692	692
Transfer from reserves to share capital on exercise		1,004	-	(1,004)	-
Dividends paid	7	-	(5,561)	-	(5,561)
Closing balance as at 31 December 2020		**213,626**	**91,164**	**3,306**	**308,096**

**Shares issued to shareholders that elected to participate in the Dividend Reinvestment Plan.*

The consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2020

	Note	Consolidated Half-year 2020 $'000	Consolidated Half-year 2019 $'000
Cash flows from operating activities			
Interest, fees and charges from customers		71,197	63,045
Other income		467	-
Payments to suppliers and employees (GST Inclusive)		(20,476)	(18,635)
Interest received from banks		14	177
Finance costs		(7,398)	(7,003)
Income tax paid		(8,559)	(5,620)
Net cash provided by operating activities before changes in operating assets		**35,245**	**31,964**
Loan principal advanced to customers net of repayments		(46,168)	(61,063)
Net cash outflows from operating activities		**(10,923)**	**(29,099)**
Cash flows from investing activities			
Payment for property, plant and equipment		(115)	(358)
Proceeds from sale of investments (net of cash equivalents on hand)		-	9,725
Net cash (outflows) / inflows from investing activities		**(115)**	**9,367**
Cash flows from financing activities			
Proceeds from share issue		43,150	415
Proceeds from borrowings		18,469	8,604
Repayment of borrowings		(20,020)	-
Repayment of lease liabilities		(271)	(326)
Dividends paid		(5,561)	(7,412)
Net cash inflows from financing activities		**35,767**	**1,281**
Net increase / (decrease) in cash held		**24,729**	**(18,451)**
Cash and cash equivalents at the beginning of the year		44,474	*35,376
Effects of exchange rate changes on cash and cash equivalents		47	(1)
Cash and cash equivalents at end of the year		***69,250**	**16,924**

**Net of bank overdraft of $4.2m as at 31 December 2020 (at 30 June 2019: $0.9m).*

The consolidated statement of cash flows is to be read in conjunction with the attached notes.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

Introduction

The Interim Financial Report covers Money3 Corporation Limited ("Money3" or "the Company") and its controlled entities ("the Group"). Money3 is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX). Money3 is incorporated and domiciled in Australia. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the functional and presentation currency of Money3 Corporation Limited and amounts are rounded to the nearest thousand dollars, unless otherwise indicated.

The Interim Financial Report was authorised for issue by the Board of the Company at a Directors meeting on the date shown on the Declaration by the Board attached to the Financial Statements.

1. Summary of Significant Accounting Policies

(a) Basis of accounting

This Interim Financial Report for the half year ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This Interim Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for year ended 30 June 2020 and any public announcements made by Money3 Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 31 December 2020 and the results of all subsidiaries for the half year ended 31 December 2020.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless a transaction provides evidence of impairment to the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) New standards adopted by the Group

There were no new standards adopted by the Group during the half year ended 31 December 2020.

(d) Critical accounting estimates, assumptions and judgements

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

At 1 July 2019, upon adoption of AASB Interpretation 23 Uncertainty over Income Tax Treatments an adjustment was recorded in relation to a tax liability relating to a closed tax period. There is uncertainty as to the amount of liability, interest and penalties payable. Having evaluated the probabilities, an adjustment of $0.4m was recorded reducing opening retained earnings at 1 July 2019. Based on subsequent information available to management, these estimates have been revised and an additional liability of $0.4m has been recognised in the current half year period.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

(d) Critical accounting estimates, assumptions and judgements (continued)

The 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 revisions affect both current and future periods.

Judgements and estimates which are material to the Interim Financial Report are found in the following notes:

Note 3	Revenue
Note 4	Loans receivable

(e) Notes to the financial statements

The notes to the financial statements have been structured to make the Interim Financial Report relevant and readable, with a focus on information that is material to the operations, financial position and performance of the Group. Additional information has also been included where it is important for understanding the Group's performance.

Notes relating to individual line items in the financial statements include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements. Details of the impact of new accounting policies and other accounting policy information are disclosed in Note 11.

(f) Other information

Any subsidies received by the Government during the current half year period have been disclosed net of the relevant expense.

(g) Rounding of amounts

The Group and the Company are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Interim Financial Report. Amounts in the Interim Financial Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, unless otherwise indicated.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

2. Segment Information

The Group has identified its operating segments based on internal reports and components that are regularly reviewed by the chief operating decision makers in order to allocate resources to the segments and to assess their performance.

Australia

This segment provides lending facilities in Australia generally based on the provision of an underlying asset as security, generally referred through a broker.

New Zealand

This segment provides lending facilities in New Zealand generally based on the provision of an underlying asset as security, generally referred through a dealer.

Branch (Discontinued)

This segment provided services and lending facilities in Australia generally without the provision of an underlying asset as security through the branch network. With the disposal of Money3 Branches Pty Ltd in May 2019, this segment is designated as discontinued.

Online (Discontinued)

This segment provided lending facilities in Australia without the provision of an underlying asset as security through the internet. With the disposal of Money3 Services Pty Ltd in May 2019, this segment is designated as discontinued.

Segment profit earned by each segment represents earnings without the allocation of central administration costs and directors' salaries, expenses in relation to corporate activities, and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Corporate costs have not been allocated to the underlying segments. Corporate expenditure is regularly reviewed throughout the year with a view to better align costs to business units.

Consolidated Half-year 2020	Australia $'000	New Zealand $'000	Unallocated $'000	Total $'000
Segment revenue	53,886	14,012	-	67,898
EBITDA / Segment result	35,831	6,552	(1,912)	40,471
Depreciation and amortisation	(270)	(545)	(382)	(1,197)
Net finance costs	(8,257)	(1,802)	-	(10,059)
Profit before tax	**27,304**	**4,205**	**(2,294)**	**29,215**
Income tax expense	-	-	-	(9,300)
Profit after tax	**-**	**-**	**-**	**19,915**
Loans receivable	323,638	99,451	-	423,089

Consolidated Half-year 2019	Australia $'000	New Zealand $'000	Branch & Online (Discontinued) $'000	Unallocated $'000	Total $'000
Segment revenue	52,083	10,590	-	5	62,678
EBITDA / Segment result	29,839	4,388	2,000	(3,759)	32,468
Depreciation and amortisation	(184)	(198)	-	(485)	(867)
Net finance costs	(5,105)	(1,829)	-	-	(6,934)
Profit before tax	**24,550**	**2,361**	**2,000**	**(4,244)**	**24,667**
Income tax expense	-	-		-	(6,957)
Profit after tax	**-**	**-**	**-**		**17,710**
Loans receivable	315,131	71,935	-	-	387,066

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

3. Revenue

	Consolidated Half-year 2020 $'000	Consolidated Half-year 2019 $'000
Interest, fees and charges	67,312	61,581
Other income	586	1,097
Total revenue	**67,898**	**62,678**

Key Estimate

The deferral of loan fees and charges assumes that the loan will be repaid in line with the agreed repayments schedule. This key estimate is regularly reviewed, and it is unlikely any change in the estimate will have a material impact.

Recognition and Measurement

Revenue is measured at the fair value of the consideration received or receivable and recognised to the extent that it is probable that the economic benefits will flow to the economic entity and the revenue can be reliably measured.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement and contract. Interest, fees and charges include interest on loan products, application and credit fees, and other period fees including arrears, default and variation fees. Revenue associated with loans is deferred and recognised over the life of the loans using the effective interest rate method over the loan term.

4. Loans Receivable

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Loans receivable	423,089	387,250
Allowance for impairment losses	(32,391)	(30,828)
Net loans receivable	**390,698**	**356,422**
Current loans receivable	145,280	145,835
Non-current loans receivable	245,418	210,587
Net loans receivable	**390,698**	**356,422**

Gross written loans represent cash to be received at reporting date. Deferred revenue represents interest, fees and charges accumulated on individual loans which will be recognised as revenue in future periods using the effective interest rate method. Gross written loans less deferred revenue represents the loans receivable calculated in accordance with the accounting policy.

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Gross written loans	473,997	433,857
Deferred revenue	(50,908)	(46,607)
Loans receivable	**423,089**	**387,250**

Key Estimate

Recognition of income and classification of current and non-current is in line with the expected repayment profile of loans.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

4. Loans Receivable (continued)

Recognition and Measurement

Loans and other receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. Loans and other receivables are initially recognised at fair value, including direct transaction costs and are subsequently measured at amortised cost using the effective interest method.

Loans and other receivables are due for settlement at various times in line with the terms of their contracts.
The Group applies a three-stage approach to measuring expected credit losses (ECLs) for loans receivable measured at amortised cost. Loans receivable move through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

The Group collectively assesses ECLs on loans receivable where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these loans receivable, the Group recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. The Group does not conduct an individual assessment of exposures in Stage 1 as there is no evidence of one or more events occurring that would have a detrimental impact on estimated future cash flows.

Stage 2: Lifetime ECL – not credit impaired

The Group collectively assesses ECLs on loans receivable where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these loans receivable, the Group recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining term of the loans receivable). Like Stage 1, the Group does not conduct an individual assessment on Stage 2 loans receivable as the increase in credit risk is not, of itself, an event that could have a detrimental impact on future cash flows.

Stage 3: Lifetime ECL – credit impaired

The Group identifies, both collectively and individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised as a collective or specific provision.

A loan receivable balance is written off when the customer is unlikely to pay their obligation and the Group determines there is no reasonable expectation of recovery. In assessing whether reasonable expectation of recovery exists, multiple factors are considered including days past due without repayment, recourse available to the Group such as realisability of security, insurance payout and other related factors.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for loans receivable since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date. This includes quantitative and qualitative information. Loans receivable will move through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the allowance for impairment losses reverts from lifetime ECL to 12-months ECL. Loans receivable that have not deteriorated significantly since origination are considered to have a low credit risk. The allowance for impairment losses for these loans receivable is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

Measurement of Expected Credit Losses (ECLs)

ECLs are derived from unbiased and probability-weighted estimates of expected loss and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at reporting date.

The Group calculates ECL using three main components, a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

4. Loans Receivable (continued)

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the total value the Group is exposed to when the loan receivable defaults. The LGD represents the unrecovered portion of the EAD considering mitigating effect of realisable value of security.

5. Borrowings

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Current		
Overdraft facility	4,193	-
Finance facility	123,705	1,336
Unamortised borrowing costs	(1,167)	-
	126,731	**1,336**
Non-current		
Finance facility	50,141	172,395
Unamortised borrowing costs	(1,888)	(3,973)
	48,253	**168,422**
Total borrowings	**174,984**	**169,758**

Recognition and Measurement

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method including the borrowing costs.

Finance Facilities available

In December 2017, the Company entered into a variable rate $150m finance facility for the Australian operations. In June 2020, the facility was extended by one year to 15 December 2021 with an ability to further extend by one more year until 15 December 2022. The facility is subject to a first ranking General Security Agreement (fixed and floating charge) over all present and after acquired assets of the Australian operations.

In March 2019, Go Car Finance entered into a variable rate NZ$38.5m funding facility and NZ$1.0m overdraft facility. The facility matures in April 2022 and BNZ has security over the property of the entities within the Go Car Finance Group. In December 2020, the overdraft limit was increased to NZ$6m.

In November 2020, the Company entered into a variable rate $250m securitisation warehouse facility, from a globally recognised A+ rated bank, supporting the growth of Australian operations and refinancing of existing facilities.

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Finance facility	452,292	194,665
Used at reporting date	(178,039)	(173,731)
Unused at reporting date	**274,253**	**20,934**

Compliance with Loan Covenants

Money3 Corporation Limited has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

6. Share Capital

Movement in Shares on Issue

Movement in the shares on issue of the Company during the financial year are summarised below:

	Consolidated 31 Dec 2020		Consolidated 30 Jun 2020	
	Number of ordinary shares '000	Value $'000	Number of ordinary shares '000	Value $'000
Balance at the beginning of the financial year	185,285	169,472	182,125	163,722
Issued during the year:				
Issue of shares – capital raising*	16,667	43,119	-	-
Issue of shares – acquisition of Go Car Finance	-	-	204	485
Issue of shares – exercise of options	-	-	1,398	2,285
Issue of shares – employees share scheme	15	31	12	405
Issue of shares – exercise of rights and grants	194	1,004	754	865
Issue of shares – DRP	-	-	792	1,710
Balance at end of the financial year	**202,161**	**213,626**	**185,285**	**169,472**

**Net of capital raising costs.*

Recognition and Measurement

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. The Company does not have limited authorised capital and issued shares have no par value.

On 11 December 2020, the Company raised $45.0m of new equity through the placement of 16,666,698 new ordinary shares at $2.70 per share. The Company utilised its placement capacity under ASX Listing Rule 7.1.

7. Dividends

	Half-year 2020 Cents per share	Half-year 2020 $'000	Half-year 2019 Cents per share	Half-year 2019 $'000
Final dividend paid during the half year ended 31 December 2020 - fully franked at 30% tax rate	3.00	5,561	5.00	9,122

On 15 February 2021, the Directors declared a fully franked interim dividend of 3.00 cents per share to the holders of fully paid ordinary shares in respect of the half year ended 31 December 2020, to be paid to shareholders on 8 April 2021. The dividend will be paid to shareholders based on the Register of Members on 10 March 2021. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $6.2m. The Group has $56.6m of franking credits at 31 December 2020 (2019: $48.5m).

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

8. Earnings Per Share

	Consolidated Half-year 2020 Cents	Consolidated Half-year 2019 Cents
a) Basic earnings per share attributable to the ordinary equity holders of the Group		
From continuing operations	10.64	8.60
From discontinued operations	-	1.09
Total basic earnings per share	**10.64**	**9.69**
b) Diluted earnings per share attributable to the ordinary equity holders of the Group		
From continuing operations	10.49	8.45
From discontinued operations	-	1.08
Total diluted earnings per share	**10.49**	**9.53**

	Consolidated Half-year 2020 $'000	Consolidated Half-year 2019 $'000
c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Group		
From continuing operations	19,915	15,710
From discontinued operations	-	2,000
	19,915	**17,710**

d) Weighted average number of shares used as the denominator	Half-year 2020 Number	Half-year 2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	187,143,205	182,737,883
Dilutive potential ordinary shares	2,781,121	3,168,000
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	**189,924,326**	185,905,883

Recognition and Measurement

Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Options granted to employees and directors are considered to be ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

9. Significant Matters Subsequent to the Reporting Date

On 4 January 2021, the Group acquired Automotive Financial Services Pty Ltd ("AFS) and on 2 February 2021, the Group acquired GMF Australia Pty Ltd ("GMFA"). Additional disclosures in relation to the acquisition are provided in Note 10.

The Share Purchase Plan as announced on 7 December 2020 was completed on 20 January 2021 resulting in the issue of 2.6m ordinary shares raising $7.0m.

Other than the above, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results or the state of affairs of the Group.

10. Business Combination (post reporting date)

(a) Automotive Financial Services Pty Ltd

On 4 January 2021, Money3 acquired 100% of the issued share capital of Automotive Financial Services Pty Ltd ("AFS"), a near prime lender specialising in vehicle loans of up to $100,000. AFS expands the Group's product offering in Australia.

Details of the purchase consideration, the net assets acquired, and related goodwill are given below:

	$'000
Purchase consideration	
Cash paid	3,240
Ordinary shares issued	7,560
Total purchase consideration	**10,800**

The Group has not yet completed the accounting for the acquisition of AFS. The values of the assets and liabilities disclosed below have only been provisionally determined as valuations are yet to be finalised.

The assets and liabilities recognised as a result of the acquisition are as follows:

	$'000
Cash at bank	2,579
Loans receivable, net	45,888
Other receivables	28
Other assets	1,338
Property, plant & equipment	24
Deferred tax liabilities, net	(299)
Trade & other payables	(6,820)
Employee benefit obligations	(245)
Borrowings	(41,804)
Net identifiable assets acquired	**689**
Add: Goodwill	10,111
Net assets acquired	**10,800**

The goodwill is attributable to the intellectual property and the workforce. The goodwill will not be deductable for tax purposes.

Purchase consideration - cash outflow

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash paid	3,240
Less: Cash balances acquired	2,579
Net outflow of cash - investing activities	**661**

Acquisition costs amounted to $0.1m and will expensed in the period when the business combination is accounted.

10. Business Combination (post reporting date) (continued)

(b) GMF Australia Pty Ltd

On 2 February 2021, Money3 acquired 100% of the issued share capital of GMF Australia Pty Ltd ("GMFA") for a purchase consideration of $17.1m, settled in cash. The consideration was determined based on a ratio of the net loans receivable balance on acquisition date. The acquisition of GMFA adds $23.3m of prime quality gross written loans to the Group. The Group has not yet completed the accounting for the acquisition of GMFA. The fair values of the assets and liabilities acquired is yet to be finalised.

The GMFA acquisition has been assessed by management as an acquisition of assets, as the value of the gross assets acquired is substantially concentrated in a group of similar assets, being loans receivable.

11. Changes in Accounting Policies

Impact of Standards Issued but not yet applied

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2020 reporting period and have not been early adopted by the Group. As at the date of this report there are no new accounting standards that have been issued but not yet applied that have a material effect on the results of the Group.