

17 March 2021

Harmoney[®]

**ASX SMALL AND MID-CAP
CONFERENCE 2021**



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LARGEST DIRECT PERSONAL LENDER ACROSS AU AND NZ. ORIGINATIONS OF \$1.9+ BILLION

CUSTOMERS

NET PROMOTER SCORE	83
GOOGLE REVIEWS	4.7/ 5
SHOPPER APPROVED	4.7/ 5
NZ HOMEOWNERS (% OF CUSTOMERS)	49%
AU HOMEOWNERS (% OF CUSTOMERS)	63%

TEAM

FTEs (NZ + AU)	69
FTE ENGINEERS, PRODUCT MANAGERS, DATA SCIENCE	51%

KEY METRICS

1H21 PRO FORMA REVENUE	\$42m
TOTAL ORIGINATIONS	\$1.9b
REVENUE (PRO FORMA) CAGR (1H17-1H21)	20%

NEW ZEALAND AWARDS



2015 • 2016 • 2017 • 2018 • 2019



NEW ZEALAND
INNOVATION
AWARDS® 2016



AUSTRALIAN AWARDS

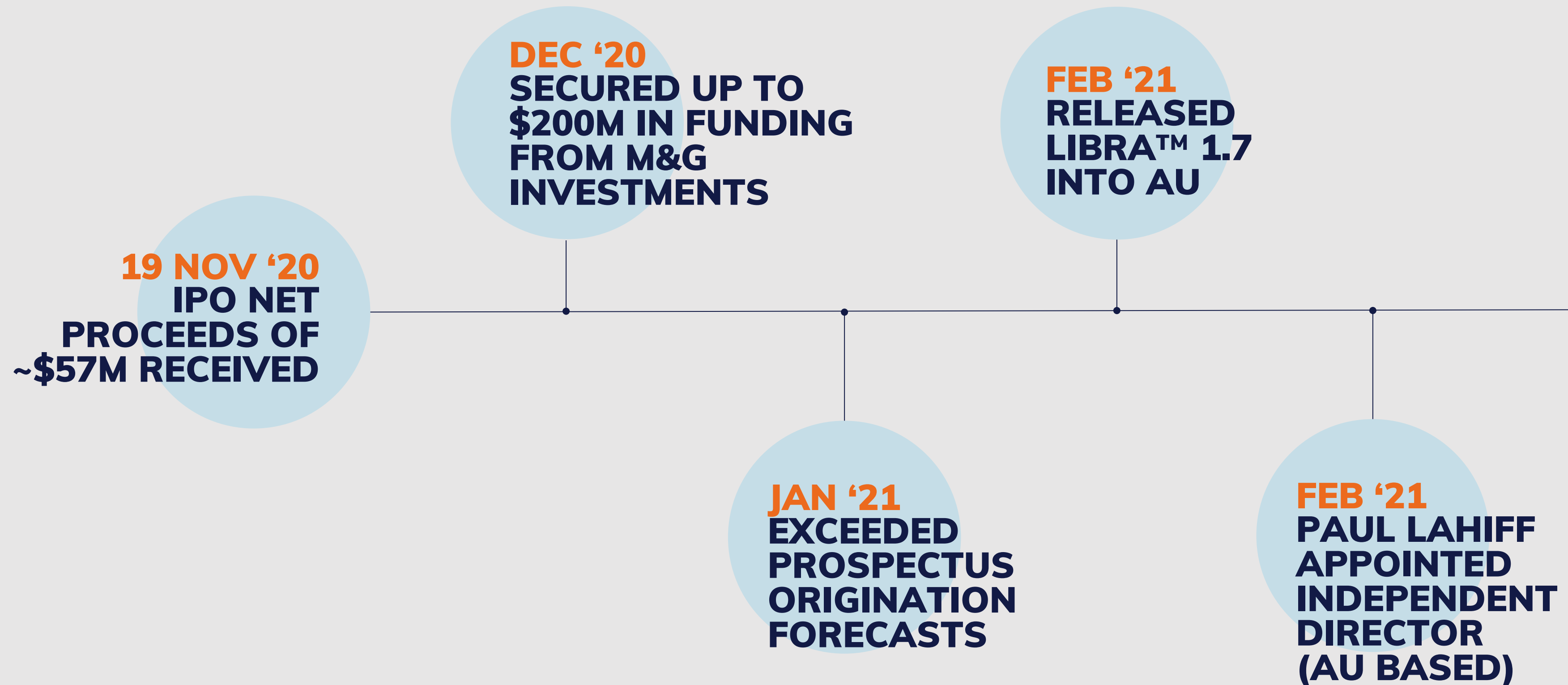


2017 • 2018



TECHPIONEERS

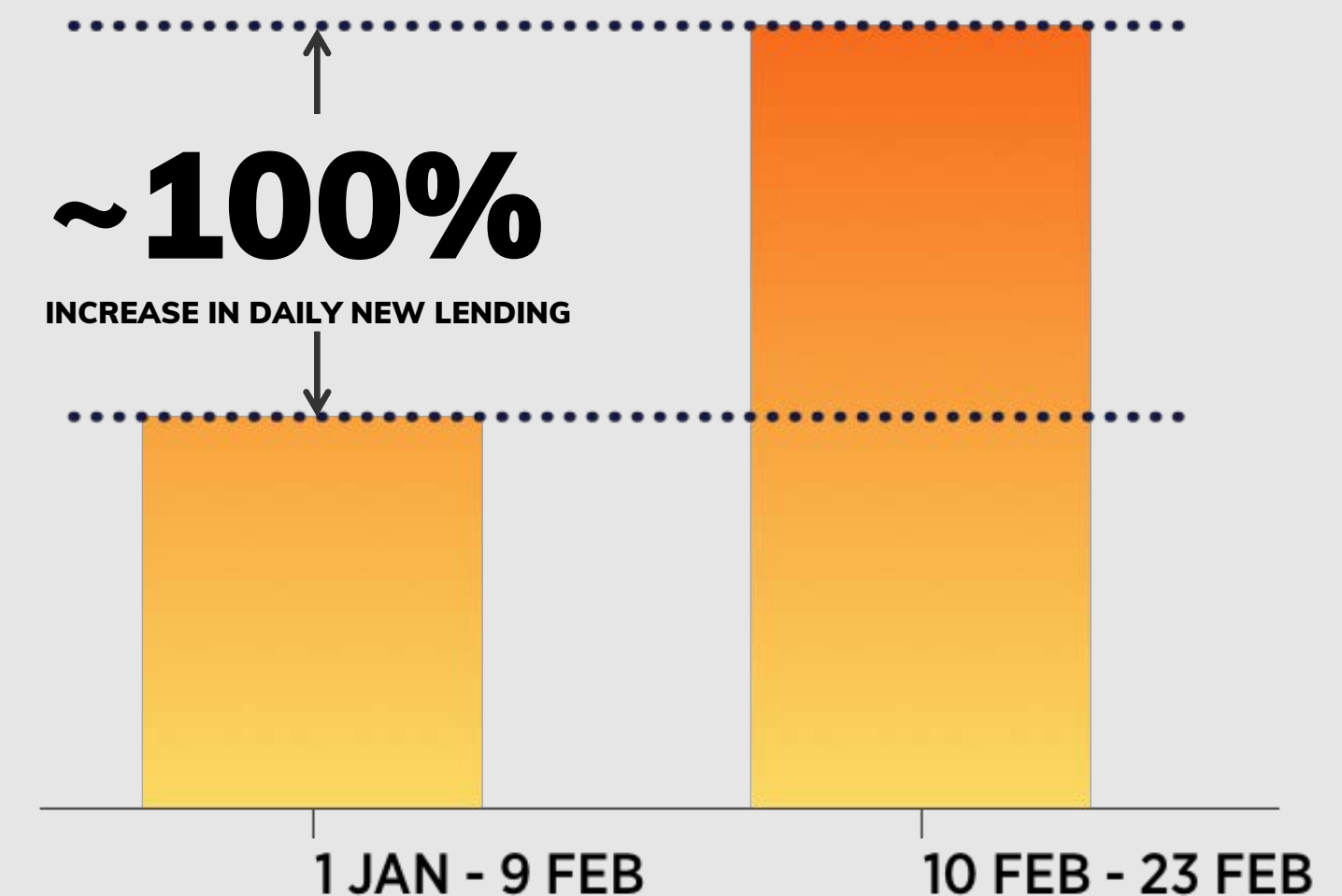
STRONG MOMENTUM POST IPO



LIBRA™ 1.7 DOUBLES NEW BUSINESS ORIGINATIONS IN AUSTRALIA

- Libra™ 1.7 initial roll-out on 10 February.
- Built specifically for the Australian market.
- Libra™ 1.7 is an enabler of the Millennial products.
- ~100% uplift in conversion of accounts to funded loans in 13 days since launch, driven by no additional marketing spend.
- We expect this to stabilise to an 80% uplift in originations from Libra™ 1.7 for the similar marketing spend.
- As a result, Group receivables have grown to \$481m as at 23 February 2021.

Libra™ 1.7 is Harmoney's new generation, real-time behavioural credit decisioning and pricing engine (CDP), built into Stellare™. This new release significantly enhances our lending model in Australia without impacting credit quality and was developed with the help of machine learning to analyse data from 53,000 Australian customer applications, identifying 100+ behavioural characteristics relevant to predicting credit risk.

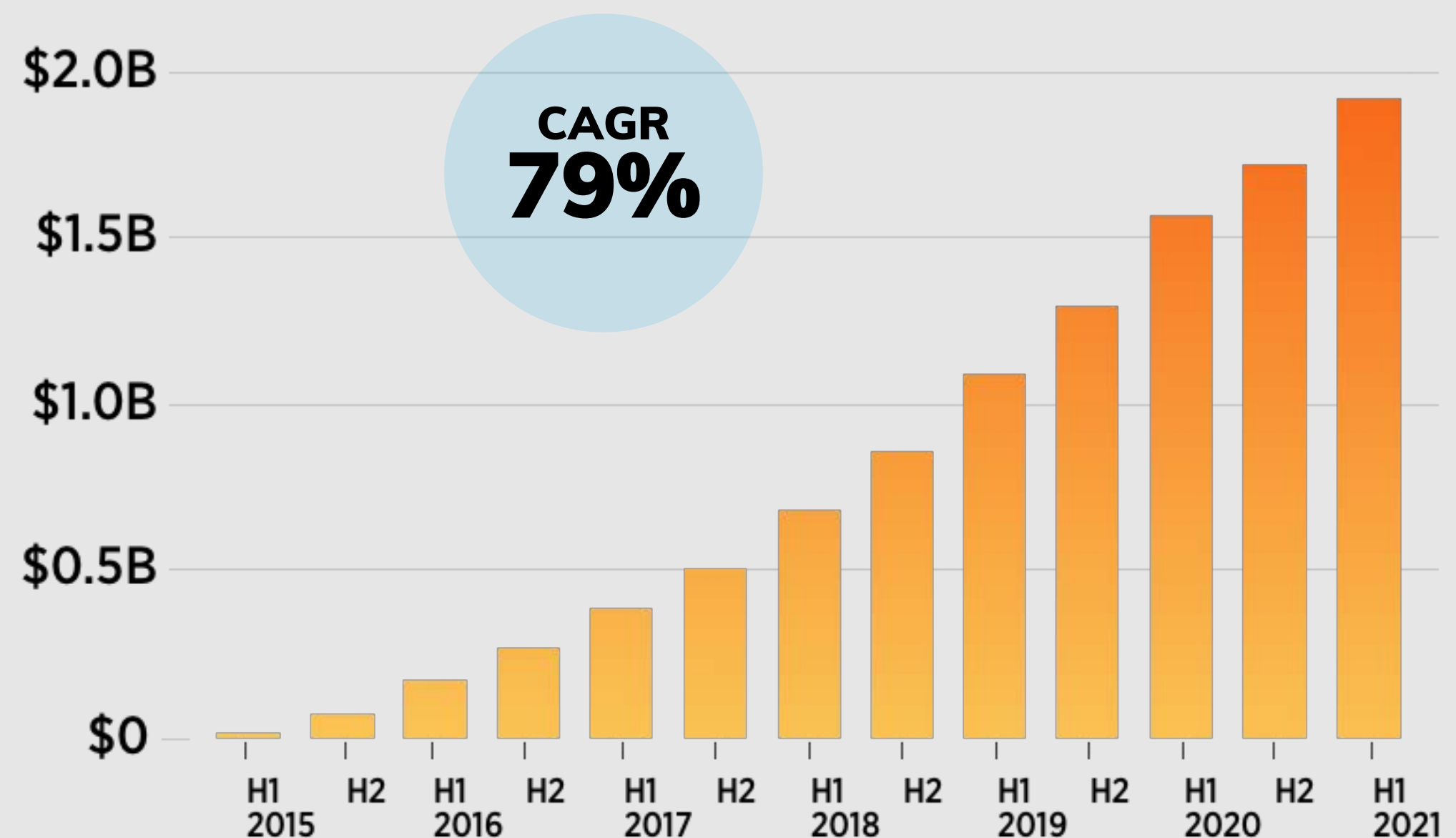


STRONG ORIGINATION GROWTH SINCE 2014



- Harmony has originated over \$1.9 billion in personal loans across AU and NZ since 2014, making it the largest 100% direct lender in AU / NZ.
- Loan origination CAGR growth of 79% over this period.
- This being achieved whilst maintaining a net interest margin of ~11%.

\$1.9+ BILLION OF LOAN ORIGINATIONS



100% DIRECT PERSONAL LENDER POWER OF THE 3Rs

NEW AND EXISTING DEAL FLOW



NEW CUSTOMERS

Harmony originates customers of new loan traffic via low/no-cost online channels, comparison sites and also using Google Smart Bidding.

EXISTING CUSTOMERS (3Rs)

REPEAT: Additional loan limit for active loan in good standing and service capacity.

RETURN: Paid-off customer returning for a new loan.

RENEW: Retention play for existing customer with an active loan in good standing.

POWER OF THE PROVEN BUSINESS MODEL

Accounts created in CY2015 borrowed \$118m in CY2015. By 31 Jan 21 this same cohort of accounts borrowed \$565m, as more became borrowers and many returned for subsequent loans.



1H21 RESULTS HIGHLIGHTS



1H21 RESULTS HIGHLIGHTS

\$1.9B

TOTAL PERSONAL LOAN ORIGINATIONS

Harmony has now originated over \$1.9 billion in personal loans across AU and NZ making it the largest 100% direct personal lender in AU and NZ.

47%

STRONG QUARTER ON QUARTER ORIGINATION GROWTH

Originations accelerated through 1H21, with 47% growth in 2Q21 approaching pre-COVID levels.

\$42M

PRO FORMA REVENUE

Pro forma revenue has performed despite impacts of COVID. This is due to a high-quality risk-based priced portfolio and significant customer lifetime value generated through our 3R's program.

\$290M+

INCREASED WAREHOUSE LENDING CAPACITY

Harmony has over \$290m in undrawn warehouse funding lines to support loan book growth and the transition of the balance sheet to 100% warehouses.

LIBRA™ 1.7

SIGNIFICANTLY IMPROVED LENDING MODEL RELEASED IN AU

Stellare™'s lending model - Libra™ - launched in Australia on 10 Feb 21, resulting in a ~100% increase in conversion of accounts to funded loans.

0.60%

90+ DAY ARREARS AT HISTORIC LOWS

Credit quality focus with portfolio benefiting from high levels of home ownership and full-time income. No deterioration in credit quality resulting from COVID during 1H21.

\$468M

HIGH YIELDING PERSONAL LOANS

High yielding personal loans receivables balance reflecting Harmony's position as direct personal loan market leader across Australia and New Zealand.

11%

NET INTEREST MARGIN

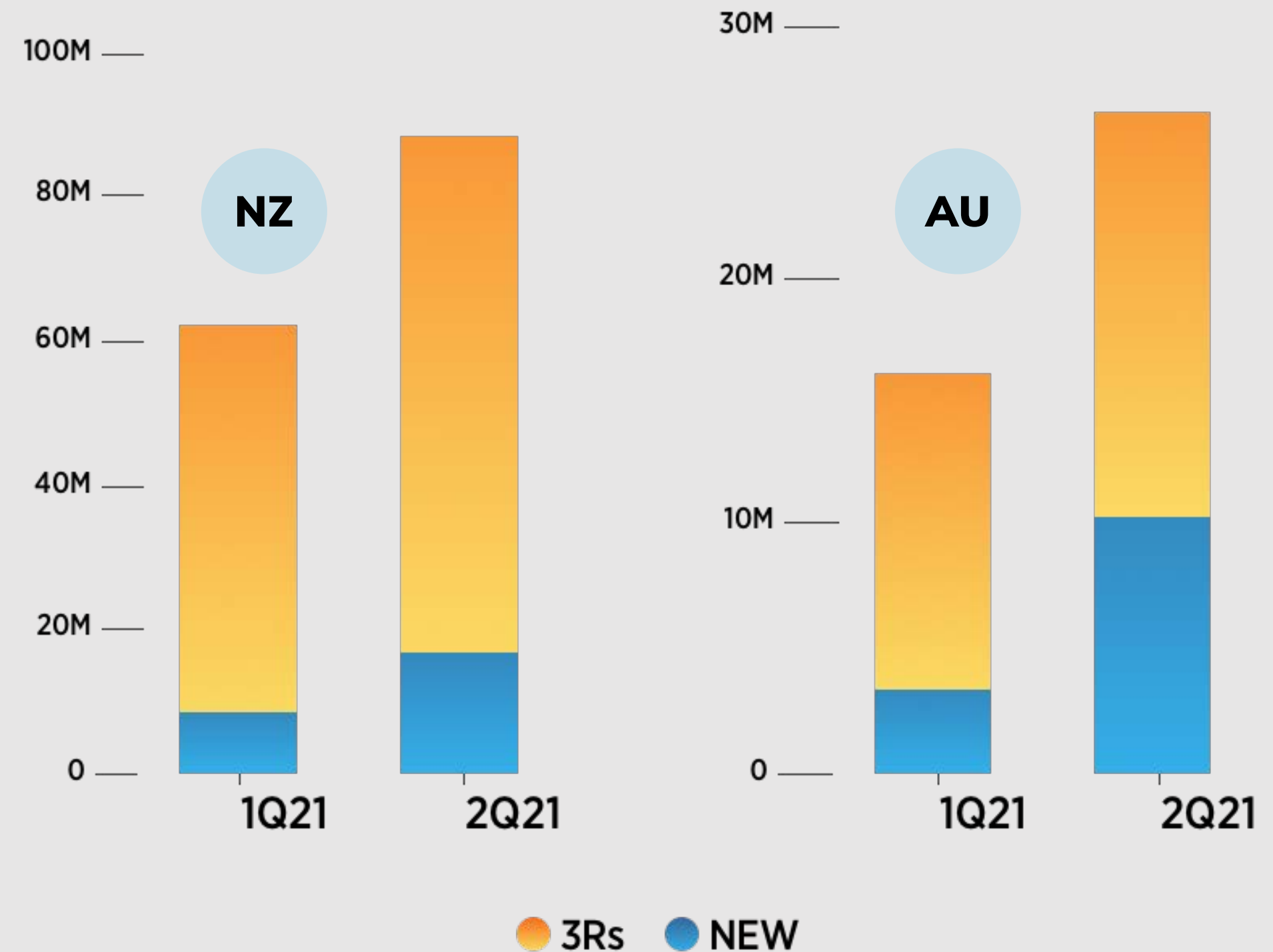
Market leading NIM of 11% remaining stable during turbulence in last 12 months and as originations accelerate post-COVID.

2Q21 GROWTH WITH RETURN TO MARKETING

- Origination accelerated through 1H21, with 2Q21 approaching pre-COVID levels.
- 2Q21 Group originations \$115m, 47% growth on 1Q21.
- 1H21 Group originations of \$194m.

AUSTRALIA (2Q ON 1Q)

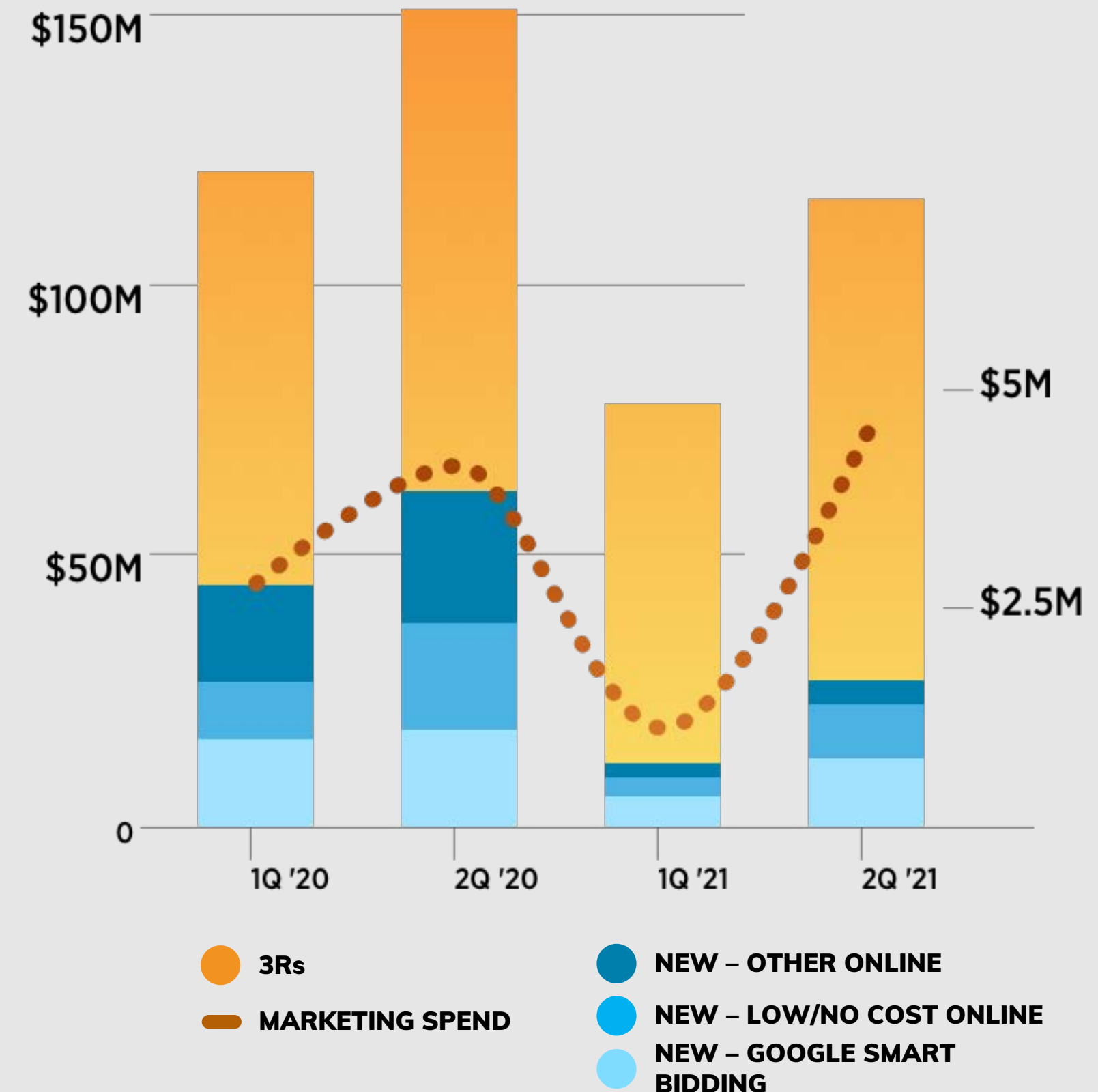
- Total originations grow by 69%.
- New customer originations grow by 207% with resumption of marketing expenditure following proceeds from Nov 2020 IPO.



POWER OF THE PROVEN BUSINESS MODEL

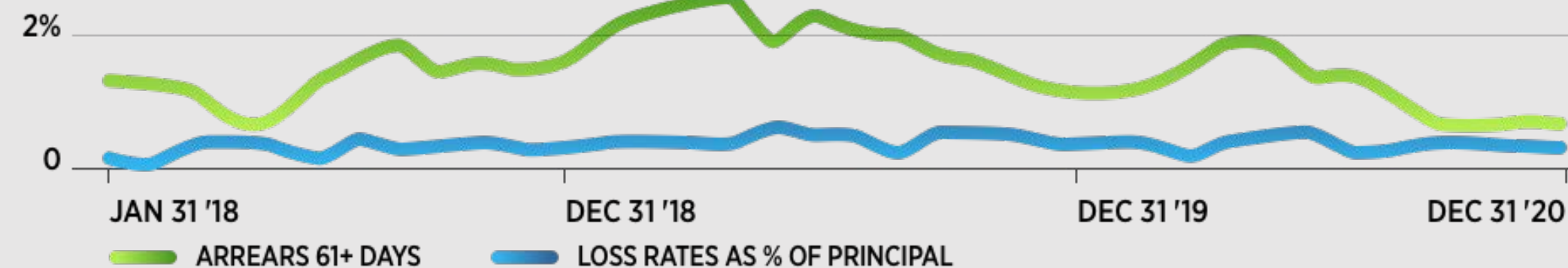
- Harmony leveraged the 3Rs in 1Q21 to originate from quality existing accounts.
- In 2Q21, Harmony resumed a marketing program and saw new customer originations grow by 127%.
- Lag effect between marketing activity and origination in 2Q21 with normal marketing resuming very late in the quarter.
- With IPO proceeds received late Nov 20 expect increased marketing spend in 2H21 to further grow originations.

Our collaboration with Google continues to grow in 2021 as we accelerate growth in Australia using the unique strengths of our Stellare™ platform and Google's unparalleled audience reach.

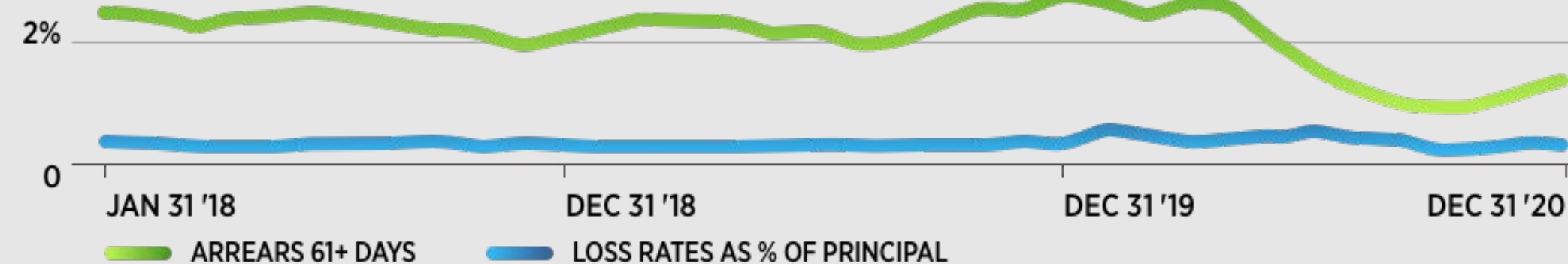


1H21 HISTORICAL LOWS IN GROUP ARREARS AND LOSSES

AUSTRALIA



NEW ZEALAND

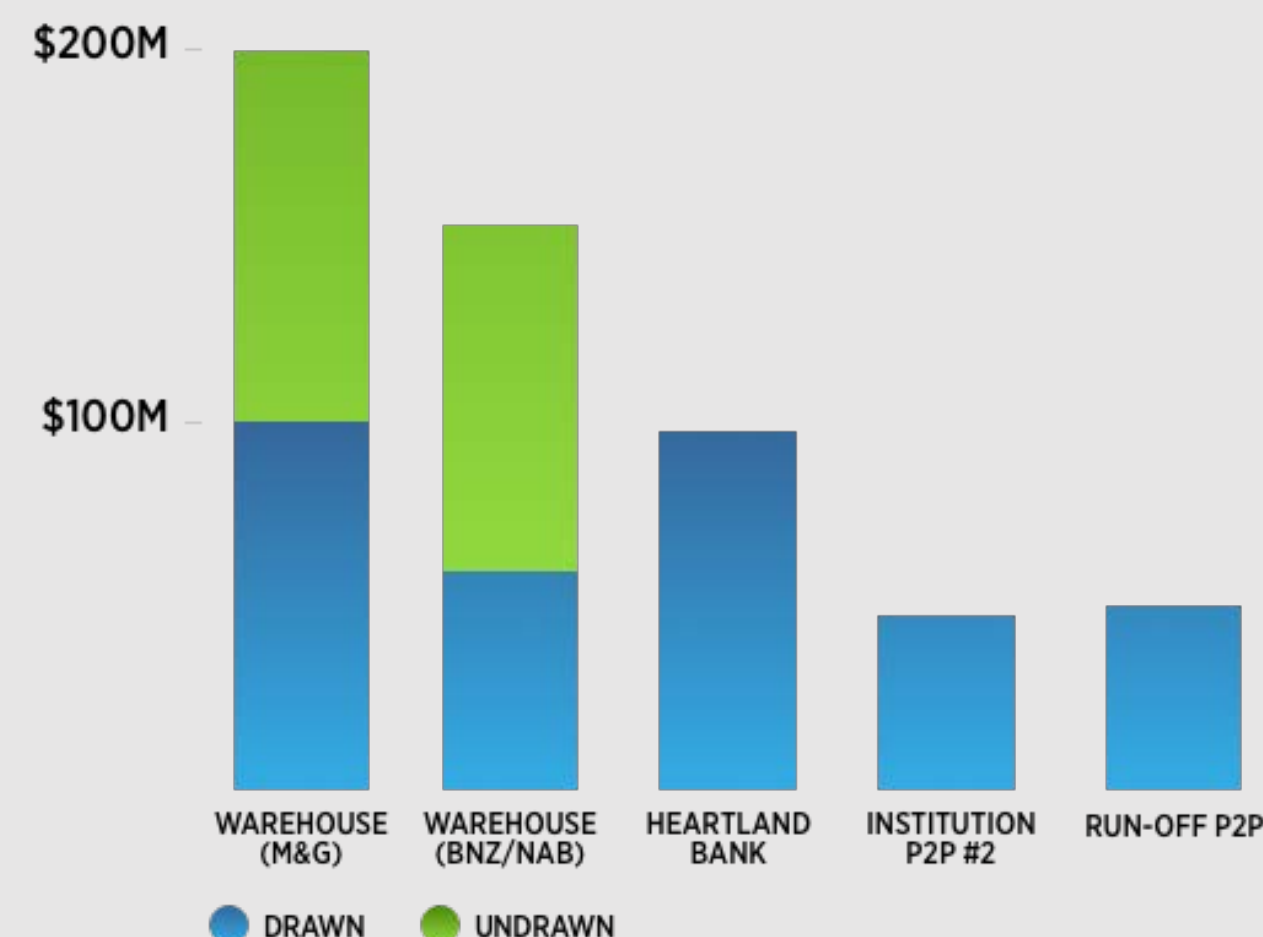


- Arrears at historical lows in both AU and NZ.
- Upgraded proprietary scorecards and conservative risk settings through 2020 driving improved performance.
- Group losses at historical lows and continue to track to forecast.
- Portfolio showing resilience through COVID with ~1% of customers currently on a payment holiday.
- High-quality loan book performance enables greater funding diversification.
- Due to our high-quality loan book, Harmoney's funding structures do not utilise or require any Government support in AU or NZ.

DIVERSIFIED FUNDING: \$290M+ UNDRAWN

NEW ZEALAND

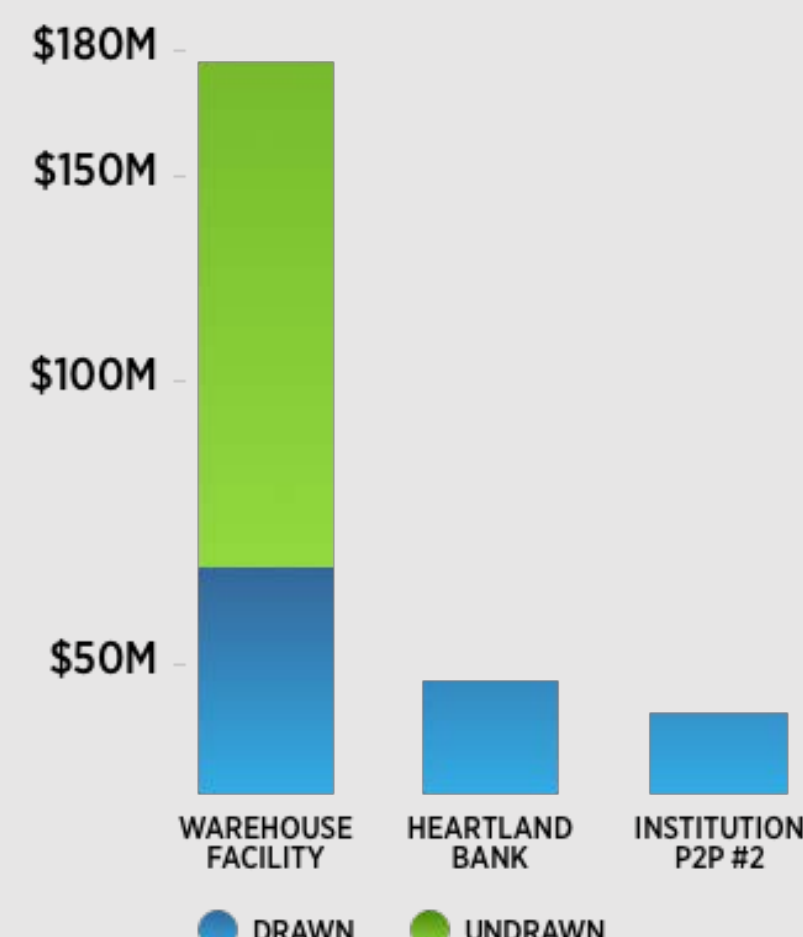
\$168m UNDRAWN



- M&G warehouse committed facility to January 2024, up to a \$200m limit.
- BNZ/NAB warehouse committed facility recently extended to December 2022, up to \$153m limit.
- In addition to the above, non-binding Heads of Agreement executed with Heartland Bank for new warehouse facility (and transfer of existing P2P loans into warehouse) for \$130m.

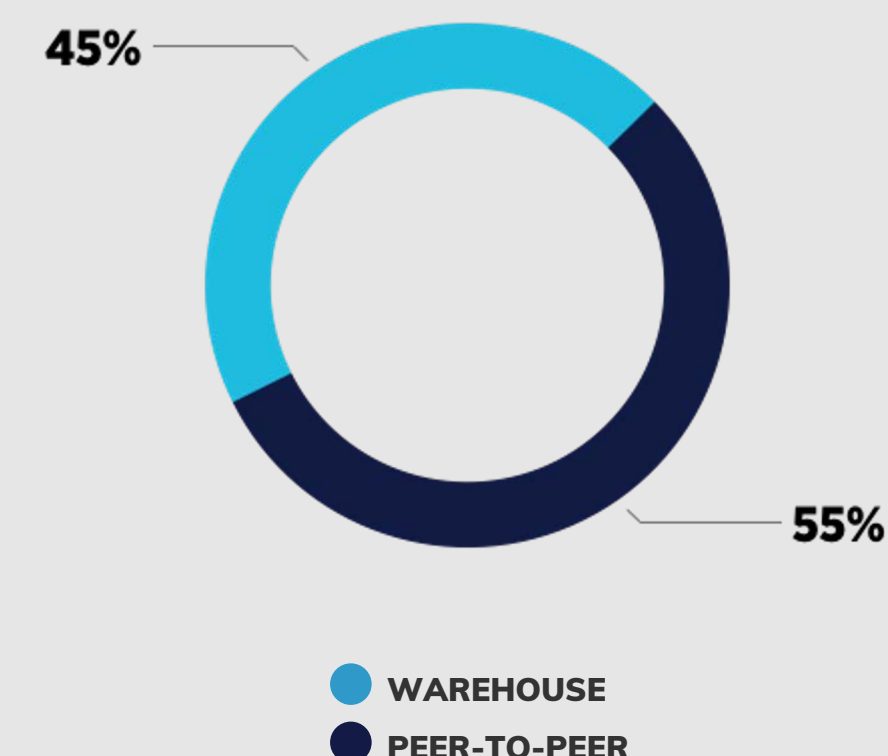
AUSTRALIA

A\$113m UNDRAWN



- AU warehouse facility - In Feb 2021 committed facility extended to Jan 2023 and limit increased to \$177m (previously \$115m) – approved by Big 4 Bank.
- A\$113m of undrawn funding in the warehouse facility.
- In addition to the above, non-binding Heads of Agreement executed with Heartland Bank for new warehouse facility (and transfer of existing P2P loans into warehouse) for A\$70m.

WAREHOUSE vs PEER-TO-PEER



The transition to 100% warehouses is well underway and will be largely completed over the next 12 months.

STRATEGY AND OUTLOOK



HARMONEY CUSTOMER ENQUIRY \$7.4B (\$3B IN AU)

~A\$150B
**AU PERSONAL
LENDING MARKET**

SOURCE: RBA, 'D2 – LENDING AND CREDIT AGGREGATES'; ABS, '5671.0 – LENDING FINANCE, AUSTRALIA (NOVEMBER 2018) – TABLE 52'.

~\$15B
**NZ PERSONAL
LENDING MARKET**

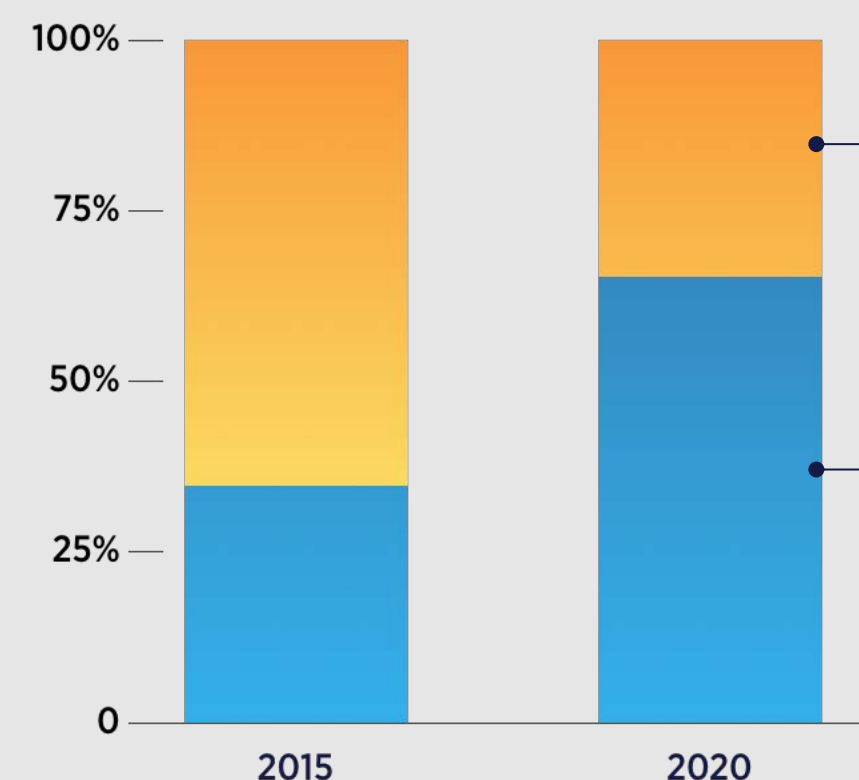
SOURCE: RBNZ, 'C5 – SECTOR LENDING (REGISTERED BANKS AND NON-BANK LENDING INSTITUTIONS)'. NOTE: PERSONAL LOANS ARE DEFINED AS PERSONAL OR CONSUMER LOANS WHICH ARE NOT FULLY SECURED ON RESIDENTIAL PROPERTY INCLUDING OVERDRAFTS, CREDIT CARDS, AND TERM LOANS.

**MAJOR BANK MARKET
SHARE IN DECLINE**
2015: ~90% → 2018: ~50%

BORROWERS MOVE TO ONLINE PURCHASE

Online research (consideration) strong at ~83%. **Online purchase increasing 113% since 2015.**

SOURCES: KANTAR SHOPPER PULSE OCTOBER 2020.
GOOGLE CONSUMER BAROMETER RESEARCH 2015.



BRANCH/STORE ONLINE

**BRANCH /
STORE
PURCHASE
DOWN 70%**

**ONLINE
PURCHASE
UP 113%**

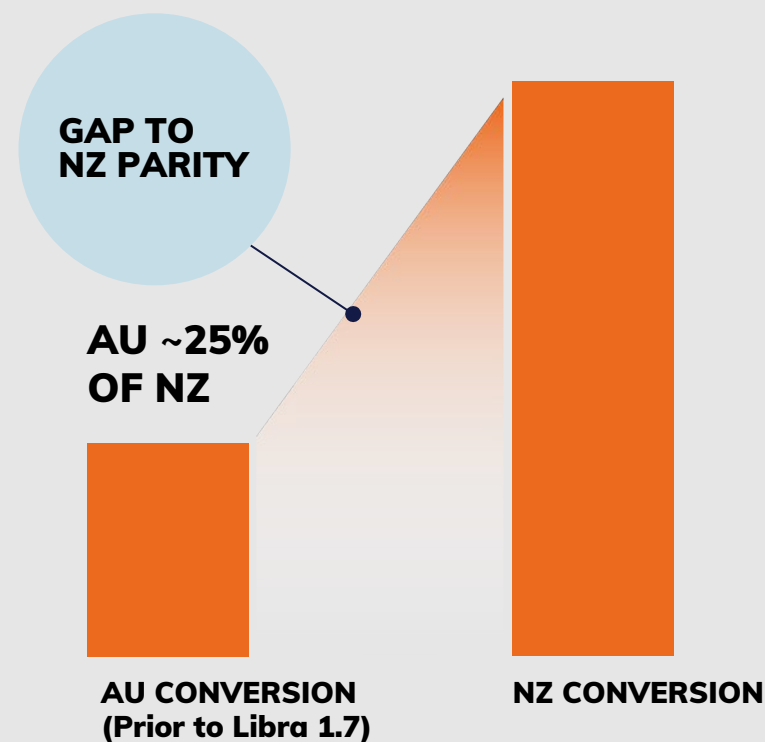
**HARMONEY TOTAL
ENQUIRY SURPASSES
\$7.4B*
\$3B IN AUSTRALIA**

* FROM AUG 2014-FEB 2021

\$1B P.A. AUSTRALIAN ORIGINATION TARGET

By matching NZ performance to our AU business today = \$1B per annum opportunity

PARITY IN NEW CONVERSION



PARITY IN 3R PERFORMANCE



HARMONEY AU ORIGINATION TARGET

\$1B P.A.

Applying Harmony NZ funnel metrics to Harmony AU

ROADMAP TO \$1B P.A. AUSTRALIAN ORIGINATION TARGET

CUSTOMERS DEMAND FRICTIONLESS FINANCE

Harmony is meeting customer demand for a simple and seamless experience and identifying opportunities for product initiatives. For example, an opportunity to create a BNPL-like experience for higher value purchases.



FRICTIONLESS FINANCE

	DELIVERABLE	DUE	EARLY RESULTS
MILLENNIAL RELEASE 1	LIBRA™ 1.7	FEB 21 DELIVERED	~100% LIFT IN CONVERSION
MILLENNIAL RELEASE 2	LIBRA™ 1.8	JUN Quarter 21	TBC
RELEASES 3-5	TBC	TBC	TBC

WHY IS HARMONEY'S MODEL SUCCESSFUL?



COMPELLING FUNDAMENTALS

Attractive revenue profile, loan book, \$1.9Bn+ in originations at market leading NIM of ~11%.



STRONG MARKET POSITION

Significant presence in NZ and release of Libra 1.7 into Australia in Feb 21 resulting in doubling of conversion into new loans.



CREDIT PRODUCT INNOVATION

Opportunities to expand product into complementary segments and verticals by leveraging customer data.



WAREHOUSE FUNDING SECURED

Diversified warehouse funding programs in place across Australia and New Zealand with \$290m+ undrawn.



TECHNOLOGY EMPOWERED

Proprietary technology, Stellare™ enables automation, machine learning, data utilization and direct marketing.



OPERATING LEVERAGE

Stellare™ enhances customer lifetime value and minimises distribution costs, facilitating scale and efficiency, leading to Cash opex being 19% of pro forma revenue.



STRONG CUSTOMER RETENTION

High customer satisfaction and personalized relationship direct with customer through 3Rs program.



EXPERIENCED TEAM

Highly experienced management team with a demonstrable track record of success in consumer finance in AU/NZ.

QUESTIONS?

