

31 August 2022

ASX / NZX RELEASE

## HARMONEY DELIVERS CASH NPAT PROFITABILITY FOR FY22

Harmoney Corp Limited (ASX/NZX: HMY; “Harmoney” or “the Company”) is pleased to provide its full year results ending 30 June 2022 (“FY22”).

### FY22 Highlights:

- Achieved **profitability in FY22 on both a statutory and pro forma Cash NPAT basis**, with **positive net cash flow** from operating activities of \$5.4m.
- Revenue for the year at **\$91 million, up 15% on pcp**, demonstrating the success of Harmoney’s growth strategy and its ability to attract new customers in Australia and New Zealand through its 100% consumer-direct business model.
- Group pro forma loan book reaches **\$685 million, up 37% on pcp**, with Australian loan book comprising **A\$287 million, up 113% on pcp**.
- Secured **diverse funding sources** with 3 of the “Big 4” Australian banks, plus a securitisation program.

The key statutory and pro forma financial indicators are provided in the table below:

	FY22 Statutory	FY22 Pro forma	FY21 Pro forma
Loan book	\$642m	\$685m	\$501m
Revenue	\$78m	\$91m	\$79m
Net interest margin (NIM)	11.7%	12.1%	10.6%
Net lending margin (NLM)	9.3%	8.4%	6.8%
Direct opex	\$28m	\$28m	\$20m
Indirect (fixed) opex	\$19m	\$19m	\$17m
Cash NPAT	\$0.2m	\$1.5m	(\$0.4m)

Commenting on the full-year performance, David Stevens, Harmoney’s CEO & Managing Director said:

“We reached an important milestone in the business this year, achieving profitability on both a statutory and pro forma cash NPAT basis. Our performance over this last year highlights the scalability of our 100% consumer-direct model and its potential to continue to deliver. The demand for a Harmoney loan has never been stronger, with our platform consistently attracting over 12,000 new customer accounts every month, resulting in account acquisition growth of 57% on pcp.

“With our highly automated Stellare® technology platform processing and approving loan applications, we are seeing 85% growth in total loan originations while arrears fall. Further, we

are also looking to grow conversion opportunities by expanding our product offering with newly added features.”

## HARMONEY GROWING REVENUE WITH PROFITABLE CASH NPAT

The rapid growth in loan originations from existing and new customers has boosted Harmony's pro forma full year revenue to \$91 million, up 15% from FY21.

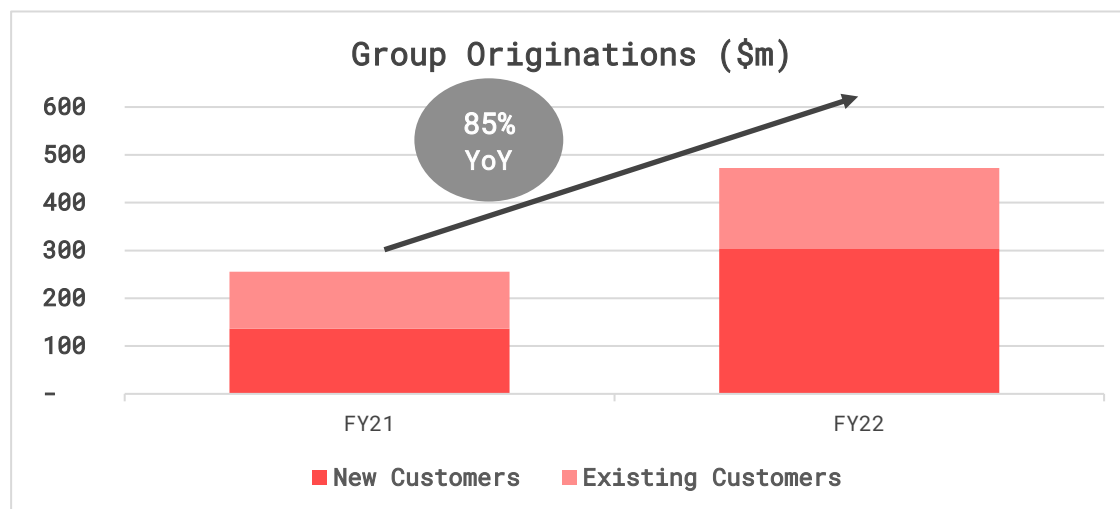
Harmony's consumer-direct model continues to build scale while reducing its customer acquisition cost. Combined with the economies of scale from automation, the Company has delivered FY22 Cash NPAT profitability on both a pro forma and statutory basis.

As at 30 June 2022, Harmony is generating positive cash flow from operating activities and holds total cash reserves of \$63m, including unrestricted cash of \$35m, up \$3m from 31 December 2021.

## LOAN BOOK GROWTH ACCELERATION CONTINUES

As at 30 June 2022, the group pro forma loan book was \$685 million, an increase of 37% on pcp. The Australian loan book grew by 113% to A\$287 million, an A\$152 million increase on pcp. The New Zealand loan book grew by 3%, impacted by new lending regulations applied to all consumer lenders in December 2021, which are now being partially relaxed.

	June 22 Statutory	June 22 Proforma	June 21 Proforma	Growth Proforma
<b>AUSTRALIA (A\$m)</b>				
Loan Book	274	287	135	113%
<b>NEW ZEALAND (NZ\$m)</b>				
Loan Book	339	370	358	3%
<b>Group Loan Book (NZ\$m)</b>	<b>642</b>	<b>685</b>	<b>501</b>	<b>37%</b>



**Commenting on the loan originations, Mr Stevens said:**

"There has been impressive growth in our loan originations; in addition to our strong growth in new customers, we have seen incredible growth in Australian existing customer originations (up 152% on pcp). Our view is that Australia will follow similar trends to those we have experienced in New Zealand, where existing customer originations now represent more than half of all originations. Importantly, these customers become even more valuable as their future originations have minimal or zero customer acquisition cost.

"We see the personal lending market as relatively stable, with enormous growth opportunities for Harmony. While most personal lending is still dominated by banks and traditional lenders, Harmony's personalised, competitive and simple-to-use offerings provide customers with a compelling alternative."

**FY23 OUTLOOK**

- Origination Growth
- Loan book Growth
- Net interest margin **greater than 10%**
- Cash NPAT Growth

**Commenting on the outlook, Mr Stevens said:**

"While there are challenges in the market today we believe we have a significant opportunity to continue to grow our business. We target greater than 10% NIM and are supported by a diverse group of funders with more than 70% of the floating rate borrowings hedged to manage interest rate risk. Encouragingly, we have been able to pass on targeted interest rate increases without impacting demand. Our book is of high-quality with low arrears, and we have a loyal group of growing customers choosing Harmony to support their financial needs. We will continue to take share from the larger banks and traditional lenders, with relevant products and our focus on service, and with a \$140B+ market we see significant opportunity to continue to grow."

**Investor Webinar at 10am AEST / 12pm NZST Wednesday 31 August 2022.**

The audio webcast and slide presentation registration will be accessible via the following link:  
<https://s1.c-conf.com/diamondpass/10023453-fhsm21.html>

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 only 100% consumer-direct 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 no customer acquisition cost
- Harmony is comprised of a team of ~90 full-time employees predominantly based in NZ, half of whom comprise engineering, data science and product professionals
- Harmony has a highly diversified funding panel which includes warehouses being provided by three of the "Big-4" bank banks across Australia and New Zealand and in addition in October 2021 has 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/>