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ASX / NZX RELEASE

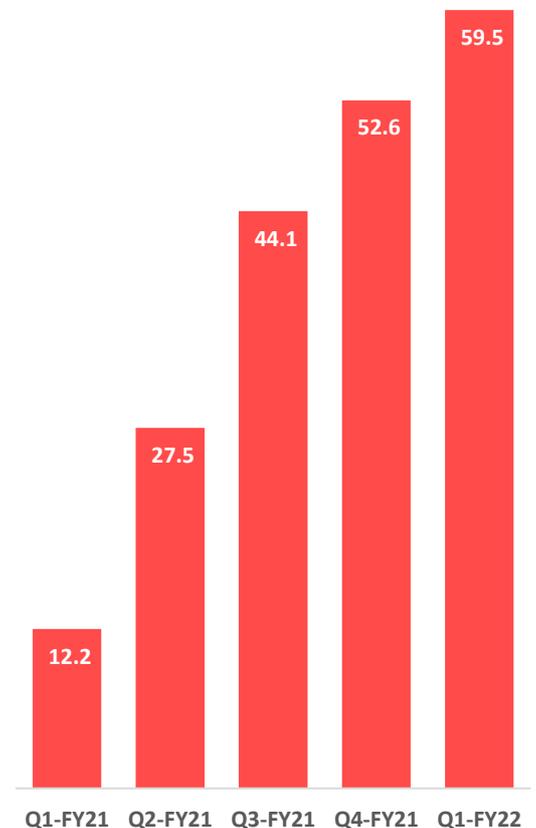
## HARMONEY DELIVERS RECORD SEPTEMBER QUARTER ~\$60 MILLION IN NEW ORIGINATIONS UP 389% ON PCP

Harmoney Corp Limited (ASX/NZX: HMY; "Harmoney" or "the Company") is pleased to provide an update on its performance for the quarter ended 30 September 2021 (Q1 FY22).

### Key Q1 FY22 highlights:

- **Largest quarter of new originations in the Company's history**
- Australian new customer originations **grow to A\$31 million, up 885% versus pcp** and up 17% on Q4 FY21
- Group proforma loan book reaches **\$517 million, yielding a net interest margin of >11% and net lending margin of >7%**
- Australian receivables book grows to **A\$155 million, up 58% on pcp** and up 15% on Q4 FY21
- Improvement in key lead indicators of account acquisition, new loan originations and net lending margin **set to drive increases in receivables and revenue growth** in current and future financial years through Harmoney's 3Rs consumer-direct model
- Significant improvement in credit performance with **90+ days arrears at 47 basis points** (June 21: 69 bps)
- Achieved **breakeven on proforma Cash NPAT** on existing loan book demonstrating value from automation and scalability of Harmoney's 100% consumer-direct model

### Group New Originations (\$m)



Commenting on another record quarter, David Stevens, Harmoney's CEO & Managing Director said: "Harmoney continues to deliver on its growth strategy with another outstanding quarter despite COVID lockdowns in Australia and New Zealand. Harmoney Australia's loan book is growing at 60% annualised and 15% quarter on quarter, all while delivering an enviable net lending margin of more than 7%.

"Harmoney's Group loan book, at just over half a billion dollars, is already Cash NPAT breakeven on a proforma basis. The Company's 100% consumer-direct model and innovative Libra™ lending platform enables over two thirds of loan applications to be completely automated, providing significant operational leverage and driving profitability as our income grows noticeably faster than our cost base.

“Our team, composed largely of data scientists and engineers, continually impress me with their drive to deliver on our purpose of helping more Aussies and Kiwis achieve their life goals through financial products that are friendly, fair and simple to use. Harmony’s consumer-direct marketing technology is world class and generates approximately 10,000 new customer accounts per month across Australia and New Zealand. This significant consistent level of new customer demand enables our team to be solely focused on developing lending and product enhancements that will broaden our ability to provide financial products to more Aussies and Kiwis with no additional customer acquisition cost.”

Total originations for the quarters are outlined below:

	Sep 21	Jun 21	Sep 20	Qtr on Qtr Growth	PCP Growth
<b>AUSTRALIA (A\$m)</b>					
New originations	30.9	26.5	3.1	17%	885%
Repeat originations (3Rs)	19.0	16.6	11.8	14%	61%
<b>Total</b>	<b>49.9</b>	<b>43.1</b>	<b>14.9</b>	<b>16%</b>	<b>234%</b>
<b>NEW ZEALAND (NZ\$m)</b>					
New originations	26.8	24.1	8.8	11%	205%
Repeat originations (3Rs)	63.4	59.8	53.4	6%	19%
<b>Total</b>	<b>90.2</b>	<b>83.9</b>	<b>62.2</b>	<b>7%</b>	<b>45%</b>
Total New originations	59.5	52.6	12.2	13%	389%
Total Repeat originations (3Rs)	83.5	77.6	66.2	8%	26%
<b>Total Group originations (NZ\$m)</b>	<b>142.9</b>	<b>130.2</b>	<b>78.3</b>	<b>10%</b>	<b>82%</b>

Harmony accelerated its data-driven marketing program following listing on ASX/NZX last November, leading to a significant increase in new customer originations. Growth in new customers, attracted to Harmony’s simplicity, convenience and competitively priced interest rates, typically provide a six month lead indicator for future repeat customer originations. This is due to Harmony’s unique consumer-direct lending model, which allows Harmony to support and enhance a customer’s growing borrowing needs with minimal additional marketing cost, referred to as Harmony’s 3Rs (Return, Repeat, Renew) business model. Harmony is the only 100% consumer-direct lending model in Australia and New Zealand.

## GROUP RECEIVABLES CONTINUE TO GROW

At 30 September 2021, Group receivables were \$517 million, up from \$501 million at 30 June 2021. Australian receivables grew by A\$20 million, or 15%, in the three months ended 30 June 2021. The New Zealand receivables book was broadly neutral as it was temporarily impacted by strict COVID-19 lockdowns in New Zealand from mid-August until late September 2021.

	Sep 21	Jun 21	Sep 20	Qtr on Qtr Growth	Yr on Yr Growth
<b>AUSTRALIA (A\$m)</b>					
Customer receivables	155	135	98	15%	58%
<b>NEW ZEALAND (NZ\$m)</b>					
Customer receivables	356	358	368	0%	(3%)
<b>Total Group Receivables (NZ\$m)</b>	<b>517</b>	<b>501</b>	<b>475</b>	<b>3%</b>	<b>9%</b>

## BREAK EVEN PROFORMA CASH NPAT

Harmony's unrivalled automation continues to deliver an attractive net lending margin above 7%, with personal risk-based interest rates to prime borrowers, low arrears and credit losses and reducing cost of funds as we continue to transition to full warehouse funding.

This net lending margin, in conjunction with the economies of scale from automation, are already delivering monthly profitability. Variability in month on month profitability is primarily driven by marketing investment for growth, with full marketing costs expensed as incurred (as opposed to being amortised over the life of the loan such as broker based origination models).

Marketing costs to originations continue to fall and were at ~3.0% for Q1FY22, down from 3.7% in FY21, with the Australian book now beginning to deliver significant 3Rs originations, which carry little to no marketing cost.

Additionally, a strong credit performance was maintained due to Harmony's high-quality loan book, with Group 90+ day arrears at 30 September 2021 of 47 basis points (June 21: 69 basis points).

## HARMONEY REAFFIRMS ITS FY22 MARKET GUIDANCE

- Group pro-forma loan book of **at least \$600 million (20%+ growth on FY21)**
- Group pro-forma revenue of **at least \$92 million (16%+ growth on FY21)**
- Net lending margin of **at least 7% (0.2%+ growth on FY21)**
- Indirect opex to income ratio of **<20% (2%+ reduction on FY21)**
- Transition to warehouse funding expected to be **~90% complete by 30 June 2022**, (71% at 30 September 2021, 61% at 30 June 21)

*The above market guidance assumes COVID-19 lockdown restrictions in Australia and New Zealand do not have a material impact on originations or customer repayments.*

This release was authorised by the Board of Harmony Corp Limited.

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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 consumer-direct model and automated loan approval system is underpinned by Harmony's scalable Stellare® proprietary technology and direct consumer data platform
- A large percentage of Harmony's originations come from 3R™ (repeat) customers
- 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 two "Big-4" bank warehouse programs across Australia and New Zealand.

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