



13 May 2021

ASX / NZX RELEASE

800% BOUNCE BACK IN LENDING VOLUMES ON APRIL 2020

Key highlights:

- Total Group originations of NZ\$37.8m in April 2021, up from NZ\$4.2m in April 2020 (or +800%);
- Libra™ 1.7 technology continues to deliver twice the volume of new customer loans in Australia than that of its predecessor, with cumulative Australian loans forecast to exceed A\$300m by the end of FY21;
- Libra™ 1.8 in New Zealand is scheduled for July 2021 release and is forecast to achieve results for new customers similar to that achieved by Libra™ 1.7 in Australia;
- Growth in new customer loan originations in Australia and New Zealand enables more repeat customer volume (3Rs Model) in the second half of calendar 2021 and beyond;
- This improvement in the key business drivers listed above leads to significantly higher levels of Group customer receivables in the second half of calendar 2021 and beyond.

Harmony Corp Limited (ASX/NZX:HMY) (Harmony or the Group), Australasia's largest online direct personal lender, having exceeded NZ\$2bn in total loans originated, has delivered its highest April originations in its history. Origination volumes for April have bounced back by more than 800% on the prior (COVID-impacted) corresponding period.

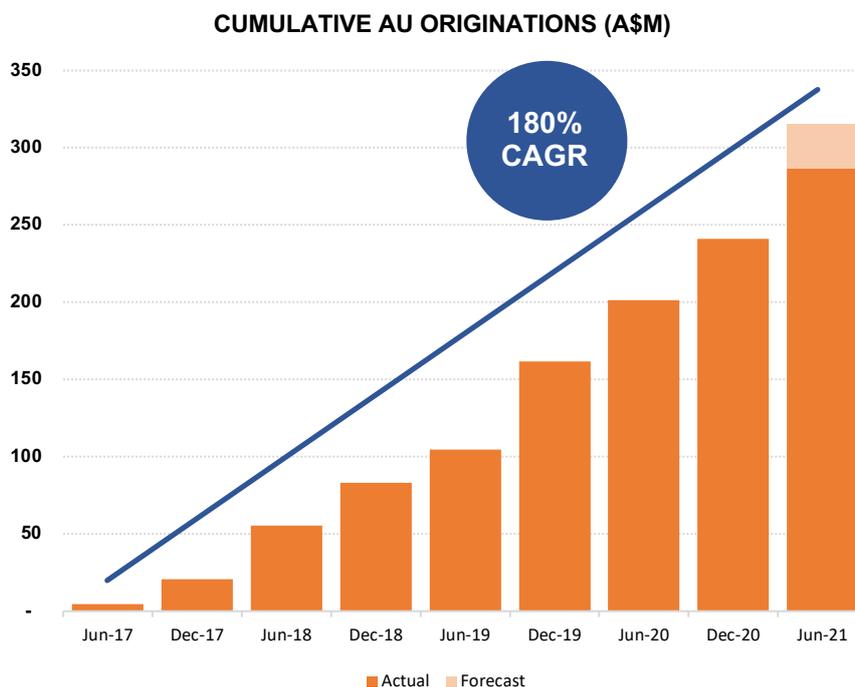
	April 2021	April 2020	Growth YoY
AUSTRALIA (A\$m)			
New customer originations	7.4	1.6	363%
Repeat customer originations (3R's)	4.1	0.8	413%
Total	11.5	2.4	379%
NEW ZEALAND (NZ\$m)			
New customer originations	7.5	0.4	1775%
Repeat customer originations (3R's)	17.8	1.3	1269%
Total	25.3	1.7	1388%
Total Group originations (NZ\$m)	\$37.8m	\$4.2m	800%

FINANCIAL AND OPERATIONAL UPDATE

Libra™ 1.7, Harmony's new generation, behavioural credit decisioning and pricing engine released in Australia in February, continues to double conversion in Australia. As the below chart shows, cumulative origination volumes in Australia are forecast to exceed A\$300m by the end of FY21, at a compound annual growth rate of 180%.

As Harmony's technology is designed to continually improve credit risk prediction, the lead credit performance indicators are already outperforming previous lending scorecards.

Harmony intends to release Libra™ 1.8 in New Zealand in early July 2021 which, based on the technology stack's proven ability to attract and convert new customers in Australia to date, is expected to significantly boost new lending in the New Zealand market.



Commenting on the tailwinds for continued growth, CEO David Stevens said:

“Harmony has accelerated its data-driven marketing program following our listing last November, significantly increasing new customer originations. Growth in new customers – who are attracted to Harmony’s seamless experience and competitively priced interest rates – typically leads to a big increase in repeat customer originations from 6 months later. This is what we call our 3Rs Business Model. It is unique to Harmony and highly strategic in positioning our business to benefit from the strong tailwinds for both originations and receivables growth, particularly in the second half of calendar year 2021.”

Calendar year 2020 with the COVID-19 pandemic was a heavily impacted period for Harmony’s new business growth, particularly in New Zealand, which has had a flow on impact into 2021 resulting in less customers being eligible for repeat loans. However as evidenced in today’s update, the business is building strong momentum in Australia and has a clear and immediate plan in place for New Zealand originations growth. As fellow shareholders in Harmony, our team is entirely focused on executing against our growth plans to deliver long term value for all shareholders.”

Group receivables have continued to grow and as at 30 April 2021 were NZ\$490m (31 March 2021 NZ\$485m). Group receivables are forecast to grow at significantly higher levels in the second half of calendar 2021 as Harmony enjoys the benefits of:

1. Higher new customer originations in calendar 2021 compared to 2020 following the resumption of a sustained marketing program following the IPO;
2. Release of Libra™ 1.8 in New Zealand in July 2021; and
3. Repeat (3R) customer originations growth off the back of higher Australian and New Zealand new customer originations.



DIVERSIFIED FUNDING FOR GROWTH

To facilitate the growth in originations as well as the ongoing reduction in funding costs, Harmony has also finalised the increase of its Australian “Big 4” bank warehouse to A\$177m (previously A\$115m), and extension until January 2023 (previously January 2022). Harmony expects to soon finalise its NZ\$200m+ Heartland Bank funded warehouses for Australia and New Zealand.

As at 30 April 2021, undrawn committed warehouse funding lines were NZ\$247m. This is before inclusion of the expected net facility limit increase of the Heartland Bank warehouse facilities, which would take undrawn warehouse capacity to over NZ\$300m.

All other key operating metrics across the Group have improved or remain in line with those reported on 12 April 2021 as part of our March quarter update. 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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ABOUT HARMONEY

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