

18 October 2022

ASX / NZX RELEASE

RECORD LOAN ORIGINATIONS IN SEPTEMBER; STATUTORY CASH NPAT PROFITABLE IN 1Q23 AND REAFFIRMED FY23 OUTLOOK

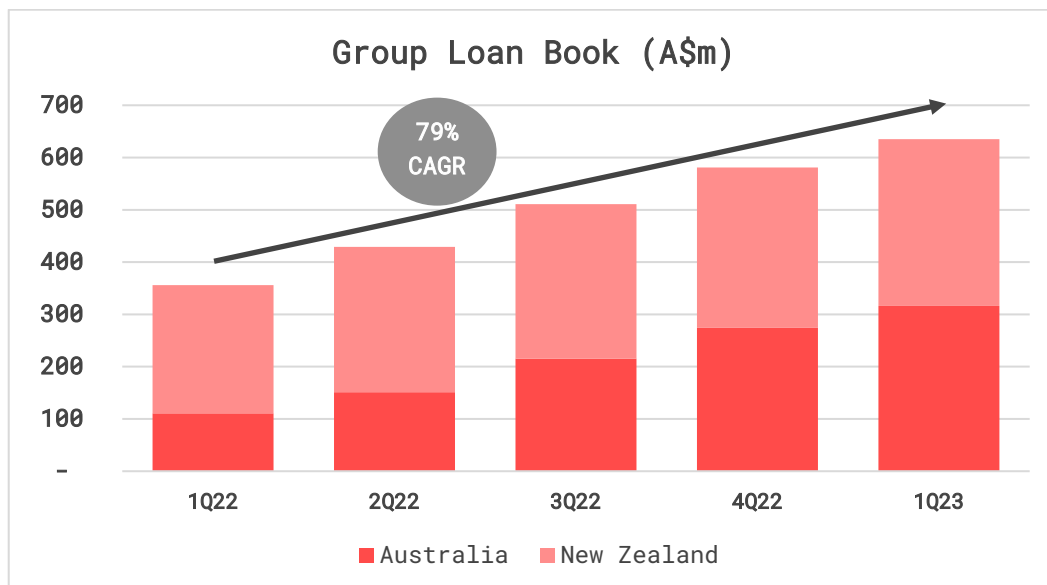
All numbers in this release are statutory and are denominated in \$A.

Prior periods were reported in pro forma and \$NZ. A reconciliation is provided in the Appendix.

Harmony Corp Limited (ASX/NZX: HMY; “Harmony” or “the Company”) is pleased to provide an update on its performance for the quarter ended 30 September 2022 (“1Q23”).

Key 1Q23 highlights (vs 1Q22):

- **Total loan originations up 42%**
- **Australian existing customer loan originations up 92%, demonstrating annuity stream from consumer-direct model, mirroring New Zealand performance**
- **Group loan book of A\$635 million, up 9% on 4Q22**
- **Positive statutory Cash NPAT and cash flow from operating activities**
- **90+ days arrears at 0.40% down from 0.47%, compared to market average of 1.4%¹**
- **\$220m in undrawn “Big 4” bank warehouse funding capacity at quarter end, and an additional \$65m AU warehouse funding capacity added post quarter end**
- **Reaffirm FY23 outlook, including growth in statutory Cash NPAT profitability**



¹ Source: Equifax Australian Consumer Credit Demand Index 2022 Q3, Personal Loan series.

Commenting on Harmoney's 1Q23 performance, CEO & Managing Director David Stevens said:

"Harmoney continues to deliver outstanding results with our loan book now at A\$635 million. The business is Cash NPAT profitable, our Australian business is winning market share in the \$140 billion personal lending market and we continue to see low losses and arrears. The first quarter of our financial year is seasonally our lowest for originations; however, we still managed to grow 7% quarter on quarter, including a record month of originations in September 2022.

"Harmoney's consumer-direct marketing technology is world-class, consistently generating over 12,000 new customer accounts per month. This enables our team to focus solely on developing lending and product enhancements to broaden our ability to provide relevant financial products to more Aussies and Kiwis, with no additional customer acquisition cost. This, coupled with a high level of automation on our proprietary Stellare® lending platform, positions us for further scalability and will drive further cash profitability for Harmoney in FY23 and beyond.

"Finally, I'd like to acknowledge those directors who have added to their personal holdings in Harmoney over the quarter, seeing the significant opportunity as we continue to deliver on our well-defined strategy."

Originations for the 1Q23 and the prior corresponding period are outlined below:

	1Q23	1Q22	Growth
AUSTRALIA (A\$m)			
New customer originations	57.5	30.9	86%
Existing customer originations	15.9	8.3	92%
Total	73.4	39.2	87%
NEW ZEALAND (NZ\$m)			
New customer originations	24.1	26.8	(10%)
Existing customer originations	36.0	26.5	36%
Total	60.1	53.3	13%
Total New customer originations	79.2	56.2	41%
Total Existing customer originations	48.2	33.3	45%
Total Group originations (A\$m)	127.4	89.5	42%

LOAN BOOK GROWTH FURTHER ACCELERATES

At 30 September 2022, Harmoney's loan book was A\$635m, up from A\$581m at 30 June 2022. The New Zealand book grew to NZ\$363m, while the Australian loan book grew to A\$316m and is on track to surpass the New Zealand loan book in the current quarter.

Additionally, a strong credit performance was maintained, reflective of Harmoney's high-quality diversified loan book, with annualised net losses for the quarter of 3.0% and 90+ day arrears at 30 September 2022 of 0.40%, down from 0.47% pcp and 0.45% at 30 June 2022.

At 30 September 2022, Harmoney has over \$220m in undrawn warehouse funding lines, provided by three of the "Big 4" Australian banks, to facilitate further loan book growth. In October 2022, Harmoney also increased the size of its new Australian warehouse facility announced in January 2022, from \$150m to \$215m, to facilitate the growth it's experiencing in its Australian business. Harmoney's floating borrowings were 76% hedged at 30 September 2022.

FY23 OUTLOOK REAFFIRMED

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

All numbers in this release are unaudited. 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 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 ~85 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" 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/>

Appendix – Reconciliation of historical originations and loan book from NZD to AUD

Statutory loan book and originations NZD to AUD

	1Q22	2Q22	3Q22	4Q22	1H22	2H22	FY22
GROUP LOAN BOOK (PERIOD END)							
NZD\$m	372	456	551	642	456	642	642
AUD\$m	356	429	511	581	429	581	581
<i>Period End FX rate</i>	<i>0.96</i>	<i>0.94</i>	<i>0.93</i>	<i>0.90</i>	<i>0.94</i>	<i>0.90</i>	<i>0.90</i>

	1Q22	2Q22	3Q22	4Q22	1H22	2H22	FY22
AUSTRALIA ORIGINATIONS							
New originations (NZ\$m)	32.7	42.4	68.2	66.7	75.1	134.9	210.0
Existing originations (NZ\$m)	8.8	11.3	18.0	18.7	20.1	36.7	56.8
Total (NZ\$m)	41.5	53.7	86.2	85.4	95.2	171.6	266.8
New originations (A\$m)	30.9	40.5	63.8	61.2	71.4	125.0	196.4
Existing originations (A\$m)	8.3	10.8	16.8	17.2	19.1	34.0	53.1
Total (A\$m)	39.2	51.3	80.6	78.4	90.5	159.0	249.5
NEW ZEALAND ORIGINATIONS							
New originations (NZ\$m)	26.8	26.8	21.3	17.9	53.6	39.2	92.8
Existing originations (NZ\$m)	26.5	29.9	29.4	26.8	56.4	56.2	112.6
Total (NZ\$m)	53.3	56.7	50.7	44.7	110.0	95.4	205.4
New originations (A\$m)	25.3	25.6	19.9	16.4	50.9	36.3	87.2
Existing originations (A\$m)	25.0	28.7	27.5	24.5	53.7	52.0	105.7
Total (A\$m)	50.3	54.3	47.4	40.9	104.6	88.3	192.9
GROUP ORIGINATIONS							
New originations (NZ\$m)	59.5	69.2	89.5	84.6	128.7	174.1	302.8
Existing originations (NZ\$m)	35.3	41.2	47.4	45.5	76.5	92.9	169.4
Total (NZ\$m)	94.8	110.4	136.9	130.1	205.2	267.0	472.2
New originations (A\$m)	56.2	66.1	83.7	77.6	122.3	161.3	283.6
Existing originations (A\$m)	33.3	39.5	44.3	41.7	72.8	86.0	158.8
Total (A\$m)	89.5	105.6	128.0	119.3	195.1	247.3	442.4
<i>Average FX rate</i>	<i>0.94</i>	<i>0.96</i>	<i>0.93</i>	<i>0.92</i>	<i>0.95</i>	<i>0.93</i>	<i>0.94</i>

Pro forma to Statutory FY22

	1Q22	2Q22	3Q22	4Q22	1H22	2H22	FY22
LOAN BOOK (PRO FORMA) (PERIOD END)							
AUSTRALIA (\$Am)	155	185	239	287	185	287	287
NEW ZEALAND (\$NZm)	356	363	370	370	363	370	370
TOTAL GROUP (\$NZm)	517	557	627	685	557	685	685
LOAN BOOK (STATUTORY) (PERIOD END)							
AUSTRALIA (\$Am)	111	151	215	274	151	274	274
NEW ZEALAND (\$NZm)	256	295	319	339	295	339	339
TOTAL GROUP (\$NZm)	372	456	551	642	456	642	642

Pro forma to Statutory FY21

	1Q21	2Q21	3Q21	4Q21	1H21	2H21	FY21
LOAN BOOK (PRO FORMA) (PERIOD END)							
AUSTRALIA (\$Am)	98	101	116	135	101	135	135
NEW ZEALAND (\$NZm)	368	362	362	358	362	358	358
TOTAL GROUP (\$NZm)	475	468	485	501	468	501	501
LOAN BOOK (STATUTORY) (PERIOD END)							
AUSTRALIA (\$Am)	32	50	60	77	50	77	77
NEW ZEALAND (\$NZm)	133	158	193	228	158	228	228
TOTAL GROUP (\$NZm)	167	211	259	311	211	311	311