

27 April 2022

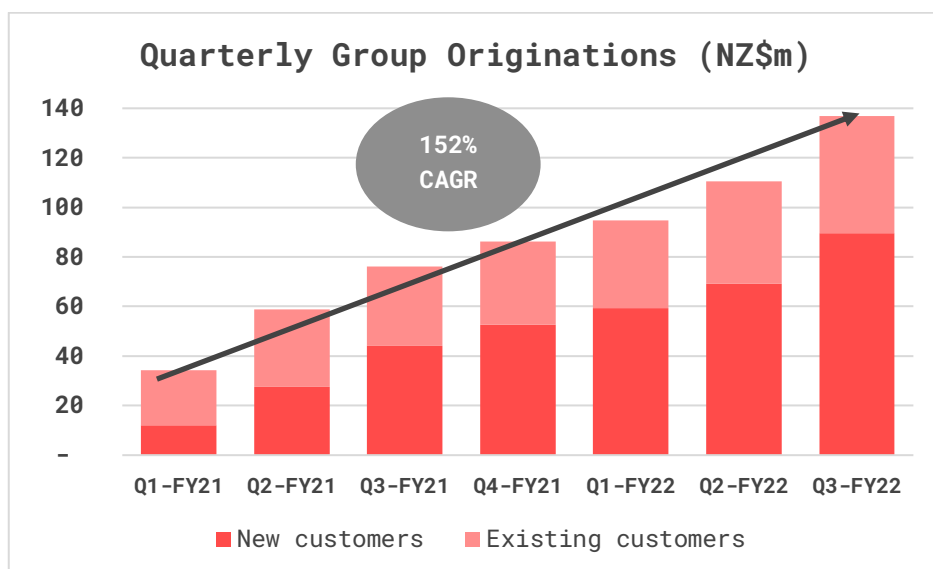
ASX / NZX RELEASE

## HARMONEY LOAN BOOK REACHES \$627 MILLION; FURTHER RECORD QUARTER LOAN ORIGINATIONS; REAFFIRMS FY22 GUIDANCE

Harmony Corp Limited (ASX/NZX: HMY; “Harmony” or “the Company”) is pleased to provide an update on its performance for the quarter ended 31 March 2022 (Q3 FY22).

### Key Q3FY22 highlights (vs Q3FY21):

- **Group loan book reached NZ\$627 million up 29%; up 13% quarter on quarter (QoQ)**
- **Group originations up 80%; up 24% QoQ**
- **FY22 proforma Cash NPAT** demonstrates superior economics of Harmony's 100% consumer-direct business model and success in the Australian market
- Australian new customer originations **up 218% to A\$63.8 million; up 58% QoQ**
- Australian loan book **up 107%; up 29% QoQ to A\$239 million**
- **Australian originations have now materially surpassed NZ originations**, proving the success of Harmony's 100% consumer-direct model in the larger Australian market
- Key lead indicators of increased account acquisition, new loan originations and net lending margin **set to drive cash profitable growth in FY23 and onwards** as existing customers return for future needs with minimal customer acquisition cost
- **Australian existing customer originations annuity building; up 176% to A\$16.8m** (21% of Australian originations). Existing customers generate ~50% of New Zealand originations, with New Zealand showing the benefits of a longer-established consumer-direct portfolio
- High-quality loan book with **90+ days arrears at 0.46%**, down from **0.53%**



## Commenting on Harmoney's Q3FY22 performance, CEO & Managing Director David Stevens said:

"Harmoney continues to deliver outstanding results. With our loan book now at \$627 million, the business is already Cash NPAT profitable on a proforma basis. This was another successful quarter for Harmoney as we continue to expand our business in the Australian and New Zealand markets.

"Australia's market opportunity is nine times larger than New Zealand, and Harmoney's Australian new customer originations grew 218% on the prior corresponding period. This coupled with a high level of automation on our proprietary Stellare® lending platform, positions us for further scalability and will drive higher cash profitability for Harmoney in FY23 and beyond.

"Harmoney's consumer-direct marketing technology is world-class and consistently generates over 10,000 new customer accounts per month. This enables our team to focus solely on developing lending and product enhancements that broaden our ability to provide financial products to more Aussies and Kiwis with no additional customer acquisition cost."

Total quarterly originations are outlined in the table below:

|                                         | Mar 22       | Dec 21       | Mar 21      | Qtr on Qtr Growth | PCP Growth  |
|-----------------------------------------|--------------|--------------|-------------|-------------------|-------------|
| <b>AUSTRALIA (A\$m)</b>                 |              |              |             |                   |             |
| New customer originations               | 63.8         | 40.5         | 20.1        | 58%               | 218%        |
| Existing customer originations          | 16.8         | 10.8         | 6.1         | 56%               | 176%        |
| <b>Total</b>                            | <b>80.6</b>  | <b>51.3</b>  | <b>26.2</b> | <b>57%</b>        | <b>208%</b> |
| <b>NEW ZEALAND (NZ\$m)</b>              |              |              |             |                   |             |
| New customer originations               | 21.3         | 26.8         | 22.7        | (21%)             | (7%)        |
| Existing customer originations          | 29.4         | 29.9         | 25.6        | (2%)              | 15%         |
| <b>Total</b>                            | <b>50.7</b>  | <b>56.7</b>  | <b>48.3</b> | <b>(11%)</b>      | <b>5%</b>   |
| Total New customer originations         | <b>89.5</b>  | <b>69.2</b>  | <b>44.1</b> | <b>29%</b>        | <b>103%</b> |
| Total Existing customer originations    | <b>47.4</b>  | <b>41.2</b>  | <b>32.1</b> | <b>15%</b>        | <b>48%</b>  |
| <b>Total Group originations (NZ\$m)</b> | <b>136.9</b> | <b>110.4</b> | <b>76.2</b> | <b>24%</b>        | <b>80%</b>  |

Harmoney's data-driven marketing program leads to a significant increase in new customer originations at a reducing customer acquisition cost. Growth in new customers, attracted to Harmoney's simplicity, convenience and competitively priced interest rates, typically provides a nine-to-twelve-month lead indicator for future existing customer originations. This is due to Harmoney's unique 100% consumer-direct lending model, which supports and enhances a customer's growing borrowing needs without having to pay a customer acquisition cost for those customers, unlike other origination models.

## LOAN BOOK GROWTH FURTHER ACCELERATES

At 31 March 2022, Harmoney's loan book was NZ\$627 million, an increase of 29% on pcip. The Australian loan book grew 107% to A\$239 million. The New Zealand loan book grew by 2%, however was impacted by changes to consumer credit law that came into effect on 1 December 2021. These changes apply to all providers of consumer credit in New Zealand (including banks). The Government is currently reviewing the impact of these changes on lenders, and intends to make further changes to curb any unintended consequences.

|                                | Mar 22     | Dec 21     | Mar 21     | Qtr on Qtr<br>Growth | PCP<br>Growth |
|--------------------------------|------------|------------|------------|----------------------|---------------|
| Australia Loan Book (A\$m)     | 239        | 185        | 116        | 29%                  | 107%          |
| New Zealand Loan Book (NZ\$m)  | 370        | 363        | 362        | 2%                   | 2%            |
| <b>Group Loan Book (NZ\$m)</b> | <b>627</b> | <b>557</b> | <b>485</b> | <b>13%</b>           | <b>29%</b>    |

Additionally, a strong credit performance was maintained due to Harmony's high-quality loan book, with Group 90+ day arrears at 31 March 2022 of 0.46%, down from 0.53% pcg.

Harmony at 31 March 2022 has over \$200m in undrawn debt funding lines to facilitate loan book growth which is provided by three of the Big 4 banks.

In Harmony's 31 December 2021 half year report, the review of operations on page 8 incorrectly reported pro forma funding debt (period end) as \$482million, this amount should have been \$525million. This correction doesn't impact any published pro forma ratios or the statutory financial statements.

## FY22 GUIDANCE REAFFIRMED

Given the Company's performance for the 9 months to 31 March 2022, Harmony is pleased to reaffirm previous FY22 guidance of:

- Group pro-forma loan book greater than NZ\$650 million (30%+ growth on FY21)
- Group pro-forma revenue of at least NZ\$92 million (16%+ growth on FY21)
- Net lending margin of at least 8.3% (150bps+ growth on FY21)
- Pro-forma Cash NPAT profitable for the year ending 30 June 2022
- Transition to warehouse funding is expected to be ~90% complete by 30 June 2022 (87% complete at 31 March 2022).

All numbers in this release are unaudited. This release was authorised by the Board of Harmony Corp Limited.

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**For queries please contact:**

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## ABOUT HARMONEY

Harmony is the largest 100% consumer-direct online personal lender operating across Australia and New Zealand. Harmony provides customers with unsecured personal loans that are fast, easy, competitively priced (using risk-adjusted interest rates) and accessed 100% online.

Harmony's purpose is to help people achieve their goals through financial products that are fair, friendly, and simple to use.

Harmony's proprietary digital lending platform, Stellare® is the power behind the platform. Stellare® can process, approve and fund most loan applications within 24 hours. Stellare® also replaces the traditional industry credit scorecard with Libra®, our predictive behavioural analytics engine. Libra® uses machine learning to analyse our rich, direct consumer data to deliver automated credit decisioning and superior risk-based pricing.

## BUSINESS FUNDAMENTALS

- Harmony provides risk based priced unsecured personal loans of up to \$70,000 to consumers across Australia and NZ
- Its 100% consumer-direct model and automated loan approval system is underpinned by Harmony's scalable Stellare® proprietary technology platform
- A large percentage of Harmony's originations come from existing customers with minimal customer acquisition cost
- Harmony is comprised of a team of ~80 full-time employees predominantly based in NZ, half of whom comprise engineering, data science and product professionals
- Harmony is funded by a number of sources including three "Big-4" bank warehouse programs across Australia and New Zealand and in addition in October 2021 issued its first asset backed securitisation which was publicly rated by Moody's.

For further information visit <https://www.harmony.co.nz/> or <https://www.harmony.com.au/>