Harmoney Corp Ltd

HMY.AX

A research platform of MST Financial

12 October 2023

Relative Value Opportunity

Benchmarking Harmoney's fundamentals vs. peers

- Repeat customers creating annuity streams.
- Automation and scalability driving operating leverage.
- 6.3% risk adjusted income yield on average assets.

Relative share price not reflecting fundamentals and emerging operating leverage: Harmoney' has among the smallest market capitalisation of its peer group average despite reporting the highest risk adjusted income margin and a track record of sustainable growth. We believe the market underappreciates the earnings potential of Harmoney, relative to both its peers and on a fundamental basis, given the increasing efficiencies of its operations as it efficiently scales.

ASX listed personal lending peers: We consider Harmoney's close peer group of non-bank small-cap ASX listed personal lenders to comprise of Wisr (WZR), MONEYME (MME) and Plenti (PLT). Each are relatively new entrants to the market with different strategies for acquiring customers but are collectively taking market share from incumbents. We also compare Harmoney's performance to a broader group of Solvar (SVR), Humm (HUM) and Latitude (LFS).

Cash NPAT unlocks underlying performance: When assessing high growth lending companies such as Harmoney, Cash NPAT is a superior measure to statutory NPAT as it adjusts out the AASB 9 requirement to expense estimated future period credit losses. Under AASB 9 a growing loan book drives an increased provision expense, ahead of actual credit losses or increased income from that loan book growth. Cash NPAT can be used to derive profit-based comparisons such as Cash Return on Equity and Cash P/E.

Investment Thesis

Targeting >20% Cash ROE run-rate by FY25: Harmoney reported an 8.4% Cash ROE in its FY23 results, on the back of a record $4.7m cash NPAT. Inside we analyse the key drivers of Harmoney's FY23 result and outlook as Harmoney progresses towards guidance of 20% Cash ROE run rate in FY25.

Exceptional performance unfairly discounted: Harmoney defied sector sentiment in FY23 maintaining profitable growth on a cash basis, with a 9.6% NIM and premium credit quality with impairments of just 3.6% and 90+ day arrears of 0.58%, a fraction of the 1.4% Equifax Australian personal loan average.

Valuation

Undemanding valuation, even less when excluding cash. At the current share price, we estimate HMY is trading on a Cash PE of just 11.4x FY23A, and P/B of just 1x. Our general residual income model produces a valuation of $2.52 (was $2.50) using an 11.5% cost of equity, representing a 408% upside. With no earnings changes, our valuation rises marginally due to discount roll-forward)

Risks

Being a finance company, Harmoney has a range of risks applicable including macroeconomic conditions, liquidity and funding risks, credit risk, fraud, cybersecurity, asset-liability mismatch and compliance risks. The market appears to be concerned with a deterioration of credit quality and unemployment rates, with the RBA and RBNZ reaffirming their inflation targeting mandates through restrictive monetary policy in their respective October 2023 commentary.

Equities Research Australia

Financials

Glen Wellham, Senior Analyst
glen.wellham@mstaccess.com.au

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

Harmoney is an online direct personal lender that operates across Australia and New Zealand providing customers with unsecured personal loans, and secured and unsecured auto loans, that are easy to access, competitively priced (using risk-adjusted interest rates) and accessed 100% online.

Harmoney's proprietary digital lending platform, Stellare™, facilitates its personalised loan product with applications processed and loans typically funded within 24 hours of acceptance by the customer. Stellare™ applies a customer's individual circumstance to its data-driven, machine learning credit scorecard to deliver automated credit decisioning and accurate risk-based pricing.

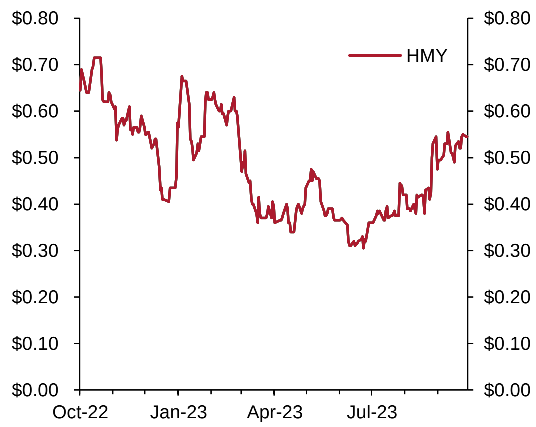
https://www.harmoney.com.au/

Valuation	**A$2.52** *(was $2.50)*
Current price	**A0.53**
Market cap	**A$54.0m**
Unrestricted cash on hand	**$27.5m**

Upcoming Catalysts / Next News

Late October 2023	1Q23 Result
15 November 2023	Annual General Meeting

Share Price ($A)



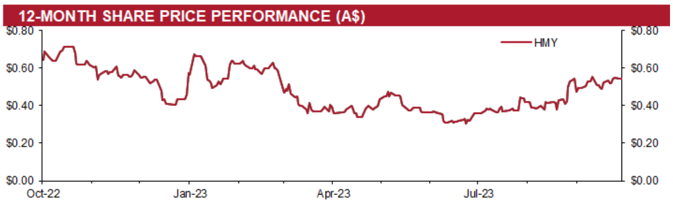
Source: FactSet, MST Access

HARMONEY CORP LIMITED — HMY-AX

Year end 30 June, A$

MARKET DATA		
Price	A$	$0.53
Valuation	A$	$2.52
52 week low - high	A$	1.20 - 0.75
Market capitalisation	A$m	54.0
Shares on issue (basic)	m	102.0
Options / rights (currently antidilutive)	m	0.0
Other equity	m	0.0
Shares on issue (fuly diluted)	m	102.0

12-MONTH SHARE PRICE PERFORMANCE (A$)



INVESTMENT FUNDAMENTALS		FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
EPS - diluted reported	cps	-27.8	-18.6	-6.7	-8.1	-2.2	4.4
EPS - diluted cash	**cps**	**-15.1**	**0.2**	**4.7**	**4.4**	**10.1**	**14.8**
EPS growth	%	n.a.	-101%	2593%	-5%	128%	47%
Reported PE	x	-1.9	-2.9	-8.0	-6.6	-23.6	11.9
Cash PE	x	-3.5	306.5	11.4	12.0	5.3	3.6
DPS	cps	0.0	0.0	0.0	0.0	0.0	0.0
Franking	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend yield	%	0%	0%	0%	0%	0%	0%
Payout ratio	%	0%	0%	0%	0%	0%	0%
Operating cash flow per share	cps	-1.9	353.6	23.6	7.1	16.2	24.9
Free cash flow to equity per share	cps	-25.8	-992.1	-14.0	0.3	7.4	13.4
FCF yield	%	-49%	-1872%	-26%	1%	14%	25%
Enterprise value	$m	-17.1	37.5	46.3	50.8	48.3	40.0
EV/Total Income	x	-0.5	0.5	0.4	0.4	0.3	0.2
EV/Net lending income	x	-1.1	1.3	1.3	1.5	1.1	0.7
EV/Net operating margin	x	87.5	4.4	2.1	2.4	1.5	0.9
NAV per share	A$	0.70	0.59	0.53	0.45	0.43	0.47
NTA per share	A$	0.56	0.42	0.33	0.23	0.17	0.17
Price / NAV	x	0.76	0.91	1.00	1.18	1.24	1.13
Price / NTA	x	0.95	1.26	1.60	2.35	3.17	3.10

KEY RATIOS		FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
NTA/Net Receivables	%	11%	7.6%	5.1%	3.9%	3.6%	3.8%
Proforma ROE - reported	%	-78%	-29.0%	-12.0%	-16.5%	-5.1%	9.9%
Proforma ROE - cash	%	-43%	0.3%	8.4%	9.0%	23.0%	33.1%
Net corporate debt	**A$m**	**-71.1**	**-16.5**	**-7.7**	**-3.3**	**-5.7**	**-14.0**
Gross debt / equity	x	385%	929%	1303%	1993%	2611%	2852%
Leverage (net debt / invested capital)	x	9910%	-39%	-17%	-8%	-15%	-42%

DUPONT ANALYSIS		FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Net Profit Margin	%	-76%	-26%	-7%	-6%	-1%	2%
Asset Turnover	x	20%	15%	15%	15%	16%	16%
Return on Assets	%	-15%	-4%	-1%	-1%	0%	0%
Financial Leverage	x	514%	769%	1259%	1782%	2462%	2903%
Return on Equity	%	-78%	-29%	-13%	-17%	-5%	10%

HALF YEARLY DATA		1H22A	2H22A	1H23A	2H23A	1H24E	2H24E
Total income	A$m	32.2	40.6	50.1	57.0	62.6	71.2
Net lending income	A$m	19.3	10.0	17.5	17.4	15.5	17.8
Net operating margin	A$m	9.1	-0.6	11.0	11.6	9.7	11.9
Reported NPAT	A$m	-4.8	-14.0	-3.4	-4.2	-4.8	-3.4
Cash NPAT	A$m	-0.1	0.3	2.3	2.4	1.0	3.5
EPS - diluted cash	**cps**	**-0.1**	**0.3**	**2.3**	**2.3**	**0.9**	**3.5**
EPS - diluted reported	cps	-4.8	-13.8	-3.3	-4.1	-4.8	-3.3
DPS	cps	0.0	0.0	0.0	0.0	0.0	0.0

KEY PERFORMANCE INDICATORS		FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Group originations	A$m	238.7	442.5	426.2	419.2	508.1	570.9
Warehouse funded % of book (average)	%	44%	79%	96%	100%	100%	100%
Gross loan receivables	A$m	288.8	581.0	744.0	947.6	1,181.2	1,414.1
Average gross loan receivables (AGR)	A$m	199.3	432.5	683.1	841.7	1,064.7	1,297.5
Growth in AGR	%	n.a.	117%	58%	23%	26%	22%
Interest income / AGR	%	17.6%	15.9%	15.5%	15.9%	16.0%	16.0%
Interest expense / AGR	%	-4.5%	-4.2%	-5.8%	-6.7%	-6.7%	-6.7%
Net interest margin	%	13.1%	11.8%	9.6%	9.2%	9.3%	9.3%
Incurred credit losses / AGR	%	2.24%	2.45%	3.6%	4.11%	4.19%	4.22%
Net lending margin / AGR	%	6.80%	8.40%	5.1%	3.96%	4.06%	4.21%
Cost to income ratio	%	74.9%	37%	26%	22%	19%	17%
New business expenses / total costs	%	54.3%	52.3%	22.7%	21.8%	3.4%	-27.8%

PROFIT AND LOSS		FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Interest income	A$m	35.2	68.9	105.5	133.8	170.3	207.5
Fee income	A$m	1.3	3.9	1.5	0.0	0.0	0.0
Other income	A$m	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**A$m**	**36.5**	**72.8**	**107.1**	**133.8**	**170.3**	**207.5**
Interest expense	A$m	-9.0	-18.1	-39.8	-56.1	-70.8	-86.7
Incurred credit losses	A$m	-4.5	-10.6	-24.6	-34.6	-44.7	-54.7
Risk Adjusted Income	**A$m**		**44.1**	**42.7**	**43.1**	**54.8**	**66.1**
Movement in ECL provision	A$m	-7.8	-14.9	-7.8	-9.8	-11.5	-11.5
Net lending income	**A$m**	**15.2**	**29.2**	**34.9**	**33.3**	**43.3**	**54.6**
Marketing expenses	A$m	-15.4	-20.7	-12.3	-11.7	-12.1	-12.4
Net operating margin	**A$m**	**-0.2**	**8.5**	**22.6**	**21.6**	**31.2**	**42.2**
Personnel expenses	A$m	-8.6	-9.8	-11.0	-11.8	-13.5	-14.7
Share based payments	A$m		-2.7	-1.9	0.0	0.0	0.0
Customer servicing expenses	A$m	-3.7	-5.2	-6.2	-6.3	-6.8	-7.2
Technology expenses	A$m	-3.0	-4.2	-4.8	-4.9	-5.2	-5.7
General and administrative expenses	A$m	-7.2	-4.0	-3.7	-3.8	-4.4	-4.8
Depreciation and amortisation expenses	A$m	-1.0	-1.3	-2.5	-2.9	-3.1	-3.4
Profit before income tax	**A$m**	**-27.6**	**-18.8**	**-7.6**	**-8.1**	**-1.8**	**6.4**
Income tax expense	A$m	0.0	0.0	0.0	-0.1	-0.5	-1.8
Reported NPAT	**A$m**	**-27.6**	**-18.8**	**-7.6**	**-8.2**	**-2.3**	**4.5**
Adjustments	A$m	12.6	3.2	12.3	12.7	12.5	10.5
Cash NPAT	**A$m**	**-15.0**	**1.9**	**4.7**	**4.5**	**10.2**	**15.1**
Weighted average diluted shares	m	99.4	1.4	101.6	101.6	101.6	101.6

BALANCE SHEET		FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Unrestricted cash	A$m	71.1	31.2	27.5	23.1	25.5	33.9
Finance receivables	A$m	274.2	551.4	708.9	900.8	1,123	1,344
Property, plant and equipment	A$m	0.6	0.4	3.7	4.6	5.9	7.8
Goodwill and other intangibles	A$m	3.2	8.5	11.6	14.3	18.4	24.3
Other assets	A$m	12.4	43.3	34.1	41.4	30.2	30.0
Total Assets	**A$m**	**361.6**	**634.9**	**785.7**	**984.1**	**1,203**	**1,440**
Trade and other liabilities	A$m	7.6	6.4	9.9	9.9	9.9	9.9
Borrowings - receivables funding	A$m	271.2	549.5	700.7	907.8	1,130	1,363
Borrowings - corporate debt	A$m	0.0	14.7	19.8	19.8	19.8	19.8
Provisions	A$m	12.5	5.2	1.5	1.0	0.0	0.0
Total Liabilities	**A$m**	**291.2**	**575.8**	**732.0**	**938.6**	**1,160**	**1,393**
Net assets	**A$m**	**70.4**	**59.1**	**53.8**	**45.6**	**43.3**	**47.8**
Net tangible assets	**A$m**	**56.5**	**42.3**	**33.7**	**22.9**	**17.0**	**17.4**
Invested capital	**A$m**	**-0.7**	**42.6**	**46.1**	**42.3**	**37.6**	**33.7**
Tangible invested capital	**A$m**	**-14.6**	**25.8**	**26.0**	**19.6**	**11.3**	**3.3**
Contributed equity	A$m	123.1	123.3	124.0	124.0	124.0	124.0
Treasury shares	A$m	0.0	0.0	0.0	0.0	0.0	0.0
Reserves	A$m	0.0	7.4	8.9	8.9	8.9	8.9
Retained earnings/accumulated losses	A$m	-52.7	-71.5	-79.1	-87.3	-89.6	-85.1
Non-controlling interests	A$m	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**A$m**	**70.4**	**59.1**	**53.8**	**45.6**	**43.3**	**47.8**
Basic shares on issue	m	100.9	101.0	101.6	101.6	101.6	101.6

CASH FLOW		FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Operating							
Net operating cashflow	**A$m**	**-1.9**	**5.0**	**23.9**	**7.2**	**16.4**	**25.3**
Investment							
Capital expenditure	A$m	-3.5	-6.3	-5.0	-6.4	-8.5	-11.3
Acquisitions and divestments	A$m	-167.7	-312.6	-181.6	-203.6	-233.7	-232.9
Net investment cashflow	**A$m**	**-171.2**	**-318.9**	**-186.7**	**-210.0**	**-242.2**	**-244.2**
Financing							
Equity	A$m	64.3	0.0	0.0	0.0	0.0	0.0
Debt	A$m	148.4	300.8	149.0	203.6	233.7	232.9
Leases	A$m	-0.9	-0.8	-0.5	-0.4	-0.4	-0.4
Net financing cashflow	**A$m**	**211.7**	**300.0**	**148.5**	**203.1**	**233.2**	**232.5**
Net cash flow	**A$m**	**38.6**	**-13.9**	**-14.2**	**0.3**	**7.5**	**13.6**
Free cash flow to equity	A$m	-25.6	-13.9	-14.2	0.3	7.5	13.6

Source: HMY reports, MST Access estimates

Peer Analysis

Who are Harmoney's peers?

In the non-bank lending sector there are several variations of business models and market niches targeted by participants. Some lenders are focused on personal lending, or auto lending, others on mortgages, some operate only in Australia, a few like Harmoney are diversified across both Australia and New Zealand, some are focused on the prime end of the market, while others have a larger sub-prime book. Considering these differences, we have identified a narrow peer group for Harmoney who are small ASX listed non-bank personal lenders, which:

- Provide personal and auto loans, but not mortgages,
- Are funded via warehouses and asset backed securities.

This creates a near homogenous peer group of Harmony (ASX:HMY), MONEYME (ASX:MME), Wisr (ASX:WZR), and Plenti (ASX:PLT).

Outside of Harmoney's near homogenous peer group we can also compare Harmoney to ASX listed non-bank lenders with some contrasting characteristics or additional product lines in auxiliary segments:

- Solvar Limited (ASX:SVR), formerly Money3, is a commercial and personal lender across Australia and New Zealand, with operations largely centred on secured vehicle lending which comprised 93% of its loan book in FY23. It is distinguished from the broader set by funding considerable portions of its loan book with equity, over 23% in FY23.
- Humm Group Limited (ASX:HUM) is a diversified lender which provides commercial lending and leasing services specialising in asset finance, consumer instalment plan products (buy now pay later) and credit cards, operating in Australia and New Zealand.
- Latitude Financial Services (ASX:LFS) provides payments and instalments products, including BNPL and credit cards, and lending products including personal loans and motor loans to customers in Australia and New Zealand. In May 2023 the completed the sale of its insurance operations. In March 2023 Latitude was a victim of a major cyber-attack with personal information of 7.9m customers, past customers, and applications exfiltrated, as a result originations were disrupted and $76m additional expenses were recognised during the period (including $12m in expenses relating to the incident and $64m in provisions for remediation of IDs and legal costs estimates). As such, in the tables below, Latitudes operations are shown pre and post disruption.

Figure 1: HMY Peers Annual Results

		HMY	WZR	MME	PLT*	SVR	HUM	LFS**	LFS***
12 Months Ending		**Jun-23**	**Jun-23**	**Jun-23**	**Mar-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**
Opening Loan Book	A$m	581.0	783.8	1,345.3	1,299.7	733.4	3,204.9	6,349.0	6,256.6
Closing Loan Book	A$m	744.0	931.0	1,237.0	1,766.2	910.1	4,153.6	6,474.0	6,229.0
Loan Book Growth	%	28.1%	18.8%	-8.0%	35.9%	24.1%	29.6%	2.0%	-0.4%
Revenue PCP	A$m	72.8	59.4	143.1	88.5	187.9	440.4	932.4	821.7
Revenue	A$m	107.1	91.9	238.9	143.5	209.3	510.4	890.2	927.0
Revenue Growth	%	47.1%	54.7%	67.0%	62.1%	11.4%	15.9%	-4.5%	12.8%
Cost to income %	%	-28.1%	-37.3%	-26.5%	-28.2%	-40.7%	-41.4%	-54.0%	-61.1%
Statutory NPAT	A$m	-7.6	-13.2	12.3	-13.6	47.6	2.9	57.9	-86.2
Cash NPAT	A$m	4.7	-2.8	29.1	5.6	55.1	34.6	78.9	-10.3
Cash NPAT / Revenue	A$m	4.4%	-3.0%	12.2%	3.9%	26.3%	6.8%	8.9%	-1.1%
Market Capitalisation	A$m	54.0	42.2	53.6	58.5	218.6	219.3	1,220.0	1,220.0
Cash PE	x	11.4	-15.1	1.8	10.5	4.0	6.3	15.5	-118.4

Source: Company Reports.

** PLT reports with a March-end financial year.*

*** LFS Reports on CY Financial Years. The 12 months ending December 2022 is prior to the cyber incident.*

**** LFS 2H22+1H23 for CY Financial Years. The 12 months ending June 2023 recognised the adverse impacts of the cyber incident.*

Until January of this year, Harmoney focussed 100% on unsecured personal loans, but has now launched a secured auto product in line with close peers MONEYME, Wisr and Plenti who all have large portions of their lending book secured against assets, commonly motor vehicles but also in home solar and battery storage in Plenti's case. As Harmoney's secured product line has only recently been launched, the large majority of their book is still unsecured loans, which typically have both higher lending rates and a higher cost of wholesale funding associated with operations due to the absence of collateral for recovery in the event of default, which increases the overall risk.

Why is Cash NPAT appropriate for high growth lenders?

Analysts and companies use Cash NPAT as a critical measure for benchmarking and reporting profitability of growing non-bank lenders due accounting standards masking the underlying profitability of the business, given the upfront impairment provisioning required under AASB 9. Under AASB 9, expected future credit losses are recognised from the reporting period of origination, even when no actual losses have taken place. This penalises high growth lenders with loan book growth generating an increasing expected credit loss provision expensed up front, ahead of revenue from the originated loans, which in Harmoney' s case could be collected over a 7-year term, decreasing statutory NPAT in the present.

As Cash NPAT is a non-IFRS performance measure, for this benchmarking exercise we have applied a standard definition to Harmoney and its peers. To standardise the composition of cash NPAT, the following are added back to the reported statutory NPAT.

- Expected credit loss for provisions on originations expensed.
- Depreciation and amortization expensed.
- Share based payment expensed.

We have adjusted the FY23 results of Harmoney and its peers in Figure 2 below. Harmoney (HMY), Wisr (WZR) and MONEYME (MME) reported with a June-end financial year and Plenti (PLT) reported with a March-end financial year.

Harmoney, Wisr and Plenti all grew their gross loan receivables during FY23, of this group Harmoney recorded the largest Cash NPAT margin at 4.4% of revenues. However, it is of note that MONEYME's lending operations have contracted considerably during the period, with gross loan receivables down 8% and origination volumes down 58%, with the attributed consequence of reducing associated costs, such as acquisition, both marketing and upfront broker or dealer fees, customers servicing and credit decisioning, as well as general personnel costs. MONEYME also reported $11.3m in depreciation and amortisation expense in the periods, which we have added back as a non-cash adjustment. Over $9.5m of this amortisation of intangibles (largely acquired software), which was primarily those recognised from its SocietyOne acquisition.

Figure 2: HMY Peers Cash NPAT Reconcilation

		HMY	WZR	MME	PLT*	SVR	HUM	LFS**	LFS***
12 Months Ending	**A$m**	**Jun-23**	**Jun-23**	**Jun-23**	**Mar-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**
Closing loan book	A$m	744.0	931.0	1,149.6	1,766.2	910.1	4,153.6	6,474.0	6,229.0
Revenue	A$m	107.1	91.9	238.9	143.5	209.3	510.4	890.2	927.0
Statutory NPAT	**A$m**	-7.6	-13.2	12.3	-13.6	47.6	2.9	57.9	-86.2
Add back non-cash adjustments									
Movement in ECL Provisions	A$m	7.8	7.8	5.5	14.3	4.4	9.2	-28.1	28.1
Share based payment expenses	A$m	1.9	1.6	0.0	3.4	0.7	1.5	3.8	2.5
D&A expenses	A$m	2.5	0.9	11.3	1.5	2.3	21.0	45.3	45.3
Cash NPAT	**A$m**	**4.7**	**-2.8**	**29.1**	**5.6**	**55.1**	**34.6**	**78.9**	**-10.3**
Average shareholder equity	A$m	60.6	74.0	128.7	48.9	373.0	626.9	1,520.0	1,448.0
Cash RoE	%	8%	-4%	23%	11%	15%	6%	5%	-1%
Market Capitalisation	A$m	54.0	42.2	53.6	58.5	218.6	219.3	1,220.0	1,220.0
Cash PE	x	11.4	-15.1	1.8	10.5	4.0	6.3	15.5	-118.4

Source: Company Reports.

** PLT reports with a March-end financial year.*

*** LFS Reports on CY Financial Years. The 12 months ending December 2022 is prior to the cyber incident.*

**** LFS 2H22+1H23 for CY Financial Years. The 12 months ending June 2023 recognised the adverse impacts of the cyber incident.*

What are the drivers of Harmoney's cash NPAT?

Risk Adjusted Income

Risk Adjusted Income

(RAI) = Revenue - Funding – Net Credit Losses

Harmoney's loan pricing is broadly consistent with major banks. This is consistent with the trends we observe in the home loan mortgage market, where significant loan volumes are flowing to those lenders with the fastest loan approvals and broadly competitive interest rates rather than the cheapest market-leading interest rates and slower service.

Harmoney's speed of approval and funding provide a significant competitive advantage allowing Harmoney rather than competing solely on price, to compete on service and price while generating significant origination volumes benefiting its net interest margins. Its rates currently range from unsecured interest rates range from 5.86% p.a. to 23.05% and secured rates for its car loan product from 5.76% to 19.09% (as of 22 September 2023) based on the individual borrower's risk-profile.

Harmoney's peers below in Figure 3 also have greater exposure to the secured loan sector, lowering the average lending rates due to availability of a security (commonly an automotive) for recovery in event of default.

Harmoney's closest peers all listed use warehouse funding, delivering little comparative advantage for risk-adjusted costs of funds between them. Harmoney however manages its funding risks through a diversified pool of facilities from 3 of the big 4 banks and hedging program to manage exposure to changing market cost of funds. As demonstrated by its FY23 average cost of funds increasing by 150bps, while RBA and RBNZ increased official cash rates by 325bps and 350bps respectively.

However, Humm and Latitude benefit from their scale, with the ability issue public asset-backed securities. In contrast to private facilities, public market debt enables greater diversification of funding sources through access to a larger pool of investors and increasing potential liquidity for capital providers, commonly reducing the risk premium demanded.

Figure 3: HMY Peers Risk Adjusted Income

		HMY	WZR	MME	PLT*	SVR	HUM	LFS**	LFS***
12 Months Ending	**A$m**	**Jun-23**	**Jun-23**	**Jun-23**	**Mar-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**
Average loan book	A$m	683.1	889.3	1,247.0	1,545.2	821.8	3,679.3	6,411.5	6,242.8
Revenue	A$m	107.1	91.9	238.9	143.5	209.3	510.4	890.2	927.0
Revenue Yield %	%	15.7%	10.3%	19.2%	9.3%	25.5%	13.9%	13.9%	14.8%
Interest expense	A$m	-39.8	-46.2	-89.8	-61.7	-41.9	-168.1	-214.4	-293.1
NIM	A$m	67.2	45.7	149.1	81.8	167.4	342.3	675.8	633.9
NIM	%	9.8%	5.1%	12.0%	5.3%	20.4%	9.3%	10.5%	10.2%
Net credit losses	A$m	-24.6	-14.5	n.a.	-10.6	-33.4	-85.1	-147.6	-178.6
Net credit losses %	%	3.6%	1.6%	n.a.	0.7%	4.1%	2.3%	2.3%	2.9%
Risk adjusted income	A$m	42.7	31.2	n.a.	71.2	134.0	257.2	528.2	455.3
RAI %	%	6.3%	3.5%	n.a.	4.6%	16.3%	7.0%	8.2%	7.3%
90+ Day arrears %	%	*0.6%*	*1.3%*	*2.3%*	*0.4%*	*6.1%^*	*0.7%*	*0.7%*	*1.3%*

Source: Company Reports.

** PLT reports with a March-end financial year.*

*** LFS Reports on CY Financial Years. The 12 months ending December 2022 is prior to the cyber incident.*

**** LFS 2H22+1H23 for CY Financial Years. The 12 months ending June 2023 recognised the adverse impacts of the cyber incident.*

^Solvar do not report 90+ Day arrears. The figure represents the portion of gross receivables which are on the 'Watchlist' but are yet to be credit impaired. Solvar define the 'Watch list' as exposures that require closer monitoring and a reasonable capacity to meet financial instruments, with moderate default risk.

Note: We have excluded MONEYME's net credit losses due insufficient information available for an accurate comparison. MONEYEME's reported FY23 customer receivable impairment was $68.8m.

Net Credit Losses

Net credit losses = Incurred losses less recoveries, including debt sales

Harmoney's net credit losses are slightly higher than some of its peers given its loan book is heavily skewed towards unsecured lending, however this is offset and accounted for in the risk adjusted lending rates, delivering a 6.3% risk adjusted income. As seen in Figure 3 below, comparable with scale operators Humm and Latitude.

As Solvar supplement warehouse facilities with equity funding, the calculation of risk adjusted using only interest expense as seen below, does not account for the cost of equity employed, and hence delivers an inflated figure relative to its peers.

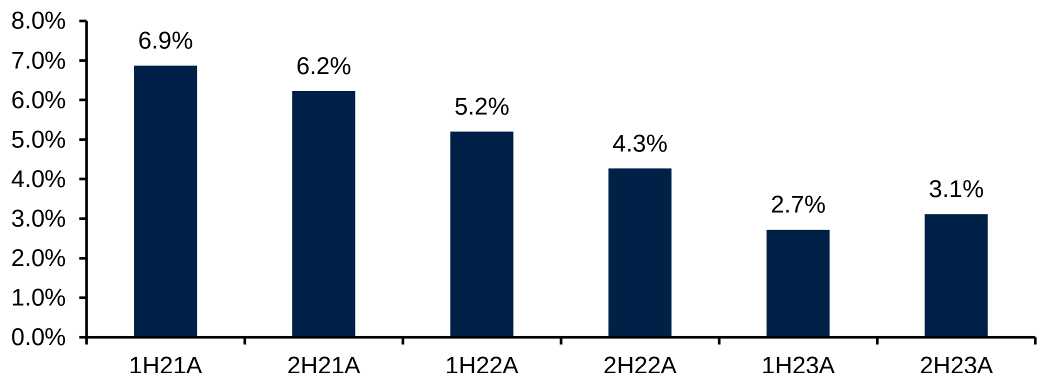
Acquisition Costs

Harmoney is an organic growth story, investing heavily in its data driven online marketing to obtain customers directly, rather than through loan broking intermediaries. This delivers annuity stream economics, with a higher upfront cost of acquisition, offset by near zero acquisition costs once the customer relationship has been acquired.

Harmony's commentary supports this thesis, announcing in New Zealand where the brand has been established since 2014, over 50% of originations now come from existing customers, and in Australia where it has only been operating at scale since 2020 observed a 46% growth in originations from existing customers during the period.

As seen in figure 4 below, while scaling its loan book rapidly over the past 3 years Harmoney's marketing efficiency has continued to improve. We attribute the minor rise in 2H23 marketing cost to originations to the January 2023 launch of Harmoney's car loan product. With the 1Q24 launch of Stellare 2.0 (Harmoney's highly automated marketing platform), we expect further significant improvements in the marketing costs to originations ratio in the coming periods.

Figure 4: HMY Marketing Costs to Originations



Source: Company Reports.

Note: PLT reports with a March-end financial year.

Unlike its peers who mainly originate loans through broker or dealer channels and can amortise commissions or broker fees over the life of the multi-year loans, Harmoney does not amortise acquisition costs. Despite this, Harmoney's cost-base and margins compare favourably to its peers due to its digital direct to consumer model enabling a near zero cost of originating loans from its existing and past customer base.

Figure 5: HMY Peers Acquisition Costs

		HMY	WZR	MME	PLT*	SVR	HUM	LFS**	LFS***
12 Months Ending	**A$m**	**Jun-23**	**Jun-23**	**Jun-23**	**Mar-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**
Acquisition expenses / commissions	A$m	-12.3	-2.3^	-13.8	-31.1	-17.7	-47.2	-27.3	-24.6
Originations	A$m	426.2	495.0	466.0	1,131.0	535.3	2,400.0	7,953	6,298
Acquisition cost to origination %	%	-2.9%	-0.5%	-3.0%	-2.7%	-3.3%	-2.0%	-0.3%	-0.4%

Source: Company Reports.

** PLT reports with a March-end financial year.*

*** LFS Reports on CY Financial Years. The 12 months ending December 2022 is prior to the cyber incident.*

**** LFS 2H22+1H23 for CY Financial Years. The 12 months ending June 2023 recognised the adverse impacts of the cyber incident.*

^ Wisr decreased marketing expenses from $12,1m in FY22 to $2,3m in FY23 to pursue a moderated growth strategy and a cost reduction process, during the period. For it's loans acquired through it's broker channel, transactions costs (including fees and commissions to brokers and agents) are recognised as part of the initial measurement and amortised over the life of the loan. This is not distinguished in acquisition costs, however, reflected in risk adjusted income via a suppressed yield on assets.

Net Operating Income

(NOI) = RAI – Acquisition Costs

Being direct to consumer, Harmoney can ramp-up, or down, acquisition expenses as conditions see fit, unlike broker led models which require more consistent sales and business development resources. Remarkably, in FY23 Harmoney reduced its marketing costs by 41% on the prior corresponding period, however, have only observed a 4% reduction in originations, highlighting the brand equity Harmoney has built through its direct-to-consumer model and customer satisfaction demonstrated by an average of 4.8/5 stars from 17,503 reviews on Google, ProductReview.com and Shopper Approved.

Risk Adjusted Income less acquisition costs, delivers net operating income.

Operating Costs

Operating costs include all other costs required in delivering Harmoney's operations including personal, technology, general and administrative expenses.

Harmoney's cost to income ratio of 28% is demonstrative of the efficiency of its propriety, highly automated and scalable, digital lending platform Stellare™, which ensures the businesses expenses are largely fixed, thus delivering strong operational leverage.

Stellare™ has been developed by Harmoney to support highly automated credit decisioning and pricing, ensure compliance with lending regulation, privacy, and data security policies, manages collection workflows and customer communications to drive scalability, efficiency and operating leverage, which we believe will be observed through a disconnect between loan book growth and operating costs growth.

We expect the launch of Stellare 2.0 further accelerate the divergence through unlocking greater automation in the launch of new credit products and customer processing, to accelerate the loan book significantly beyond the operating cost base.

Figure 6: HMY Peers Operating Costs

		HMY	WZR	MME	PLT*	SVR	HUM	LFS**	LFS***
12 Months Ending	**A$m**	**Jun-23**	**Jun-23**	**Jun-23**	**Mar-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**
Costs (exc. interest, losses, acquisition)	A$m	-30.1	-34.3	-63.3	-40.5	-85.2	-211.5	-480.3	-566.5
Income	A$m	107.1	91.9	238.9	143.5	209.3	510.4	890.2	927.0
Cost to income %	%	-28.1%	-37.3%	-26.5%	-28.2%	-40.7%	-41.4%	-54.0%	-61.1%
Risk adjusted income	A$m	42.7	31.2	n.a.	71.2	134.0	257.2	528.2	455.3
Cost to RAI %	%	71%	110%	n.a.	57%	64%	82%	91%	124%

Source: Company Reports.

** PLT reports with a March-end financial year.*

*** LFS Reports on CY Financial Years. The 12 months ending December 2022 is prior to the cyber incident.*

**** LFS 2H22+1H23 for CY Financial Years. The 12 months ending June 2023 recognised the adverse impacts of the cyber incident.*

Cash NPAT

The result of the above factors for Harmoney is the emergence of operating leverage, which is already delivering strong Cash NPAT margins relative to its peer group average.

We believe these drivers are intrinsic to Harmoney's business model and hence should support a growing cash NPAT margin as economies of scale are realised, progressing Harmoney towards its 20% cash ROE Target.

Harmoney is underpriced relative to its peers and the market due to its underappreciated scale potential.

Figure 7: HMY Peers Valuation Metrics

		HMY	WZR	MME	PLT*	SVR	HUM	LFS**	LFS***
12 Months Ending	**A$m**	**Jun-23**	**Jun-23**	**Jun-23**	**Mar-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**
Unrestricted cash	A$m	27.5	21.7	16.1	27.8	78.3	112.0	358.3	265.8
Net Assets	A$m	53.8	68.0	166.1	45.0	377.1	626.1	1,474.5	1,304.4
Net Tangible Assets	A$m	33.7	61.0	69.8	45.0	346.4	492.5	525.2	414.4
P/B	x	1.0	0.6	0.3	1.3	0.6	0.4	0.8	0.9
P/NTA	x	1.6	0.7	0.8	1.3	0.6	0.4	2.3	2.9
Cash P/E	x	11.4	-15.1	1.8	10.5	4.0	6.3	15.5	-118.4
RAI Multiple	x	1.3	1.4	0.7	0.8	1.6	0.9	2.3	2.7
Cash ROE	%	8%	-4%	23%	11%	15%	6%	5%	-1%

Source: Company Reports.

** PLT reports with a March-end financial year.*

*** LFS Reports on CY Financial Years. The 12 months ending December 2022 is prior to the cyber incident.*

**** LFS 2H22+1H23 for CY Financial Years. The 12 months ending June 2023 recognised the adverse impacts of the cyber incident.*

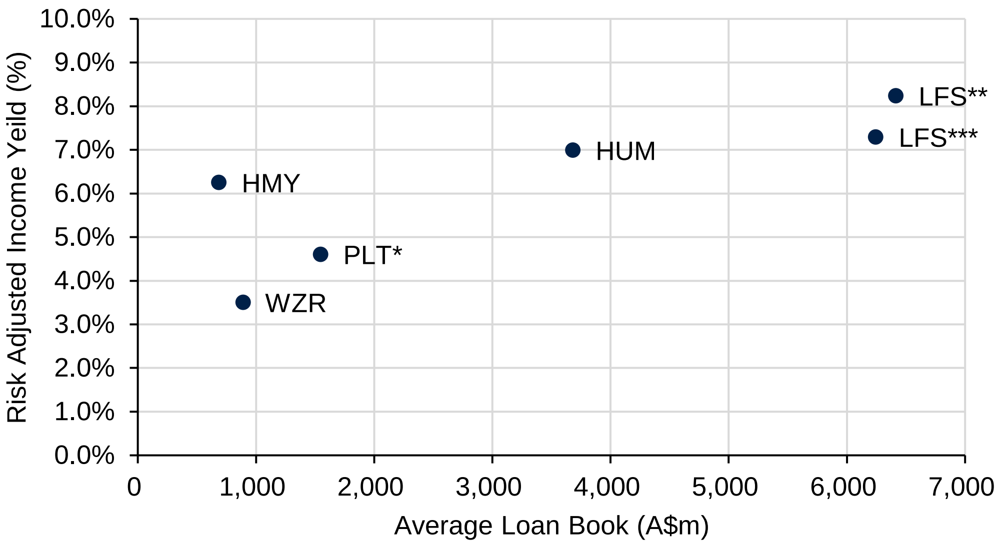
We estimate that Harmoney currently trades on just 1.0x book value and 1.3x its FY23 Risk Adjusted Income, which we argue is an unfair discount, both to its underlying fundamentals and relative to its peers considering the near homogenous peer-group leading RAI margin and demonstrated capacity for efficient growth.

We believe these figures underrepresent the earnings potential of Harmoney, given the increasing scale benefits of its operations as it efficiently grows, as it has previously demonstrated in both Australia and New Zealand. As of FY23, Harmoney has the smallest value of gross receivables in its peer set at $744, 43% below the $1.3bn average of its near homogenous peers set of Wisr, MONEYME and Plenti, and a fraction of the operations of Humm and Latitude.

Harmoney's underappreciated potential stems from its operating model that is expected to continue to deliver ongoing efficiency improvements as it scales, with the following key factors contributing to the expected margin improvement:

- Highly automated credit decisioning delivering risk-adjusted interest rates accessed 100% online by consumers, reducing costs, and also enhancing customer experience, acquisition and retention.
- As lending operating operations expand and diversify we expect continued improvements in funding costs, as seen by scale operators Humm and Latitude in accessing a broader range of potential capital providers.
- The company's cost structure benefits from relatively fixed overheads, which means that as revenue scales, Harmoney is well-positioned to realize substantial improvements in its cost-to-income ratio.
- Harmoney's ability to diversify its product offerings, such as its recent expansion into auto lending and diversification of existing personal loan product offers via Stellare 2.0 presents avenues for further expansion.

Figure 8: HMY Peers FY23 Average Loan Book vs Risk Adjusted Income Yeild



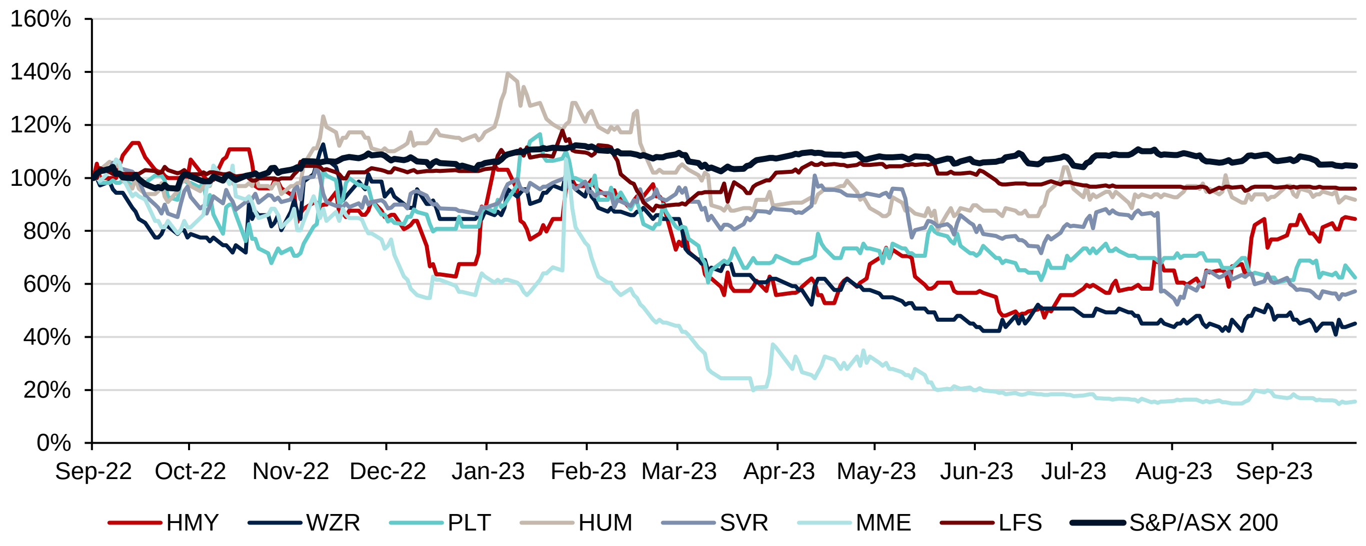
Source: Company Reports.

Note: As Solvar funds considerable portions of its loan book with equity, Risk Adjusted Income calculated using interest (cost of debt) does reflect the businesses lending costs and hence has been excluded.

Harmoney, like many of its peers has demonstrated poor share performance in recent periods. There has been a steep sell off of the broader non-bank lending sector over the past 18 months. We attribute this to investor concerns over the sectors maladaptation to changing economic conditions, with the expectation of rising loan losses from higher rates and an expected rise in the unemployment rate, slowing originations as consumers adjust their demand for credit and increasing wholesale funding costs.

However, Harmoney has defied these concerns, maintaining profitable growth on a cash basis throughout FY23, operating with a 10% NIM and demonstrating premium asset quality, with losses of just 3.6% and 90+ day arrears of 0.58%, a fraction of the 1.4% Australian Equifax average for the personal loan market.

Figure 9: HMY Peers 1 Year Relative Share Price Performance



Source: Refinitiv, S&PDJI, ASX, MST estimates

Some of Harmoney's peers are also facing management distractions which may have further eroded investor sentiment and challenging their social licence to operate. Latitude's cyber breach has made it unprofitable in the 12 months June 2023, while Solvar is facing an ASIC Federal Court action alleging that in the period from 8 May 2019 to 18 February 2021, Money3 Loans Pty Ltd (one if tis subsidiary brands) has:

In relation to 5 consumer loans breached its responsible lending obligations under the National Consumer Credit Protection Act 2009 (Cth);

- Failed to provide adequate training and professional development to its staff,
- Failed to provide adequate templates, forms, checklists, and guides to its staff; and
- Failed to assess the skill and competency of its representatives.

No earnings changes

We make no earnings changes to our forecasts given the recent amendments made following analysis of last month's FY23 results.

Valuation

We use a blend of valuation approaches to estimate Harmoney valuation, considering:

- peer multiples and growth rates,
- intrinsic valuation scenarios of its potential future growth profiles.

Other equity market considerations such as short sales; any likely forthcoming changes in index inclusion; depth of stock research coverage; composition of and change in the mix of investors (such as founders, board and staff, domestic institutions, foreign institutions, and retail investors) are not incorporated in our valuation; however investors should consider such factors if they seek to develop a price target for the company.

Many analysts use some form of residual income or value-added valuation approach, due to the complexities and uncertainties involved in forecasting cashflow, in part due to regulatory capital requirements. Some of the advantages of this approach are that:

- the bulk of the valuation is generally recognized upfront, in the net asset value providing greater certainty around a large component of the valuation;
- uses profit, rather than cashflow, forecasts.

The derivation of our book value per share and cash EPS used in this valuation method can be found in our balance sheet and income statement respectively.

General Residual Income Model ("GRIM")

We use a two-stage model, using our explicit forecasts over the next five years, followed by a terminal value, to which we add current net assets per share. We continue to assume a risk free rate of 4.0%, an equity risk premium of 5.0% and estimate HMY's equity beta to be 1.5. Based on these, our estimate of HMY's cost of equity to 11.5% and our terminal growth rate assumption is 3.0%.

This produces a general residual income model valuation of an A$2.52 per share (marginally up from the prior $2.50 due to discount roll forward), representing a significant upside to the current share price, at 376%.

Figure 10: MST Access General Residual Income Model ("GRIM") valuation of Harmoney Corp Limited

Current date		6-Oct-23										
Last balance date		30-Jun-23										
		Jun-23	Dec-23	Jun-24	Dec-24	Jun-25	Dec-25	Jun-26	Dec-26	Jun-27	Dec-27	Jun-28
Book value per share	A$	0.53	0.48	0.45	0.43	0.43	0.44	0.44	0.47	0.52	0.59	0.73
Equity charge	A$		-0.03	-0.03	-0.03	-0.02	-0.02	-0.03	-0.03	-0.03	-0.03	-0.03
Cash EPS	A$	0.02	0.01	0.03	0.05	0.05	0.07	0.07	0.08	0.10	0.12	0.16
Residual income	A$		**-0.02**	**0.01**	**0.02**	**0.03**	**0.04**	**0.04**	**0.06**	**0.08**	**0.09**	**0.12**
Discounted cash flow	A$	**0.00**	**-0.02**	**0.01**	**0.02**	**0.02**	**0.03**	**0.03**	**0.04**	**0.05**	**0.06**	**0.07**

Sum of discount streams	A$	0.31	**CAPM**	
Future value into perpetuity	A$	2.5	Risk free rate	4.00%
NPV of terminal value	A$	1.68	Equity beta	1.5
add net assets	A$	0.53	Equity risk premium	5.00%
Residual income value per share	**A$**	**2.52**	Cost of equity	11.5%
P/B multiple implied by GRIM valuation	x	4.8	Terminal growth	3.0%
Upside/downside	%	376%		

Source: Company reports, MST Access estimates

Theoretical book multiple valuation

With Harmoney's medium term ROE target of 20%, we can use this to ascertain what theoretical book multiple the company would trade at if it achieves this target (which we think is probable).

One key shortcoming with this method is that it requires an assumed dividend payout ratio, as the theoretical multiple calculation can become undefined if no dividend payout ratio is assumed. For the purposes of this valuation, we assume a 50% dividend payout ratio, despite Harmoney currently seeking to retain all its earnings to support future growth.

This method suggests that with a 11.5% cost of equity, 20% ROE and 50% retained earnings, the appropriate theoretical book multiple that Harmoney should trade on is 6.67x, which applied to its current book value of 53cps would suggest a valuation of $3.53.

Figure 11: Theoretical book multiple valuation for Harmoney

HMY theoretical book multiple valuation		
Target cash ROE	%	20.0%
Cost of equity	%	11.5%
Dividend pay out ratio	%	50%
Theoretical book multiple	**x**	**6.67**
Current book value per share	A$	0.53
Implied valuation	**A$**	**3.53**
Implied upside	%	565.8%

Source: Company reports, MST Access estimates

Updated Investment Thesis

Harmoney is a leading 100% online direct personal lender that operates across Australia and New Zealand, which continues to display strong growth and earnings momentum. The company is profitable on a cash basis and generates operating cashflows, and these should grow as its business grows.

A combination of superior technology, direct business model, and effective marketing strategies gives Harmoney a clear edge over its peers, as well enabling it to achieve strong credit quality for its loan book. Harmoney's highly automated Stellare™ technology ensures the businesses expenses are largely fixed, thus delivering strong operational leverage. Stellare's™ risk selection was strong from the outset and has continued to improve over time. Harmoney is well-positioned in the cross-section of distribution and scalability, with a direct model and high scalability. Banks pulling back from the personal lending industry provides smaller alternative lenders (like Harmoney) an opportunity to capture large market share.

Harmoney uses multiple funding sources and has now largely transitioned to warehouse and ABS funding. The company's already attractive NIMs will be further enhanced by this transition, with the company reporting a NIM near 10% for FY23.

Risks and sensitivities

We elaborate on Harmoney's risks and sensitivities in our initiation report. In summary, they can be categorised under strategic, financial and operational risks summarised as:

Strategic

Harmoney operates in a dynamic and changing market, which sees competitors providing new and innovative offerings in a bid to capture market share.

Furthermore, there is a significant number of regulatory requirements, and could suffer from adverse changes to the requirements, including in Australia:

- Anti-money laundering and counter terrorist financing requirements administered by Austrac;
- Privacy requirements administered by the Privacy Commissioner;
- Financial Service licencing and Credit licencing administered by the Australian Securities and Investments Commission (ASIC);
- Australian Consumer Law and unfair contract terms contained in the Corporations Act administered by the Australian Competition and Consumer Commission (ACCC);
- Taxation legislation administered by the Australian Taxation Office (ATO);
- Accounting standards required under the Corporations Act administered by the Australian Accounting Standards Board (AASB) and ASIC;
- Design and distribution obligations, several of which will be governed by contract law.

Financial

Being a finance company, Harmoney has a range of risks and sensitivities applicable to most companies in the financial sector. These include:

- Macroeconomic conditions
- Liquidity and funding risks
- Credit risk
- Fraud
- Compliance risks

Operational

Most companies, including Harmoney, have a range of operational risks. These include:

- Governance
- Key personnel
- Information technology
- Cybersecurity and data protection

- Force majeure events
- Litigation, claims and disputes

Company Description

Harmoney is the largest 100% consumer-direct money platform in Australia and New Zealand. The Company provides customers with unsecured personal loans, and secured and unsecured auto loans, that are easy to access, competitively priced (using risk-adjusted interest rates) and accessed 100% online. By effectively combining superior data, superior technology, and superior marketing, Harmoney creates direct relationships with consumers, at scale.

It's direct-to-consumer automated loan approval system is underpinned by Harmoney's scalable Stellare™ proprietary technology platform. Stellare™ efficiently facilitates its personalised loan product with applications processed and loans typically funded within 24 hours of acceptance by the customer. The 100% consumer-direct aspect of Harmoney's business model allows the Company to gain access to deep data from consumers. The Stellare™ technology utilises deep consumer data and applies customer's individual circumstances to its machine learning credit scorecard to deliver automated credit decisioning and accurate risk-based pricing. Harmoney have continually improved their credit scoring technology, with the latest Stellare™ Libra algorithms delivering high performance.

A large percentage of Harmoney's originations come from existing or past customers. The minimal cost of marketing to its existing customer base proved a stable source of quality originations through COVID for the business and remain intrinsic to the business going forward.

Harmoney is funded by a number of sources including three of the big 4 Australian banks as well as issuing ABS.

Harmoney hold an Australian Credit Licence (ACL) which allows the company to conduct business as a consumer lender in Australia. Despite the Company ceasing retail peer-to-peer loans in New Zealand, they maintain their FMCA licence in relation to the run-off portfolio. Harmoney also hold an Australian Financial Services Licence (AFSL), which is regulated by ASIC.

Methodology & Disclosures

MST Access is a registered business name of MST Financial Services Pty Ltd (ACN 617 475 180 “MST Financial”) which is a limited liability company incorporated in Australia on 10 April 2017 and holds an Australian Financial Services Licence (Number: 500 557). This research is issued in Australia through MST Access which is the research division of MST Financial. The research and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by MST Access is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a financial product you should read any relevant Product Disclosure Statement or like instrument.

This report has been commissioned by Harmoney Corp. Limited and prepared and issued by Glen Wellham of MST Access in consideration of a fee payable by Harmoney Corp. Limited. MST Access receives fees from the company referred to in this document, for research services and other financial services or advice we may provide to that company.

MST Financial also provides equity capital markets (“ECM”) and corporate advisory services through its capital markets division, MST Capital Markets (“MST Capital”). MST Capital provides these services to a range of companies including clients of the MST Access service. As such, MST Capital may in future provide ECM and/or corporate advisory services to the company that is the subject of this research report and, accordingly, may receive fees from the company for providing such services. However, MST Financial has measures in place to ensure the independence of its research division is maintained, including information barriers between its Capital Markets and Research teams. In addition, neither MST Access, not any of its research analysts, receive any financial benefit that is based on the revenues generated by MST Capital Markets or any other division of MST Financial.

The analyst has received assistance from the company in preparing this document. The company has provided the analyst with communication with senior management and information on the company and industry. As part of due diligence, the analyst has independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in the report. Diligent care has been taken by the analyst to maintain an honest and fair objectivity in writing this report and making the recommendation. Where MST Access has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid will either directly or indirectly impact the content provided.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently certified. Opinions contained in this report represent those of MST Access at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results and estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of liability: To the fullest extent allowed by law, MST Access shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained in this report. No guarantees or warranties regarding accuracy, completeness or fitness for purpose are provided by MST Access, and under no circumstances will any of MST Financials’ officers, representatives, associates or agents be liable for any loss or damage, whether direct, incidental or consequential, caused by reliance on or use of the content.

General Advice Warning

MST Access Research may not be construed as personal advice or recommendation. MST encourages investors to seek independent financial advice regarding the suitability of investments for their individual circumstances and recommends that investments be independently evaluated. Investments involve risks and the value of any investment or income may go down as well as up. Investors may not get back the full amount invested. Past performance is not indicative of future performance. Estimates of future performance are based on assumptions that may not be realised. If provided, and unless otherwise stated, the closing price provided is that of the primary exchange for the issuer’s securities or investments. The information contained within MST Access Research is published solely for information purposes and is not a solicitation or offer to buy or sell any financial instrument or participate in any trading or investment strategy. Analysis contained within MST Access Research publications is based upon publicly available information and may include numerous assumptions. Investors should be aware that different assumptions can and do result in materially different results.

MST Access Research is distributed only as may be permitted by law. It is not intended for distribution or use by any person or entity located in a jurisdiction where distribution, publication, availability or use would be prohibited. MST makes no claim that MST Access Research content may be lawfully viewed or accessed outside of Australia. Access to MST Access Research content may not be legal for certain persons and in certain jurisdictions. If you access this service or content from outside of Australia, you are responsible for compliance with the laws of your jurisdiction and/or the jurisdiction of the third party receiving such content. MST Access Research is provided to our clients through our proprietary research portal and distributed electronically by MST to its MST Access clients. Some MST Access Research products may also be made available to its clients via third party vendors or distributed through alternative electronic means as a convenience. Such alternative distribution methods are at MST’s discretion.

Access & Use

Any access to or use of MST Access Research is subject to the Terms and Conditions of MST Access Research. By accessing or using MST Access Research you hereby agree to be bound by our Terms and Conditions and hereby consent to MST collecting and using your personal data (including cookies) in accordance with our Privacy Policy, including for the purpose of a) setting your preferences and b) collecting readership data so we may deliver an improved and personalised service to you. If you do not agree to our Terms and Conditions and/or if you do not wish to consent to MST’s use of your personal data, please do not access this service.