FY23 Investor Presentation

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All values in $AUD unless stated otherwise

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Harmoney

Delivering results FY23

FY23 results continue a resilient profitable growth story

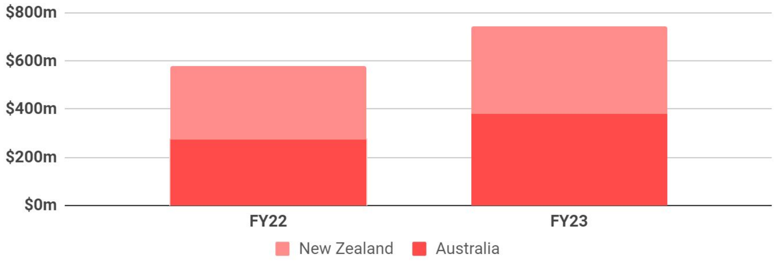
	FY23	FY22	Change
Loan book	$744m	$581m	28%
Revenue	$107m	$73m	47%
Net Interest Margin	9.6%	11.8%	On Target
Cost to income ratio	28%	37%	900bps
Cash NPAT	$4.7m	$0.2m	2250%
Cash Return on Equity	8.4%	0.3%	810bps

Continuing loan book growth in both countries

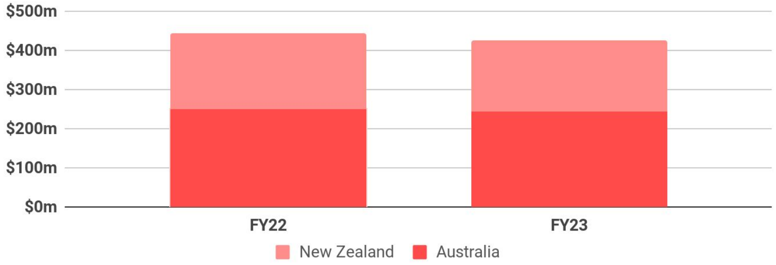
Australian loan book now 51%

- Group loan book $744m, up 28% on pcp, with growth in both countries.
- Moderated originations, 4% lower on 41% lower customer acquisition spend.
- Australian loan book surpassed New Zealand for the first time, on larger market opportunity.
- Australian existing customer originations grew 28% on expanding new customer base.

Group Loan Book



Group Loan Originations



Key points you should know about us

Financial

Cash NPAT of $4.7m.
Cost to income ratio of 28%.
Unrestricted cash $27.5m.

Attractive 9.6% net interest margin. Ability to easily adjust rates due to consumer-direct model.

Targeting
Cash Return on Equity >20%.

Customer value

Customers rate us!
Google & Shopper Approved
4.7/5 overall rating from
>53,000 reviews.

Existing customers return for future loans creating annuity stream - at minimal Customer Acquisition Cost (CAC).

Trans-Tasman appeal with Australia now 51% of loan book.

Risk management

Quality portfolio.
>40% Homeowners.
3.6% losses.
0.58% 90+ day arrears.

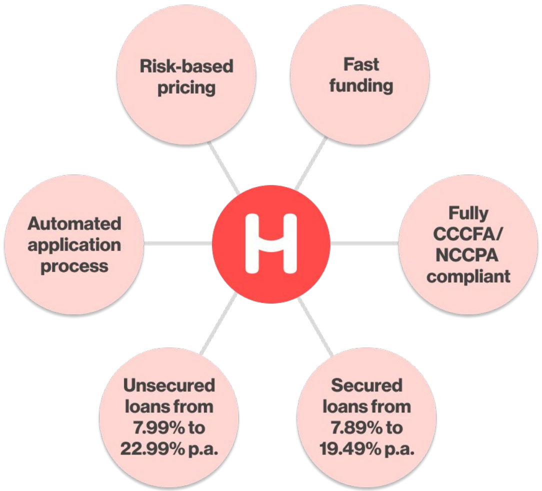
Diversified funding from 3 of the “Big 4” Australian banks + securitisation programs in AU and NZ.

76% of borrowings hedged to mitigate impact of interest rate movements.

Overview of business model

Customer value proposition

Delivering faster, fairer loans through our smart technology



- Personalised fixed rates based on customer credit characteristics.
- Loans up to $70,000 with terms of 3, 5 and 7 years.
- Average new loan size ~$21,000.
- Funding within 24 hours.
- One simple upfront loan establishment fee. No other fees.
- Loans fully compliant with consumer lending codes in AU/NZ.

Use of funds

Renovation Loans

Debt Consolidation

Car Loans

Education Loans

Travel Loans

Wedding Loans

Harmoney's strategy: 100% consumer-direct

Deep Consumer Data + Machine Learning + Automation = Lower CAC + Lower Losses + Lower Funding Costs + Fixed Opex = Return on Equity target of 20% run rate in FY25

Growth opportunities of consumer-direct model

Unsecured personal loan → Secured car loan → **Other financial products** (e.g. line of credit, credit cards, home loans)

Data + ML + Automation

Deep Consumer Data + Machine Learning + Automation = Lower CAC + Lower Losses + Lower Funding Costs + Fixed Opex = Return on Equity target of 20% run rate in FY25

Every month, over 10,000 new customer accounts help us train our machine learning and automation

2021
FINANCIAL REVIEW BOSS
MOST INNOVATIVE COMPANIES
STELLARE

High volumes of up-to-the-moment consumer financial data – combined with our 9+ years of historic data – “supercharges” training of our machine learning models, helping us optimise for:

- Highly efficient marketing with Google producing high volumes of desirable customers at low cost.
- Risk Adjusted Income of 6% through more accurate assessment of customers.

Quality, first-party, consumer-direct data to fuel machine learning has been a core feature of Harmoney since our inception.

The Harmoney business model maximises customer lifetime value

Right customer

- Build reliable target customer model through machine learning and high quality first-party consumer data.
- Partner with large-scale platforms (e.g. Google, Microsoft Ads, Facebook) to implement cost-effective customer acquisition channels.
- Use direct relationship and customer segment fit to devise and offer new products and services.

Google Shopper Approved

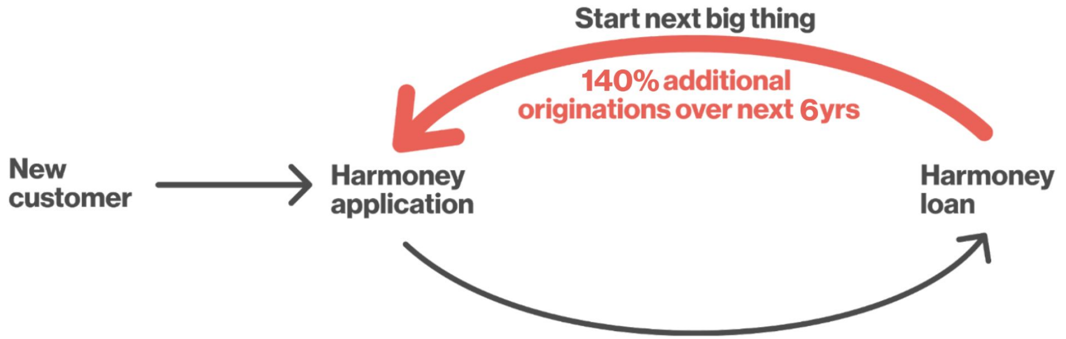
4.7/5 overall rating >53,000 reviews

Great experience

- First-class customer experience creates annuity revenue as customers return with minimal customer acquisition cost (CAC).
- Highly automated simple and streamlined 100% online process.

Massive scale

- Exploit tech to build scale, speed, and automation to decouple costs from growth.



Financial results

Key performance indicators

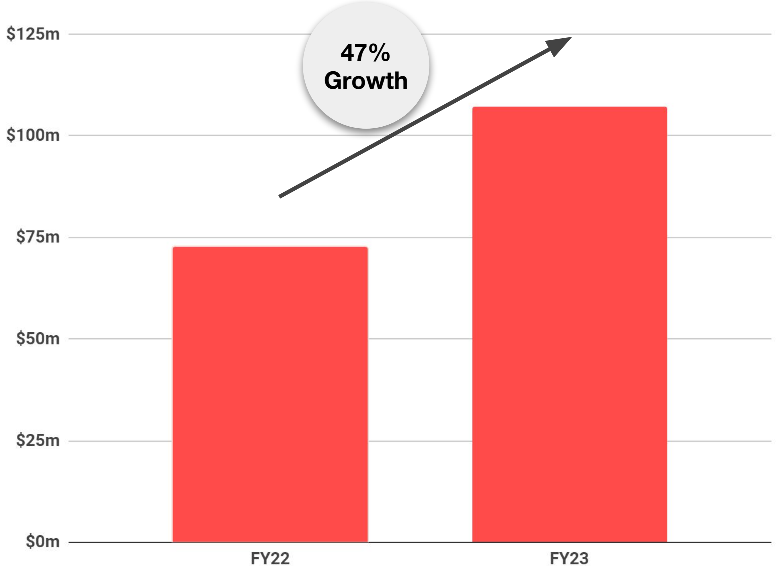
	FY23	FY22		Change
Loan book	$744m	$581m	↑	28%
Revenue	$107.1m	$72.8m	↑	47%
Net interest income % (FY22 a high point)	9.6%	11.8%	↓	(19%)
Risk adjusted income % (FY22 a high point)	6.0%	9.3%	↓	(35%)
Acquisition costs	$12.3m	$20.7m	↑	41%
Cost to income ratio	28%	37%	↑	24%
Statutory NPAT	$(7.6m)	$(18.8m)	↑	60%
Cash NPAT	$4.7m	$0.2m	↑	2250%
Cash RoE (annualised)	8.4%	0.3%	↑	810bps

Book growth powering revenue growth

Revenue growth 47% on pcp

- Revenue of $107m, up 47% on pcp, powered by loan book growth.
- Average interest rate 15.5%, down from 15.9% pcp on loan book weighting towards lower rate calendar year 2021 originations.
- FY23 marks a low point for the average interest rate, this lifts in future periods as the rate increases passed through from calendar year 2022 become a larger portion of the loan book. June 2023 average 15.7%.

Group revenue growth



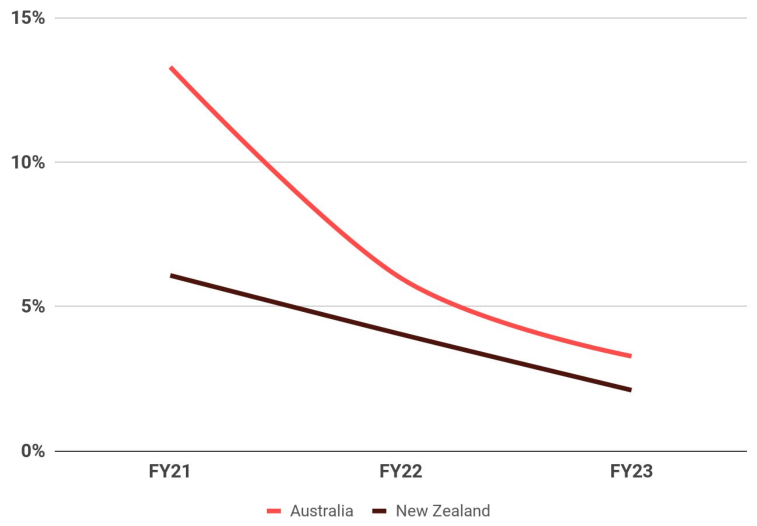
Consumer-direct model and data deliver lower CAC

Deep Consumer Data + Machine Learning + Automation = Lower CAC + Lower Losses + Lower Funding Costs + Fixed Opex = Return on Equity target of 20% run rate in FY25

Acquisition costs reduce 41% on pcp

- Continuing marketing efficiency gains demonstrated by 41% reduction in spend with only 4% reduction in originations on pcp. Focus in FY23 was for moderate growth, in favour of strong profit/cash flow.
- Stellare® applies continuous machine learning to deep consumer data to focus on desirable, high intent customers, lowering marketing costs.
- Customers enjoy their experience, as shown by exceptional Google and NPS ratings, and return next time they want help to start something new. Unlike other models, our direct relationship means subsequent loans have minimal CAC.

CAC % to originations



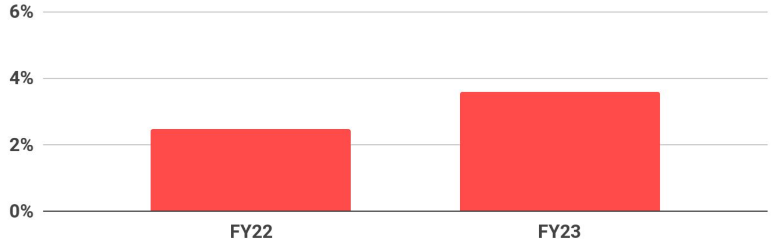
Deep data and machine learning deliver prime loan book

Deep Consumer Data + Machine Learning + Automation = Lower CAC + Lower Losses + Lower Funding Costs + Fixed Opex = Return on Equity target of 20% run rate in FY25

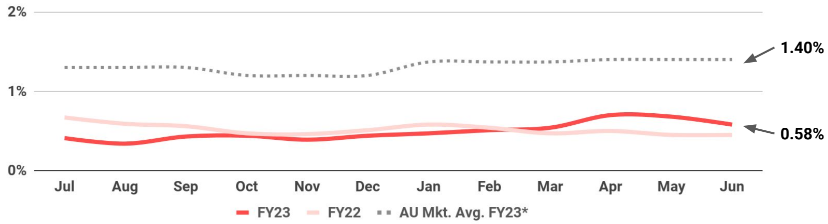
Risk Adjusted Income (after losses) 6%

- Convenient online consumer-direct model provides deep data, powering machine learning and automation to deliver resilient prime borrowers at scale.
- Loan portfolio comprised of 74% employed in either professional, office or trades roles and 87% aged 30+.
- Group credit losses have increased to 3.6% on Australian portfolio "seasoning" following rapid prior year growth, but remain well within 3% - 4% target range.
- 90+ day arrears at 30 June 2023 0.58%.

Credit losses



Low 90+ day arrears



*Source: Equifax Australian Consumer Credit Demand Index 2023 Q2, Personal Loan series.

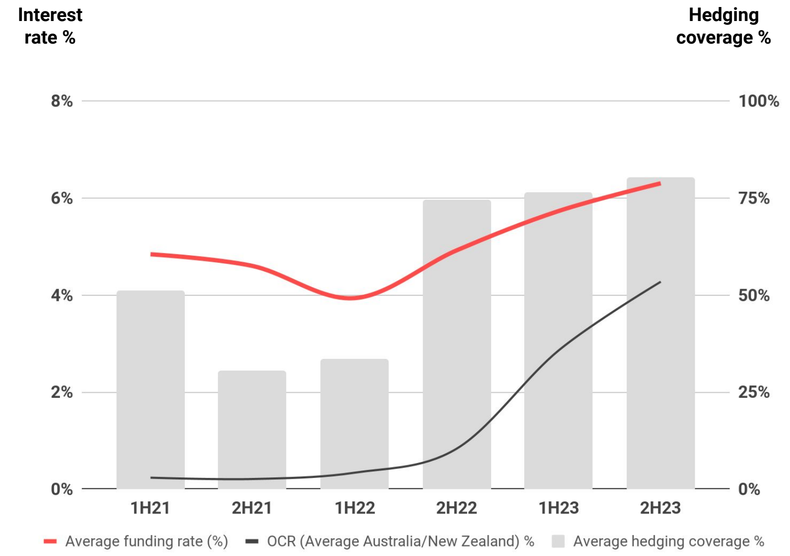
Diversified funding and hedging program lower risk

Deep Consumer Data + Machine Learning + Automation = Lower CAC + Lower Losses + **Lower Funding Costs** + Fixed Opex = Return on Equity target of 20% run rate in FY25

Funding from 3 of the “Big 4” banks

- Facilities expanded to >$1.2bn in August 2023, incl. unused capacity ~$330m, with:
  - Fifth “Big-4” bank warehouse $140m added, incl. new global mezzanine funder.
  - Inaugural New Zealand NZ$200m securitisation.
- Unrestricted cash $27.5m at 30 June 2023.
- Capital efficient with borrowings 95% of loan book (incl. restricted cash).
- FY23 avg. funding rate 6.0%, up from 1H22 exceptional low. Hedging dampening impact of OCR increases. NIM on target at 9.6%.

Average funding rate



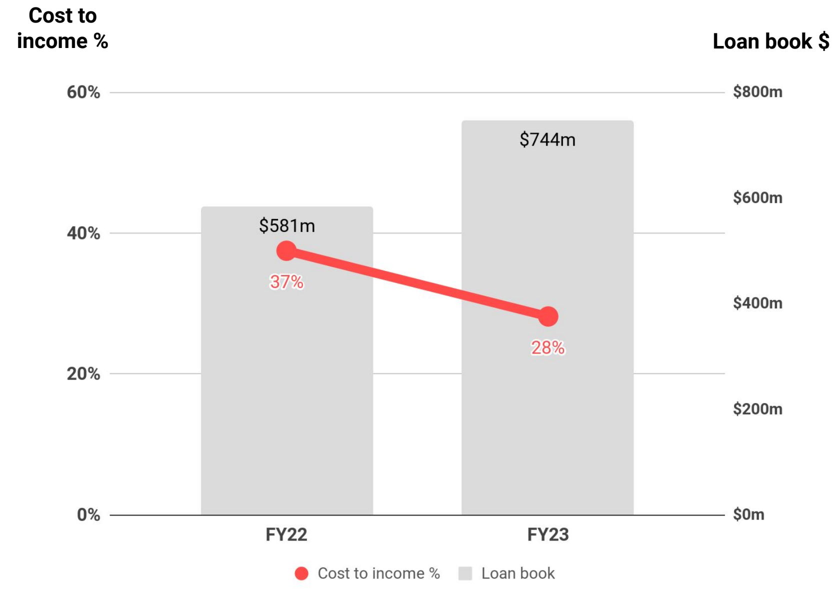
Stellare® automation powers scalability

Deep Consumer Data + Machine Learning + Automation = Lower CAC + Lower Losses + Lower Funding Costs + Fixed Opex = Return on Equity target of 20% run rate in FY25

Scalability drives profitability

- Cost to income ratio improves further to 28%.
- Highly automated Stellare® platform enables loan book to scale faster than operating expenses.
- Stellare's® ability to scale underpins delivery of:
  - FY23 $4.7m Cash NPAT; and
  - 8.4% Cash Return on Equity and target 20% Cash Return on Equity on medium term loan book growth.

Cost to income ratio of 28%

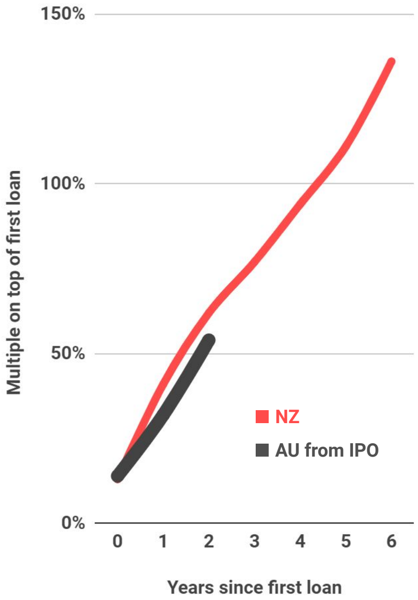


Harmoney

Strategy and Outlook

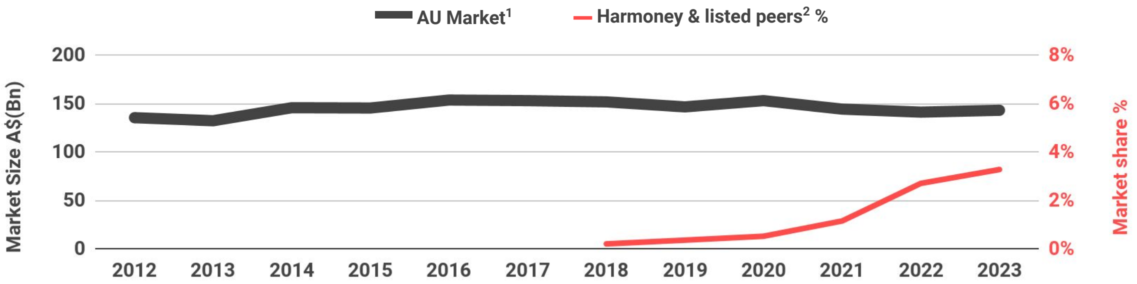
Strategic growth initiative 1: Continue AU expansion

AU replicating in 9x market



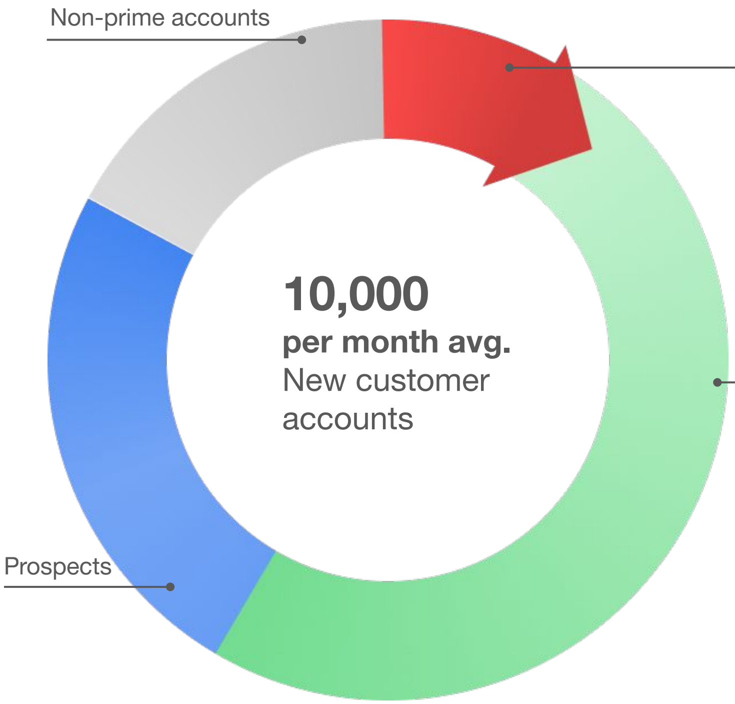
Huge potential for Harmoney in A$143bn market[1]

- Stable market and an enormous growth opportunity for Harmoney as consumers gravitate online, with the vast majority of personal lending still provided by banks and traditional lenders.
- Harmoney's Australian new customer lending in FY23 was \$177m. Australia is mirroring New Zealand performance and is on track for these new customers to add ~140% in repeat lending over the next six years, at minimal CAC.



1. Source RBA, 'D2 Lending And Credit Aggregates - Credit; Other personal', which covers all personal credit (non-business, non-housing/mortgage), incl. e.g. personal loans, car loans and credit cards.
2. Listed personal lending peers comprise Wisr, MoneyMe & Plenti with loan balances sourced from their latest market trading updates.

Strategic growth initiative 2: Expand product offering

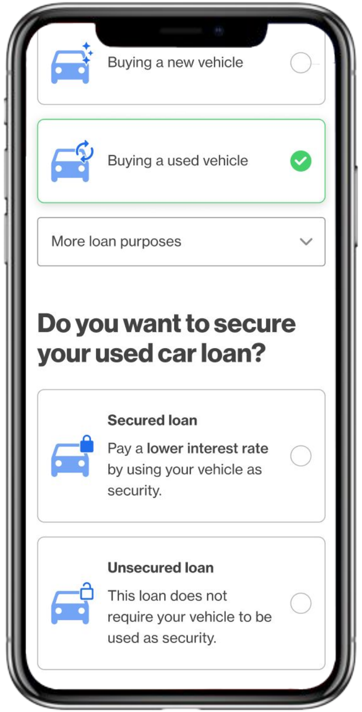


800 / per month avg.
New customers funded by Harmoney.

6,000 / per month avg. - Harmoney Opportunity
"Prime" accounts - bureau qualified people each month that are not served by our current product offering, which represents an opportunity to meet their needs with new features (e.g. always-on line of credit, interest only) or new products beyond the unsecured personal loan (e.g. cars, secured, credit cards).

- **Increasing conversion** through a better user experience and new credit and affordability models.
- **Higher retention** as Harmoney's relationship with customers moves beyond the personal loan to a wider range of financial products.

Expanding product offering - Car loan update

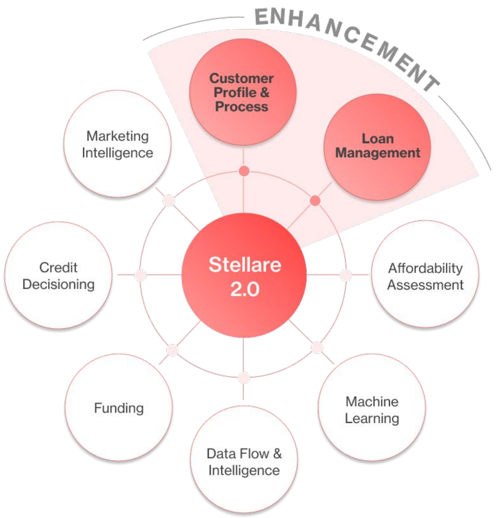


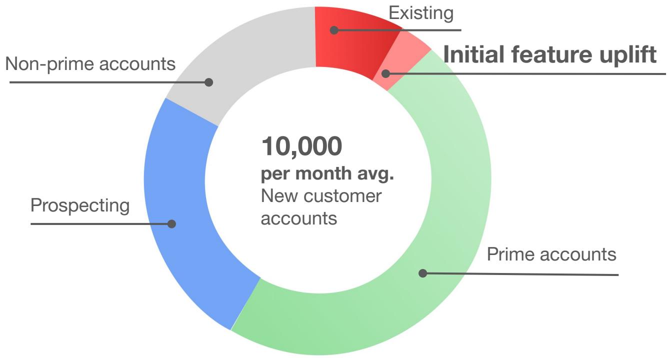
- **Product:** In January 2023 Harmoney launched its innovative and disruptive car loan product, empowering customers with cash buyer confidence to buy privately or at the dealership, so they are not reliant on dealership finance options. Once customers drawdown the funds they have 60 days to provide Harmoney the car registration and certificate of insurance to keep the lower secured interest rate, if this isn't provided the interest rate reverts back to the higher unsecured loan rate.
- **Progress update:** Stellare® marketing commenced in late January. Growing from a zero base, 5% of new customer lending was via this product in 2H23, providing an early indication that customers are finding this disruptive car loan model attractive. Secured arrears 0% at 31 July.
- **Stellare 2.0:** Expected to further boost attractiveness with features such as money in seconds and targeted experience enhancements.
- **Car market:** Large market, not historically a focus for Harmoney's unsecured loan offering, where interest rates are typically higher than secured loans.

Disrupting the car finance experience

Expanding product offering - Stellare 2.0

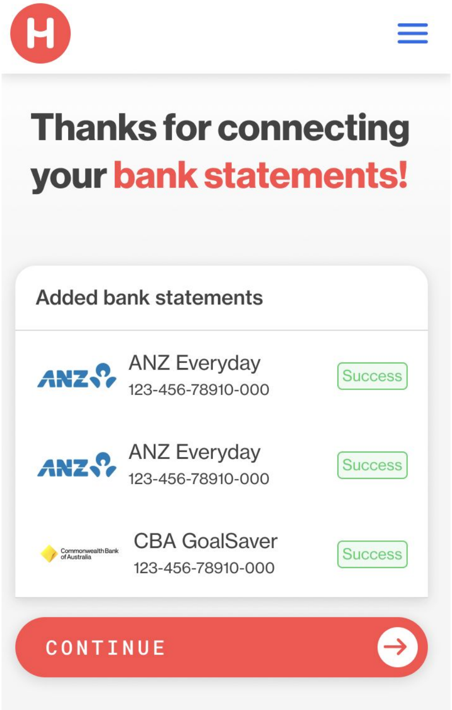
- Stellare 2.0 is the next evolution of our proprietary software platform, providing expanded technical and product capability.
- This enhancement will reduce the time to market for innovative financial products, operating alongside our deep consumer data, machine learning algorithms and sophisticated credit scoring models to provide a new experience and a wider offering to customers.
- An initial feature will approve more customers in the $2k - $15k enquiry range, which Stellare 1.0 is not calibrated towards.
- Higher conversion into loans has a 140% multiplier effect as those customers later return for future borrowing needs with minimal customer acquisition cost due to Harmoney's consumer-direct business model.





Stellare 2.0 is now live

- Stellare 2.0, the next generation of our proprietary technology platform, **Launched to select new customers in Australia on 18 August 2023.**
- Provides a world class customer experience with 100% straight-through processing, and money in seconds.
- Built by our in-house product & technology teams with phase 1 of the Australian launch delivered in just 9 months, by existing team.
- World class agile and flexible architecture enabling faster speed to market for enhancements and new products.



Outlook

Interest rates & asset quality

Ability to pass through targeted interest rate increases to maintain 9-10% net interest margin.

Funding costs managed with a diversified funding panel of three Big 4 banks and three mezzanine funders with 76% of borrowings hedged.

High quality diversified loan book 74% employed in either professional, office or trades roles, low arrears rate.

Medium term growth

Harmoney consumer-direct model is taking market share from banks in $143bn Australian market.

Working with Google to implement leading AI technology to further enhance customer experience, lowering CAC and further reducing cost to income ratio.

Harmoney targeting a 20% ROE (Cash NPAT/Equity) run rate in FY25.

FY24 outlook

1H24 Stellare 2.0 rollout

Focus on Stellare 2.0 rollout will result in lower 1H24 Cash NPAT, but set up for significant growth in 2H24 and future years.

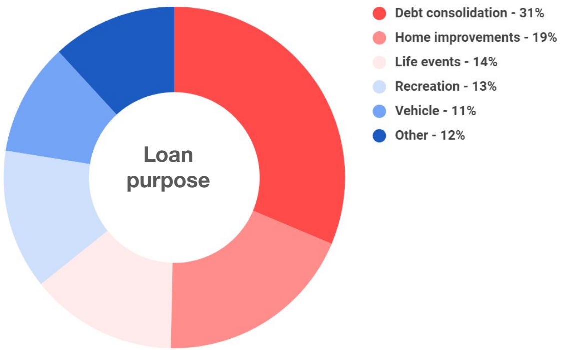
2H24 Acceleration

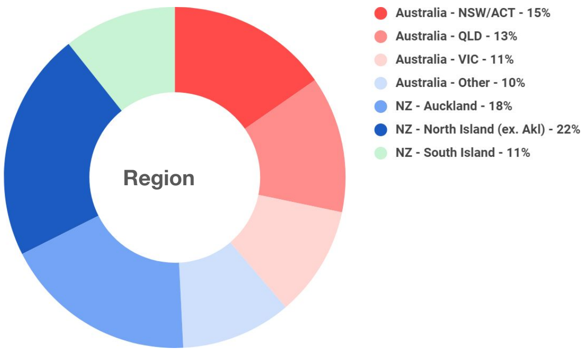
Loan book is expected to grow in 1H24, then materially accelerate from 2H24 after Stellare 2.0 is fully rolled out across both countries.

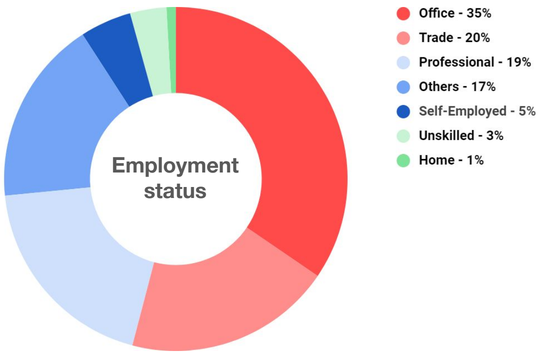
Harmoney

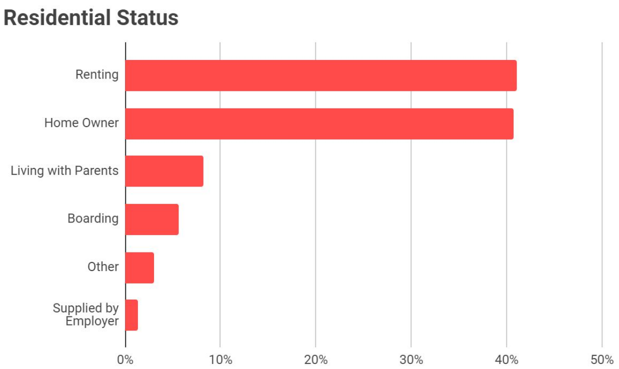
Appendix

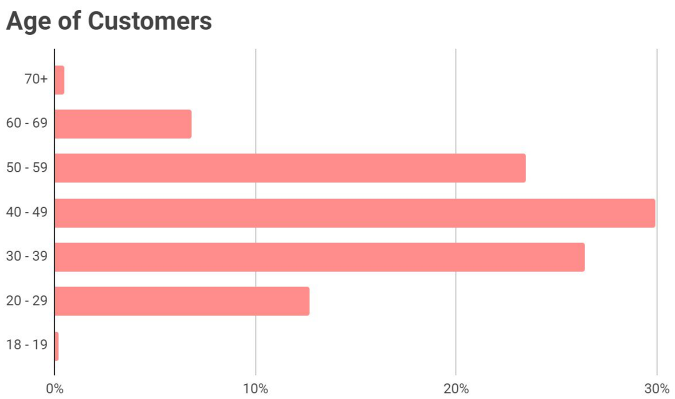
$744m Loan Book











Profit and loss

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000	Change	Change %
Interest income	105,539	68,943	36,596	53%
Other income	1,534	3,877	(2,343)	(60%)
Total income	**107,073**	**72,820**	**34,253**	**47%**
Interest expense	39,824	18,122	21,702	120%
Incurred credit losses	24,552	10,611	13,941	131%
Risk adjusted income	**42,697**	**44,087**	**(1,390)**	**(3%)**
Movement in expected credit loss provision	7,827	14,856	(7,029)	(47%)
Risk adjusted income after expected credit loss provision	**34,870**	**29,231**	**5,639**	**19%**
Customer acquisition expenses	12,316	20,716	(8,400)	(41%)
Net operating income	**22,554**	**8,515**	**14,039**	**165%**
Personnel expenses	10,993	9,809	1,184	12%
Share based payment expenses	1,937	2,744	(807)	(29%)
Customer servicing expenses	6,174	5,166	1,008	20%
Technology expenses	4,816	4,179	637	15%
General and administrative expenses	3,670	4,042	(372)	(9%)
Depreciation and amortisation expenses	2,545	1,349	1,196	89%
Operating expenses	**30,135**	**27,289**	**2,846**	**10%**
Profit / (Loss) before income tax	**(7,581)**	**(18,774)**	**11,193**	**60%**
Income tax (expense) / benefit	-	-	-	n/a
Profit / (Loss) after income tax	**(7,581)**	**(18,774)**	**11,193**	**60%**
Non-cash adjustments				
Movement in expected credit loss provision	7,827	14,856	(7,029)	(47%)
Share based payment expenses	1,937	2,744	(807)	(29%)
Depreciation and amortisation expenses	2,545	1,349	1,196	89%
Cash NPAT [1]	**4,728**	**175**	**4,553**	**>500%**

[1] Cash NPAT provides a more accurate representation of the underlying profitability of the business, adjusting for the impact of non-cash items, most significantly the movement in expected credit loss provision of $7.8m in FY23, which is a non-cash provision for credit losses that may occur in future financial years from the existing loan book. With GAAP requiring recognition of an expected credit loss provision expense immediately on origination of a new loan, without any indication of loan impairment and significantly ahead of recognition of the interest income priced to compensate for the expected level of credit loss risk, the expected credit loss provision expense will suppress statutory net profit during periods of loan book growth, all other things being equal.

Key operating and financial metrics

	Year ended 30 June 2023	Year ended 30 June 2022	Change	Change %
Loan book value and growth				
Total originations ($'000)	426,234	442,540	(16,306)	(4%)
New customer originations ($'000)	253,595	283,607	(30,012)	(11%)
Existing customer originations ($'000)	172,639	158,933	13,706	9%
Loan book (period end) ($'000)	744,000	580,971	163,029	28%
Loan book (average) ($'000)	683,097	432,501	250,596	58%
Average interest rate (%)	15.5%	15.9%	(40bps)	(40bps)
Average funding rate (%)	6.0%	4.5%	150bps	150bps
Net interest income (%)	9.6%	11.8%	(220bps)	(220bps)
Risk adjusted income (%)	6.0%	9.3%	(330bps)	(330bps)
Loan book quality				
Incurred credit loss ($'000)	24,552	10,611	13,941	131%
Incurred credit loss to average gross loans (%)	3.6%	2.5%	110bps	110bps
Provision rate (%)	4.9%	4.9%	0bps	0bps
Productivity metrics				
Customer acquisition to origination ratio	2.9%	4.7%	(180bps)	(180bps)
Costs to income ratio	28%	37%	(9%)	(24%)

Cash Flow

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Cash flows from operating activities		
Interest received	102,558	68,969
Interest paid	(38,734)	(17,233)
Fee income rebated	(1,684)	(2,151)
Payments to suppliers and employees	(38,203)	(44,612)
Net cash generated by operating activities	**23,937**	**4,973**
Cash flows from investing activities		
Net advances to customers	(181,634)	(312,612)
Payments for software intangibles and equipment	(5,019)	(6,284)
Net cash used in investing activities	**(186,653)**	**(318,896)**
Cash flows from financing activities		
Net proceeds from finance receivables borrowings	143,988	285,804
Net proceeds from debt financing	5,000	15,000
Principal element of lease payments	(474)	(828)
Net cash generated by financing activities	**148,514**	**299,976**
Cash and cash equivalents at the beginning of the period	56,805	71,122
Net decrease in cash and cash equivalents	**(14,202)**	**(13,947)**
Effects of exchange rate changes on cash and cash equivalents	851	(370)
Cash and cash equivalents at the end of the period	**43,454**	**56,805**

Balance Sheet

	30 June 2023 $'000	30 June 2022 $'000
Cash and cash equivalents	43,454	56,805
Trade and other assets	1,968	1,665
Finance receivables	745,790	580,309
Expected credit loss provision	(36,919)	(28,862)
Property and equipment	3,717	352
Intangible assets	11,568	8,524
Deferred tax assets	8,467	8,269
Derivative financial instruments	7,677	7,848
Total assets	**785,722**	**634,910**
Payables and accruals	6,434	6,198
Borrowings	720,503	564,211
Provisions	1,524	5,160
Lease liability	3,506	216
Total liabilities	**731,967**	**575,785**
Net assets	**53,755**	**59,125**
Share capital	123,985	123,265
Foreign currency translation reserve	(367)	(1,329)
Share based payment reserve	3,820	3,146
Cash flow hedge reserve	5,416	5,561
Accumulated losses	(79,099)	(71,518)
Equity	**53,755**	**59,125**