



12 April 2021

### ASX / NZX release

## NEW LOAN ORIGINATION IN AUSTRALIA DRIVING GROWTH AS HARMONEY SURPASSES NZ\$2 BILLION IN TOTAL ORIGINATIONS

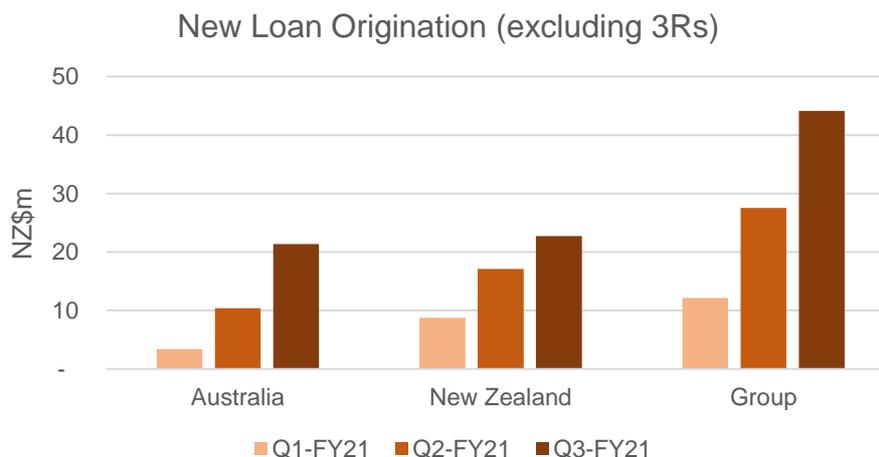
Harmony Corp Limited (ASX:HMY) (Harmony or the Group), Australasia's largest online direct personal lender, provides a trading update for the third quarter ended 31 March 2021 (Q3 FY21), during which it surpassed the significant milestone of NZ\$2bn in total originations.

Across the Group, **loans to new customers increased 60%** to NZ\$44.1m in Q3 FY21, up from NZ\$27.5m in Q2 FY21. These are new customer loans and do not include loans originated through Harmony's 3Rs™ model (designed to maximise customer retention through Repeat, Return, Renew offers) which create a multiplier impact in future periods.

New customer acquisition in Australia was the main growth driver with record new loan originations of A\$9.4m (NZ\$10.0m) delivered in the month of March 2021. **This saw Harmony Australia achieve an increase of 148% on January 2021<sup>1</sup> and 38% growth on March 2020.**

Launched on 10 February, Libra™ 1.7 is Harmony's new generation, behavioural credit decisioning and pricing engine which continues to have a material impact on Harmony's ability to originate loans in Australia. It is the first technology release incorporating improvements specifically focused on the Australian consumer. Harmony's credit risk appetite and profile remains unchanged pre and post implementation of Libra™ 1.7.

Harmony's New Zealand operation also delivered significant growth in new loan originations during the last quarter of NZ\$22.7m. This compares to \$17.1m in Q2 FY21 and NZ\$8.8m in Q1 FY21. These are new loans – supported by Harmony's strategic marketing investment – and do not include loans originated through Harmony's 3Rs™ model which will create a multiplier impact in future periods.



<sup>1</sup> January 2021 was prior to the release of Libra™ 1.7



Harmony CEO and Managing Director, David Stevens, commented:

*“Australia is our biggest opportunity for growth and our recent performance in the region underscores how quickly our platform business can scale. New loan origination in Australia has doubled since updating the technology behind our new lending scorecard, making the credit underwriting process significantly more efficient at attracting and then converting customer enquiries into settled loans.*

*Importantly, it does not change Harmony’s risk appetite for high-quality, prime customers. It actually illuminates the pathway we are on to achieving our business objective of \$1 billion in lending volumes each year – just in Australia. We are very confident in our ability to replicate our New Zealand success in this market.*

*With marketing investment back to pre-COVID levels, we’re confident this growth in new customer acquisition will continue as we meet growing borrower demand for direct, agile and convenient financial services.”*

Total loan origination across the Group for Q3 FY21 was NZ\$120m, a NZ\$4.8m increase on Q2 FY21 volumes. This was achieved against the seasonally higher second quarter, with peak origination months typically in November and December.

In aggregate, Harmony has originated over NZ\$2bn in personal loans and has served more than 50,000 customers across New Zealand and Australia with a total loan book of NZ\$485m, of which the Australian book is A\$116m (NZ\$123m)<sup>2</sup>. The average Australian loan size is ~A\$25,000, and is ~NZ\$25,000 across the Group.

Strong credit performance maintained due to Harmony’s high-quality loan book, with Group 61+ day arrears at 1.26% and 90+ day arrears at 0.53% as at 31 March 2021 (31 December 2020 1.3% and 0.58% respectively).

Total warehousing capacity of NZ\$353m and A\$177m puts Harmony in a strong position to generate growth in both markets while significantly reducing funding costs as the Group transitions to 100% warehouse facilities. As at 31 March 2021, available funding lines were NZ\$253m.

ENDS

All numbers included in this release are preliminary and unaudited. This release was authorised by the Board of Harmony Corp Limited.

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<sup>2</sup> As at 31 March 2021



## **About Harmony**

Harmony is an online direct personal lender that operates across Australia and New Zealand providing customers with unsecured personal loans that are easy to access, 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™, 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.

## **Business fundamentals**

- Harmony provides risk based priced unsecured personal loans of up to \$70,000 for three or five year periods to customers across Australia and NZ
- Its direct-to-consumer and automated loan approval system is underpinned by Harmony's scalable Stellare™ proprietary technology platform
- A large percentage of Harmony's originations come from 3R™ (repeat) customers, with losses on repeat loans approximately 40% lower than first time loans
- Harmony is comprised of a team of ~75 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 and a facility from M&G Investments